



KITO CORPORATION

Compliance Manual

[Japanese Language Edition]

Effective: February 1, 2007

Partial Revision: May 1, 2013

Table of Contents

I.	Preface	3
II.	Compliance à la KITO Group	4
	1. What is compliance?	
	2. Basic principles of compliance	
	3. A section accepting reports on misconduct	
	4. Duties of General Manager and Manager as compliance officers	
III.	How to Use This Compliance Manual	5
	1. Instructions to users	
	2. Applicability of the Manual	
	3. Scope of Application	
IV.	Basic Principles of Compliance (Corporate Code of Ethics)	
	1. Creation of an internal environment that ensures respect for human rights and unleashes one's potential and willingness to work	6
	(1) Creation of an internal environment that promotes respect for human rights and sharing of the joy of labor	
	(2) Ban on discriminations, sexual harassment and power harassment	
	(3) Ensuring workplace safety and sanitation	
	2. Full insistence on fair and transparent corporate activities in compliance with laws, internal rules and societal norms	6
	(1) Observance of Anti-Monopoly Law, trade-specific laws and other applicable laws as well as laws and ordinances for the protection of security interest in external trade	6
	(2) No infringement on others' intellectual property rights may be made; no act that constitutes unfair competition may be committed	7
	(3) No act that violates regulations concerning insider trading may be committed	7
	(4) Severance of all ties with anti-social elements	7
	(5) Excessive gifts/entertainment may not be given	7
	(6) Public and private affairs may not be mixed, and any act that may lead to a conflict of interests is avoided	8
	(7) Internal rules and regulations are observed	8
	(8) Act as a sensible member of society by following societal rules	8
	3. Appropriate control over corporate information allowing no unauthorized disclosure	
	(1) Confidential information and information including personal information must be handled properly	8
	(2) Managerial information will be released timely	9
	4. Enhancement and strengthening of communications with society in an attempt to achieve prosperity together	
	(1) Positive actions will be carried out to address environmental problems	9
	(2) Harmonious relationships will be established with local communities	9

Attachment: List of Relevant Laws and Internal Rules Pertaining to Basic Principles of Compliance

I. Preface

Since its inception in 1932, KITO CORPORATION has overcome countless obstacles and paved the way to growth as a global company based on the foundations established by the predecessors.

Looking ahead, KITO's business activity will be driven by its efforts to bring "excitement" in addition to "satisfaction" to customers in the field of material handling through its continual delivery of values in excess of customer expectations. This will help KITO establish itself as a trusted brand in all major markets around the globe and genuinely claim No.1 place among global hoist manufacturers. At the same time, KITO hopes to fulfill its obligations vis-à-vis society through its business endeavors.

However, you are reminded that in today's society which keeps a watchful eye on corporate social obligations, a legal violation or a scandal could fatally erode, in a matter of seconds, the trust and confidence KITO has built over many years.

For this reason, basic principles concerning legal compliance, which must be observed by all members of the KITO Group without exception, were compiled into a Corporate Code of Ethics for distribution to ensure that all profits obtained by KITO will be derived from fair business activities and that growth as a trusted corporate group will be sustained for years to come.

Needless to say, the Code of Ethics alone may not help us cope with every situation that arises in the course of our daily business activities. However, all members of the KITO Group are expected to familiarize themselves with this Compliance Manual (Corporate Code of Ethics), along with KITO's "Corporate Mission" and "Guiding Principles", base their actions on them, and act ethically and responsibly as conscientious corporate members and sensible community citizens.

February 2007
Yoshio KITO
President and Representative
Director,
KITO CORPORATION

II. Compliance à la KITO Group

1. What is compliance?

Compliance involves, in addition to the observation of laws and regulations by all members of the KITO Group, compliance with the provisions of contracts, rules and regulations, guidelines and internal rules, as well as corporate ethics and societal norms that must be followed as a member of society.

[It is generally translated as **legal compliance**.]

KITO's compliance-based business management aims to boost the significance of its corporate existence and to ensure continual growth through the execution of sound business activities in compliance with laws, internal rules, contracts and societal norms by all members of the Group, while at the same time contributing to the prosperity of its stakeholders including local communities, shareholders, customers, suppliers and employees.

