

Results of the Evaluation of the Effectiveness of the Board of Directors of KITO CORPORATION

KITO CORPORATION conducted the second evaluation of the effectiveness of the Board of Directors to confirm and continuously improve the effectiveness of the decision-making function and management supervision function of the Board of Directors. An overview of the results is provided below.

1. Evaluation Method

KITO CORPORATION conducted a questionnaire survey of a total of 10 directors and auditors regarding the following subjects, asking respondents to give their names. The subjects were evaluated into five grades. Additionally, the survey provided a free comment space to collect opinions.

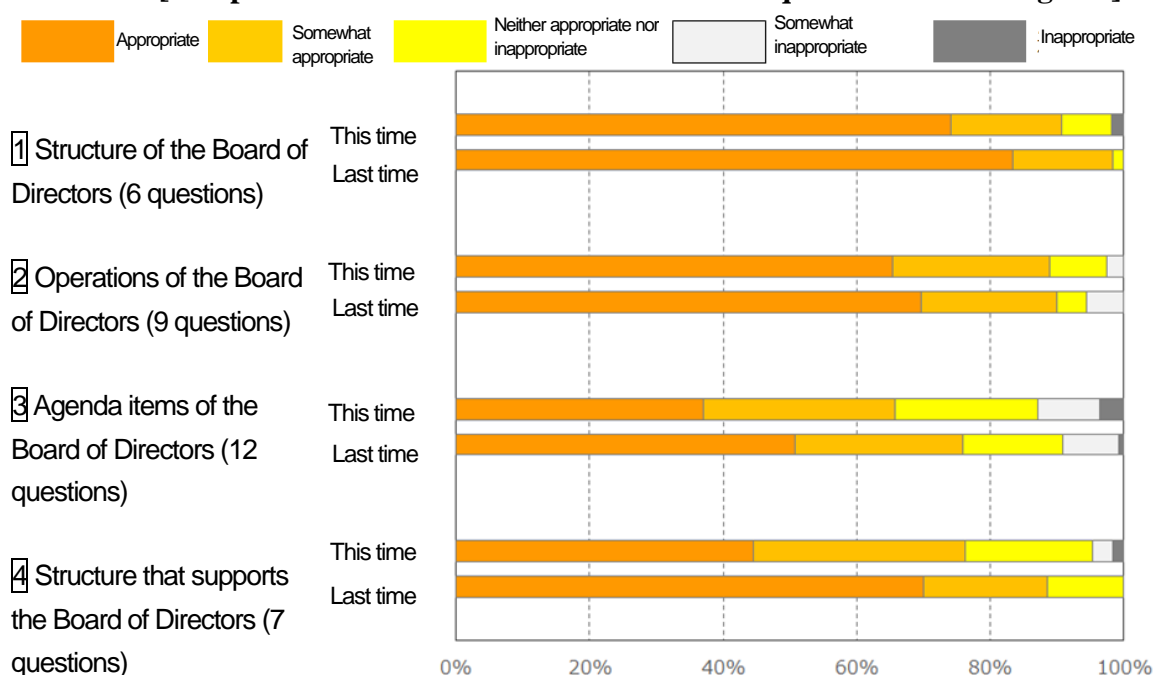
[Questionnaire subjects]

- 1) Structure of the Board of Directors (the number of the members, diversity, the number and percentage of outside directors, etc.)
- 2) Operations of the Board of Directors (the frequency of Board of Directors meetings, information provision, the liveliness of discussions, the atmosphere of board meetings, etc.)
- 3) Agenda items of the Board of Directors (the selection agenda items, timing to propose an agenda item, deliberation time, nomination and compensation for officers, and discussions on governance and risks)
- 4) Structure that supports the Board of Directors (securing opportunities for directors to obtain information, training for directors and auditors, collaboration with the internal audit department, etc.)
- 5)

2. Overview of Evaluation Results

Basically, directors and auditors highly evaluated the Board of Directors as they did in the previous survey, showing that the effectiveness is sufficiently secured. However, some subjects received a slightly lower evaluation than the previous survey.

[Comprehensive evaluation based on a total of 34 questions in four categories]



- **Structure of the Board of Directors**
 - The ratio of inside and outside members is 5:5. The outside directors and outside auditors have expertise and experience.
 - We should consider the limit of the term if we attach importance to the views of outsiders.
- **Operations of the Board of Directors**
 - In-depth discussions are actively taking place. In the past, agenda items were rejected or deliberated again when they were not sufficiently discussed.
 - There are no particular problems, but I feel that it might be better to create an opportunity to discuss the main themes of the year in advance.
- **Agenda items of the Board of Directors**
 - Sufficient timer is secured. Deliberation continues beyond the scheduled time until the topic is fully deliberated.
 - I feel that all directors are trying to focus on more essential issues.
 - It is necessary to organize the role of the Nomination and Compensation Committee and the role of the Board of Directors.
- **Structure that supports the Board of Directors**
 - There are no particular problems in the support structure.
 - Concerned departments cooperate with auditors when auditors conduct an investigation based on laws and regulations. Information is provided to auditors upon request.

3. Issues for the Future

Based on the above evaluation results, KITO CORPORATION will improve identified issues in order to make deliberation by the Board of Directors more productive.

- With regard to the term of outside officers, we will evaluate their contribution to improving effectiveness more strictly every year and submit a proposal for election at a shareholders' meeting, instead of setting a uniform limit.
- We will promote information sharing between the committee and the Board of Directors and the further revitalization of the Board of Directors.
- We will make efforts to deepen our management strategy and strengthen the supervision function by such means as holding meetings with outside officers to intensively discuss certain themes.

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