

Last Update: January 12, 2018

**Kyocera Corporation**

President and Representative Director: Hideo Tanimoto

Contact: General Affairs Division, Securities Section +81-75-604-3500

Securities Code: 6971

<http://www.kyocera.co.jp>

The corporate governance of Kyocera Corporation (the "Company") is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

Kyocera Corporation has adopted through its Board of Directors Meeting the "Kyocera Group Basic Policy for Corporate Governance and Internal Control" as follows:

May 28, 2015

Kyocera Corporation

Board of Directors

#### **Kyocera Group**

#### **Basic Policy for Corporate Governance and Internal Control**

Kyocera Group has made "Respect the Divine and Love People" its corporate motto and "to provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind." its management rationale.

Kyocera Group always strives to maintain equity and fairness, and faces all situations with courage and conscience, and it intends to realize transparent systems for corporate governance and internal control.

Under such corporate motto and management rationale, the Board of Directors is implementing a basic policy for corporate governance and internal control as described below.

This statement of basic policy sets forth such basic policy in accordance with Paragraph 5 and item 6 of Paragraph 4 of Article 362 of the Corporation Act, and Paragraphs 1 and 3 of Article 100 of

the Execution Rules of the Corporation Act, which require establishment of a system to ensure that conduct of business by the Directors will be in compliance with all applicable laws and regulations and the Articles of Incorporation and to ensure proper conduct of business by Kyocera Corporation (the "Company") and Kyocera Group, as a whole.

## **I. Corporate Governance**

### **1. Basic Policy for Corporate Governance**

The Board of Directors of the Company defines the corporate governance of Kyocera Group to mean "structures to ensure that Directors conducting the business manage the corporations in a fair and correct manner".

The purpose of corporate governance is to maintain soundness and transparency of management and to achieve fair and efficient corporate management, through which the management rationale of Kyocera Group can be realized.

The Board of Directors shall permeate the "Kyocera Philosophy", which is the basis of the management policy of Kyocera Group, into all Directors and employees working in Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through exercise of the Kyocera Philosophy (Note).

Note: The "Kyocera Philosophy" is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of the Company regarding management and life. The "Kyocera Philosophy" incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of "what is the right thing to do as a human being".

### **2. System for Corporate Governance**

The Board of Directors of the Company determines, pursuant to the basic policy described in 1 above, the below-outlined system for corporate governance of the Company, which is the core company within Kyocera Group, to ensure that the conduct of business by the Directors is in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors will constantly seek the ideal system for corporate governance and always evolve and develop its existing corporate governance system.

## **(1) Organs of Corporate Governance**

The Board of Directors shall establish a corporate structure in which the Audit & Supervisory Board Members and the Audit & Supervisory Board will serve as organs of corporate governance pursuant to the provisions of the Articles of Incorporation, as approved by the General Meeting of Shareholders of the Company. Directors of the Company shall strictly observe the following, to ensure effective audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board:

**(i) Matters relating to employees to facilitate the tasks of Audit & Supervisory Board Members (including matters relating to the independence of such employees from the Directors and matters to ensure effectiveness of instructions from the Audit & Supervisory Board Members to such employees)**

Representative Directors shall establish offices for the Audit & Supervisory Board Members upon their request, and shall cause certain employees, nominated through prior discussion with the Audit & Supervisory Board Members, to work in such offices to assist in the tasks of the Audit & Supervisory Board Members and the Audit & Supervisory Board. Such employees, while still subject to the work rules of the Company, shall be under the instruction and supervision of each of the Audit & Supervisory Board Members, and transfer, treatment (including evaluation) and disciplinary action relating to them shall be made only following discussion with the Audit & Supervisory Board Members.

**(ii) System for reporting to the Audit & Supervisory Board Members by Directors and employees and other related parties, and other systems relating to reporting to the Audit & Supervisory Board Members (including the system to ensure that the reporting party shall not be treated adversely due to such report)**

In the event that any Director becomes aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation, or in the event that any Director becomes aware of any matter that may cause substantial damage to Kyocera Group, he or she shall immediately report thereon to the Audit & Supervisory Board. In addition, in the event that any of the Audit & Supervisory Board Members or the Audit & Supervisory Board requests a report from any Director pursuant to the Regulations of the Audit & Supervisory Board, such Director shall comply with such request.