2. Basic rules of compliance

A Corporate Code of Ethics, which is an internal code of conduct, was formulated by KITO to encourage full, group-wide enforcement.

3. A section accepting reports on misconduct

A section responsible for receiving tips on misconduct will be set up to ensure compliance-based management for the KITO Group. General Administration Department, which acts as the general liaison for the entire internal reporting mechanism, will also be responsible for measures designed to encourage full familiarization with and the enforcement of the Compliance Manual as well as training and education for all members of the KITO Group

4. Duties of General Manager and Manager as compliance officers

Each General Manager and Manager of the KITO Group will, as front-line commanders of the respective teams in carrying out compliance-based management, take the lead in observing the compliance rules.

III. How to Use This Compliance Manual

1. Instructions to users

This Manual embodies various aspects of compliance as practiced by the KITO Group and is a guidebook that defines rules of conduct that all members of the KITO Group should follow in the course of their day-to-day business execution.

If you see any act that is contrary to this Manual or that may constitute a violation of this Manual, or if you are instructed to commit any such act or have committed such act by negligence, be brave and report it. .

If you have any doubt about compliance-related matters, please follow this Manual in deciding your action. If, after looking at the manual, your doubt still remains, please consult the head of your department or the head of your office, (i.e. your supervisor), consult the section accepting compliance-related reports (Head of General Administration, Auditor, external legal counsel), and base your actions on generally accepted norms of society and common sense.

2. Applicability of the Manual

This Manual must be followed not only by the officers and employees of the KITO Group but also by those who work at the offices of the KITO Group on a permanent or temporary basis under special employment contracts, temporary staffing agreements, outsourcing agreements and others (“officers and employees, etc.”). The departments who hire them or to which such personnel are assigned must make sure that the Manual will be fully observed by them.

3. Scope of application

This Manual was prepared with Japan in mind. We therefore urge overseas affiliates to prepare their own versions of similar manuals in line with the principles of this Manual but reflective of the laws and customs of respective countries and regions.

IV. Basic Principles of Compliance (Corporate Code of Ethics)

1. Creation of an internal environment that ensures respect for human rights and unleashes one's potential and willingness to work

(1) Creation of an internal environment that promotes respect for human rights and sharing of the joy of labor.

To ensure that all employees, etc. work comfortably with pride and mutual respect, each of us must respect human rights of one another and work hard to create workplace underscored by freedom, equality and mutual concern.

(2) Ban on discriminations, sexual harassment and power harassments

We shall not tolerate discrimination based on race, color, nationality, belief, religion, nationality, age, sex, and physical or mental disability, among others, harassment of sexual nature based on verbal abuse, or acts by individuals of higher status who take advantage of their authoritative positions to extremely degrade the dignity of junior colleagues

(3) Ensuring workplace safety and sanitation

We must work hard to comply with laws, regulations and internal rules concerning workplace safety and health, to maintain and improve safety and sanitation as well as physical and mental health, and to take measures designed to make environment progressively barrier-free, in an effort to create safe and comfortable workplace.

2. Strict insistence on fair and transparent corporate activities in compliance with laws, internal rules and social norms

(1) Observance of Anti-Monopoly Law, trade-specific laws and other applicable laws as well as laws and ordinances for the protection of security interest in external trade

- ① In the conduct of business activities, you must carry out fair and transparent business activities in line with the Anti-Monopoly Act and comply with applicable laws and regulations, including the Subcontract Law, the Construction Law, Structural Standards for cranes, and Safety Regulations for cranes, etc.

(Note) A higher rate of penalty surcharge is in force applicable to those who commit collusive bidding

The rate for the computation of the surcharge payable by business operators who are required to return the undue profits they have obtained by committing an illegal joint act has been increased to 10 percent of net sales (from the previous rate of six percent)

- ② Compliance with laws and regulations for the protection of security interest in external trade

External trade must be under strict control pursuant to laws and regulations as well as KITO's own Export Control Rules for the protection of national security. We strive to prevent any violation of laws. In addition, you must not carry out any transactions considered improper for a global corporation.

(2) No infringement on others' intellectual property rights may be made; no act that constitutes unfair competition may be committed

① You must not infringe on intellectual property rights owned by others.

