

Basic Policies on Corporate Governance Supplementary Explanation

KITO 1. Company's Corporate Mission and Governance

Corporate Mission

- 1. KITO's Mission: Deliver Unmatched Satisfaction to Our Customers**
- 2. KITO's Quality: Our Driving "Spirit" is "Quality"**
- 3. KITO's Innovation: Change and Challenge Always**
- 4. Value of KITO people: Integrity, Honesty, Pride and Gratitude**

To achieve the above, the Company will establish a governance structure on the basis of the following and try to become a healthy and permanently existing and growing corporation.

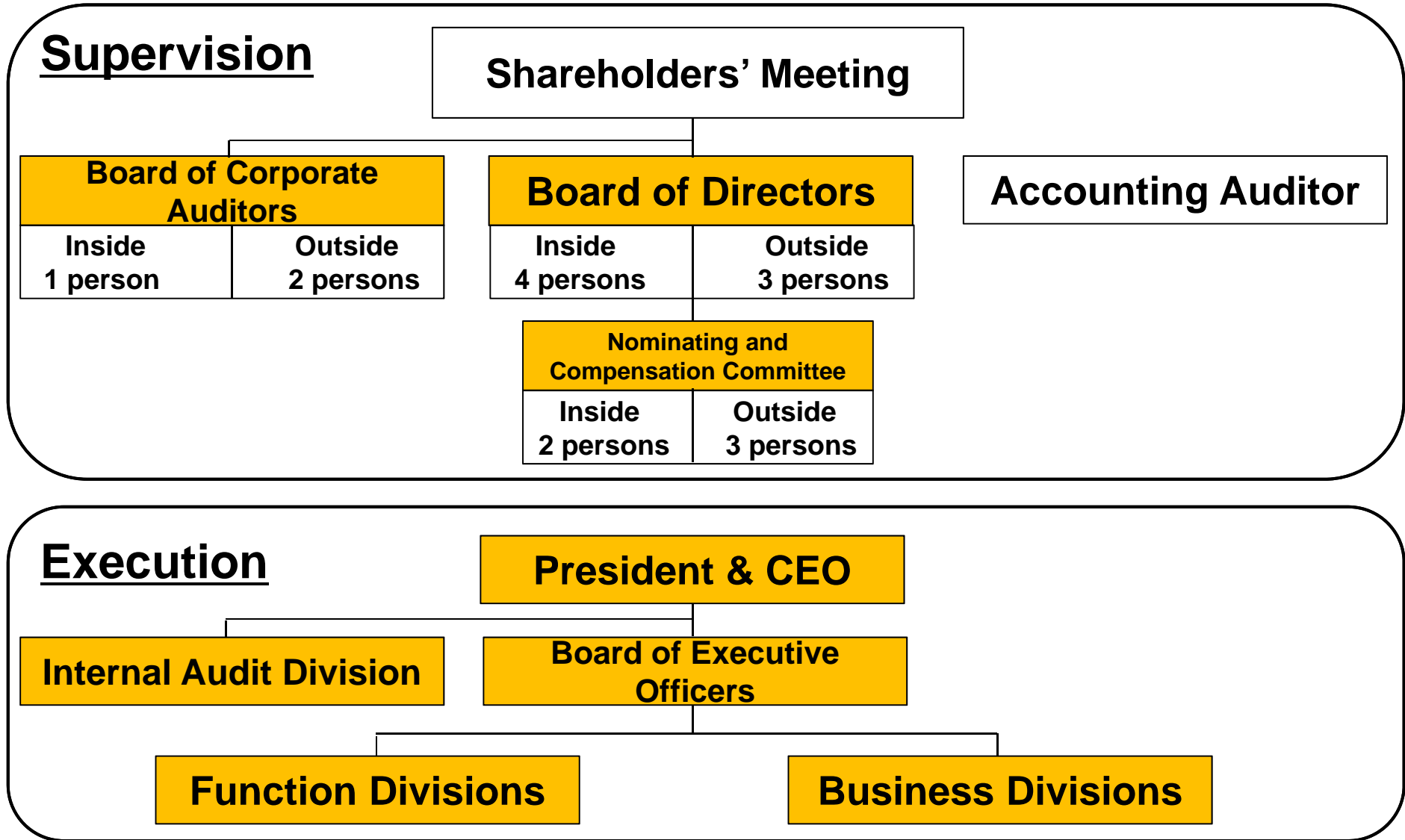
- Structure with outside directors appointed to secure decision-making and supervision functions by appropriate third parties**
- Structure to actively disclose information and adopt the opinions of shareholders and institutional investors**



2. Basic Concept of Corporate Governance



- (1) To respect the rights of the shareholders and secure equality among them,**
- (2) To consider the interests of the stakeholders and cooperate with them in an appropriate manner,**
- (3) To disclose corporate information in an appropriate manner to secure transparency of management,**
- (4) To enhance separation of the execution of management from the supervision thereof and the function of management supervision by outside directors,**
- (5) To have constructive dialogue with the shareholders.**

For details, please refer to Item 1, P. 1 of the Basic Policies on Corporate Governance.



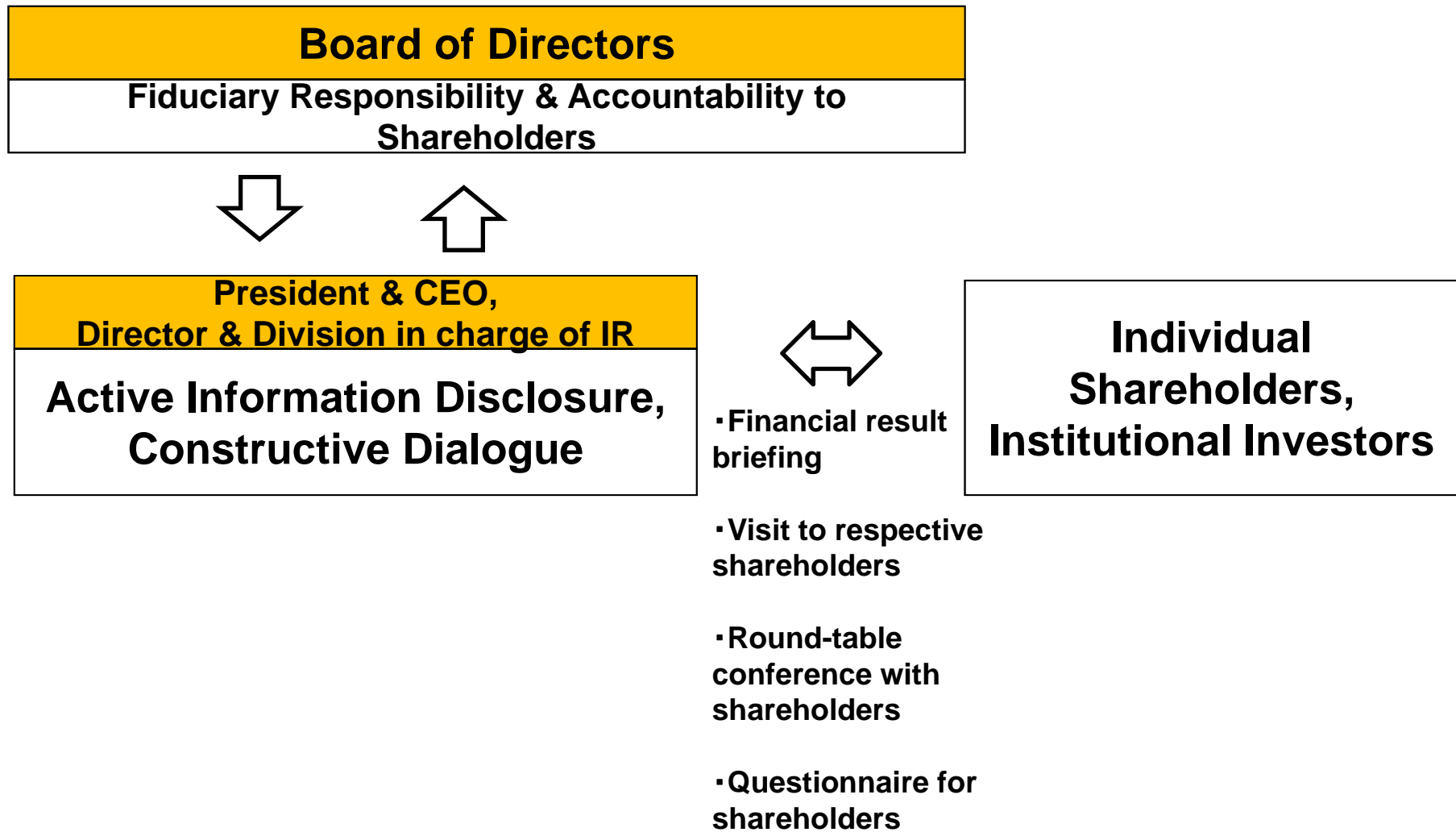
KITO 4. Securing of Rights of and Equality among Shareholders