(Note) The intellectual property right system primarily protects the following rights:

a. Patent b. Utility model c. Industrial design d. Trademark e. Copyright f. Trade name

② You may not commit any act that constitutes unfair competition, including manufacturing and sales of improper products as well as illegal acquisition and use of trade secrets. Additionally, you are not permitted to offer any unjustifiable premiums or conduct any misleading representations.

(3) No act that violates regulations concerning insider trading may be committed

You may not buy or sell shares of KITO or of others (insider trading) by taking advantage of undisclosed internal information about KITO or others (e.g., issuance of shares) you acquired in the course of your duties.

Those who are engaged in insider trading will face a criminal charge (imprisonment of up to five years and/or a fine of up to 5 million yen) and a monetary surcharge (seizure of unfair profits). On top of this, the company will be subject to social criticism and lose credibility.

(4) Severance of all ties with anti-social elements

You must take a resolute stance if any anti-social elements and organizations committing anti-social activities that threaten social order and security make unreasonable request. You must sever all ties with them whatsoever without making any easy compromises by means of monies and others.

(5) Excessive gifts/entertainment may not be given

Gifts to third parties in connection with business dealings such as clients and entertainment offered to them must be within the socially accepted norms and within proper protocol. With respect to civil servants, in particular, you must not entertain them or offer any money, gift or any other forms of benefit to them in expectation of business payoffs.

(6) Public and private affairs may not be mixed, and any act that may lead to a conflict of interests is avoided.

Officers and employees, etc. must draw a clear line between public and personal matters and pay respect to the company's assets. Additionally, officers and employees, etc. are required to act so that any conflict of interests between corporate and private matters will be avoided.

(7) Internal rules and regulations are observed

Officers and employees, etc. must observe the Employment Rules and the compliance matters stipulated in other internal rules and regulations in their faithful execution of respective duties.

(8) Act as a sensible member of society by following societal rules

We are members of society, where we coexist with one another, before being members of KITO CORPORATION. We must obey rules of society including social norms and common sense and etiquette (exchanges of greetings, dress code to suit occasions, etc.) in addition to compliance with laws.

3. Appropriate control over corporate information allowing no unauthorized disclosure

(1) Confidential information and information including personal information will be handled properly.

Extra caution and care must be taken for the management of confidential information. Confidential information disclosed to you by others also needs to be treated with equal care.

- ① Pay attention to the following in conjunction with external disclosure of corporate information:
 - a. Execution of confidentiality agreements in advance
 - b. Clarification of confidential information and proper control
 - c. No discussion on the topic while on the train or in the dining/drinking establishments
 - d. Control over PCs and thorough password administration
 - e. Execution of agreements with employees for the prevention of divulging confidential information acquired while in the office and of unauthorized use thereof after their retirements
 - f. Full enforcement of the ban on unauthorized access to and acquisition of confidential information held by third parties

② Protection of personal information

Pay attention to the following when handling personal information:

- a. Identification of purposes of use and restrictions based on purposes of use
- b. Proper acquisition and serving of notices informing purposes of use when acquiring information
- c. Measures to ensure accuracy
- d. Measures for secure management
- e. Restrictions on providing such information to third parties
- f. Disclosure, revisions, suspended use, etc.
- g. Processing of complaints

(2) Managerial information will be released timely.

It is vital to urge e society to develop a correct understanding of KITO's activity.

- 1) With respect to information whose disclosure is required by the Financial Instruments and Exchange Law, stock exchange rules and other applicable laws and regulations for the conduct of corporate activities, KITO will commit to timely and proper releases of such information in accordance with these regulations in an effort to increase managerial transparency.

- 2) Information about the company will be released only in the official format and solely by departments responsible for public and investor relations.

4. Enhancement and strengthening of communications with society in an attempt to achieve prosperity together

(1) Positive actions will be carried out to address environmental problems

We launch positive actions to address environmental problems and strive to co-exist with society as good corporate citizen.

(2) Harmonious relationships will be established with local communities

In order for any corporation to exist and to grow, it needs to be accepted and supported by the community in which it does its business.

We will attempt to become more aware of the societal roles we are expected to play in the local community and work hard to contribute to the development of the local community in harmony with and in a concerted action with it.

[End]