Development of Environment to enable Appropriate Exercise of Voting Rights

<ul style="list-style-type: none"> ▪ Early dispatch of notice of convocation ▪ General shareholders' meeting held outside of days when others concentrate their shareholders' meetings 	<table border="1"> <thead> <tr> <th data-bbox="909 432 1178 600">Notice of convocation disclosed on Website</th> <th data-bbox="1178 432 1451 600">Notice of convocation dispatched</th> <th data-bbox="1451 432 1722 600">General shareholders' meeting held</th> <th data-bbox="1722 432 1995 600">Shareholders' meetings of others concentrated</th> </tr> </thead> <tbody> <tr> <td data-bbox="909 600 1178 675">June 2</td> <td data-bbox="1178 600 1451 675">June 5</td> <td data-bbox="1451 600 1722 675">June 23</td> <td data-bbox="1722 600 1995 675">June 26</td> </tr> </tbody> </table> <p data-bbox="1043 691 1630 746">← 20 days</p> <p data-bbox="1283 762 2007 818">← 17 days (Result of FY2015)</p>	Notice of convocation disclosed on Website	Notice of convocation dispatched	General shareholders' meeting held	Shareholders' meetings of others concentrated	June 2	June 5	June 23	June 26
Notice of convocation disclosed on Website	Notice of convocation dispatched	General shareholders' meeting held	Shareholders' meetings of others concentrated						
June 2	June 5	June 23	June 26						
<ul style="list-style-type: none"> ▪ Notice of convocation in different languages 	 <ul style="list-style-type: none"> ▪ Japanese ▪ English (Summary) ▪ Chinese (Summary) 								
<ul style="list-style-type: none"> ▪ Diversified means of exercise of voting rights 	<ul style="list-style-type: none"> ▪ Exercise of voting rights by electronic means and adoption of the Tokyo Stock Exchange's platform (effective from FY2016) 								

For details, please refer to Item 2, P. 1 of the Basic Policies on Corporate Governance.

KITO 5. Dialogue with & Information Disclosure to Shareholders



For details, please refer to Items 3 & 4(2) of P. 2 of the Basic Policies on Corporate Governance.

KITO 6. Board of Directors, Board of Corporate Auditors

Board of Directors

Inside directors



Outside directors



- 3 directors out of 7 are outside & **independent** directors.
- Outside directors: Composed of specialists in finance, organization, business model, etc. with diversified experience & specialty
- Inside directors: Appointed from among members experienced in diversified areas of sales, production, administration, etc.

Board of Corporate Auditors

Inside corporate auditor



Outside corporate auditors



- 2 corporate auditors out of 3 are outside auditors and 1 of the 2 is **independent**.
- One person is a lawyer and the other is a certified public accountant/licensed tax accountant.

For details, please refer to Items 9 and 10 of P. 4 of the Basic Policies on Corporate Governance.

KITO 7. Nominating and Compensation Committee

**Established to secure transparency in the appointment of directors and determination of their compensation,
Majority of committee members are outside directors.**

Nominating and Compensation Committee

Inside directors



Outside directors



- Recommendation of candidates for director and corporate auditor to the board of directors**
- Recommendation of performance-based bonus for President and CEO, directors and executive officers to the board of directors**

For details, please refer to Items 11 of P. 4, 13 and 15(2) of P. 6, and 17(2) and 17(3) of P. 7 of the Basic Policies on Corporate Governance.



8. Board of Executive Officers

Active election of competent members experienced in businesses regardless of their race, gender, etc.

Business Divisions

Americas & EMEA	Americas & EMEA	China	East Asia	ASEAN
Edward Hunter	Toru Suzuki	Longlin Huang	Osamu Fukumura	Mamoru Horiuchi

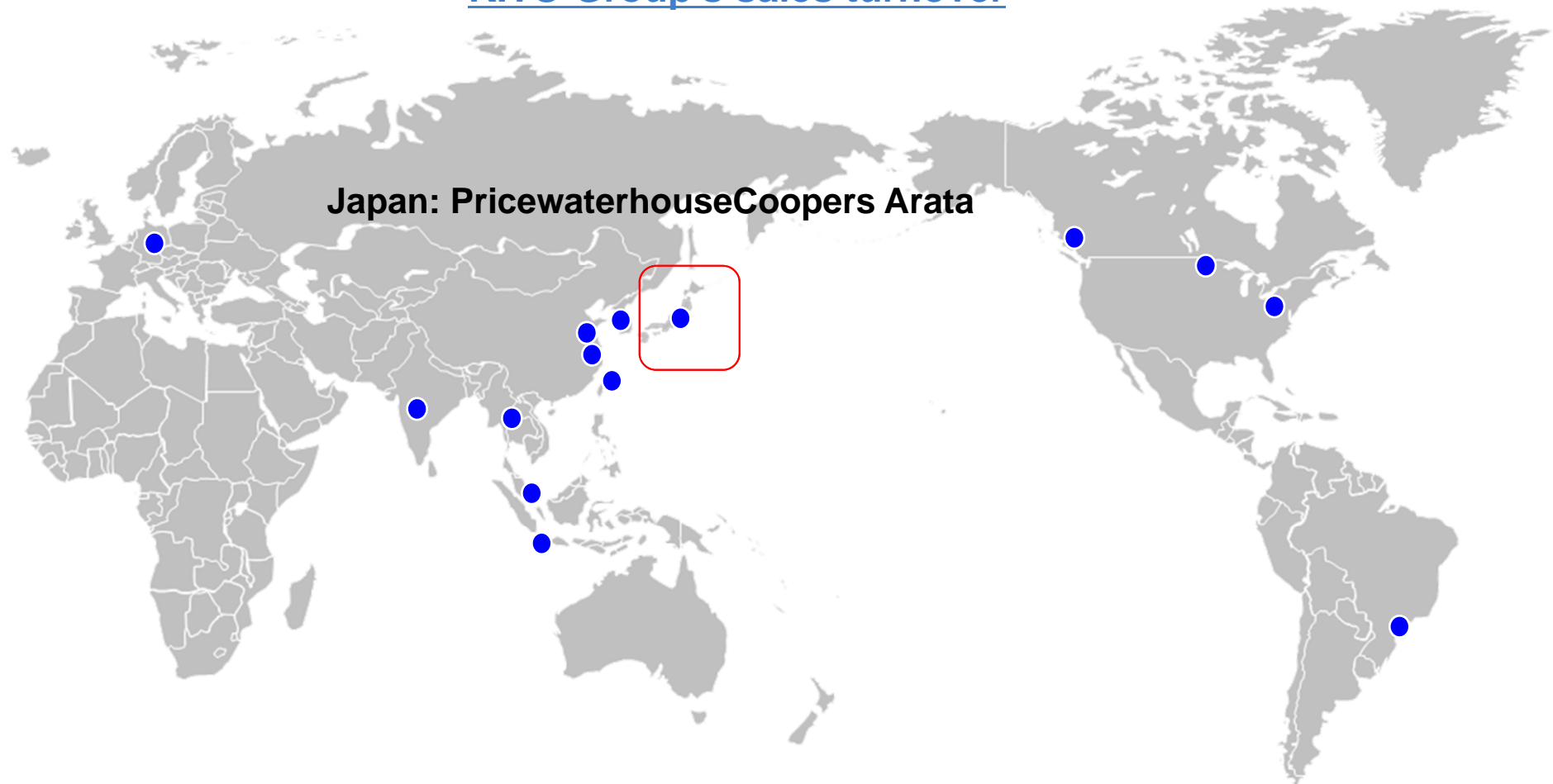
Function Divisions

Business Administration	Business Development (M&A)	KGO Project	Global Solution	Production, Quality, Procurement	Development & Technology	Manufacturing
Akihide Miyawaki Shigeki Osozawa	Masatomo Sakairi	Toshio Kono	Yoshio Kito	Tsuneo Yuzurihara	Hiroshi Yamada	Kimiaki Hayakawa

Global: PwC Group

Auditing more than 95% of the KITO Group's sales turnover

● KITO CORPORATION & KITO Group Companies



KITO

For the Global Next Stage

KITO

KITO group global unified slogan