Representative Directors shall cause the internal audit department to report regularly the status of the internal audit to the Audit & Supervisory Board Members. In addition,

upon request from the Audit & Supervisory Board Members, Representative Directors shall cause any specified department(s) to report the status of their conduct of business directly to the Audit & Supervisory Board Members. Representative Directors shall also maintain a "system for internal complaint reporting to the Audit & Supervisory Board ", established by the Audit & Supervisory Board , under which all related parties including Directors, employees, suppliers and customers of Kyocera Group may submit complaints directly to the Audit & Supervisory Board.

Representative Directors shall not treat adversely the party who submitted the report to the Audit & Supervisory Board such as transfer or disciplinary action, because of such report.

**(iii) Matters relating to the policy for handling of costs and claims which may incur in the course of the execution of the tasks of the Audit & Supervisory Board Members**

Representative Directors shall accept request from Audit & Supervisory Board Members for reimbursement of costs in accordance with the Regulations of the Audit & Supervisory Board and shall make payment thereof accordingly.

**(iv) Other systems to ensure effective audit by the Audit & Supervisory Board Members**

In the event that Representative Directors are requested by any of the Audit & Supervisory Board Members to effectuate any of the following matters, as necessary to establish a system to ensure effective audit by the Audit & Supervisory Board Members, Representative Directors shall comply with such request:

- a. Attendance at important meetings;
- b. Inspection of minutes of important meetings, important approval documents and important agreements, etc.; and
- c. Meetings with Representative Directors to exchange opinions regarding management of the Company in general.

**(2) Kyocera Philosophy Education**

Representative Directors of the Company shall undertake "Kyocera Philosophy Education" from time to time in order to permeate the "Kyocera Philosophy" into the Directors (including themselves) and employees of Kyocera Group.

## **II. Internal Controls**

### **1. Basic Policy for Internal Controls**

The Board of Directors of the Company defines the internal controls of Kyocera Group to mean "systems to be established within the corporate organization to achieve management rationale and master plans in a fair manner, in order for the Directors undertaking management of the Company to effectuate management policy". The Board of Directors of the Company will establish internal controls through practice of the "Kyocera Philosophy".

### **2. System for Internal Controls**

Under the policy as described in 1 above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

#### **(1) Management and maintenance of information relating to conduct of business by Directors**

Representative Directors shall establish the "Kyocera Disclosure Committee" as a system for making timely and appropriate disclosure of information and for properly maintaining information relating to the conduct of business by the Directors in accordance with applicable laws and regulations and the internal rules of the Company.

#### **(2) Internal Rules and systems relating to management of risk of loss of Kyocera Group, and systems to ensure that conduct of business by all employees of Kyocera Group and Directors of the Company's subsidiaries is in compliance with applicable laws and regulations and the Articles of Incorporation.**

Representative Directors shall create a risk management department in order to establish a risk management system for Kyocera Group. Representative Directors shall also establish systems to undertake necessary actions from time to time.

Representative Directors shall establish "employee consultation corners" as an internal complaint reporting system within Kyocera Group, so that employees who become aware of any matter that breaches or may breach laws or regulations or the Articles of Incorporation or other internal rules can report thereon. The employee consultation corners will take appropriate action in respect of reports received thereby, which shall be treated in accordance with the Law for Protection of Reporters in the Public Interest. Besides, Representative

Directors shall establish the system to take actions as necessary.

**(3) Systems to ensure efficient conduct of business by Directors**

Representative Directors shall clearly delegate authority and related responsibility by establishing an Executive Officer system to achieve efficient and effective conduct of business. Representative Directors shall cause the Executive Officers to report the status of their conduct of business to the Board of Directors, etc, and, accordingly, a system shall be maintained under which Representative Directors can verify whether business is conducted efficiently.

**(4) Other System to ensure appropriate conduct of business at Kyocera Group**

In addition to the matters described in (1) through (3) above, as a system to ensure the appropriate conduct of business at Kyocera Group and for efficient operation of Kyocera Group, Representative Directors shall establish the Kyocera Group Management Committee. Such Committee shall discuss important matters relating to Kyocera Group and receive reports relating thereto. Representative Directors shall also establish departments to support appropriate and efficient execution of business of each of the companies in Kyocera Group, and an internal audit department in order to conduct audits regularly to evaluate the appropriateness of conduct of business at Kyocera Group.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company implements all of the principles set forth in the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)**

**1.4 Cross-Shareholdings**

**Policy with respect to cross-shareholdings:**

In a perspective of enhancing the corporate value of the Company on a mid- to long-term basis, we are engaged in certain cross-shareholdings in the light of attaining growth of business through strengthening, maintaining and developing trade relationship and securing profits from shareholding and consideration for the social significance of the company.

With respect to the situation of major cross-shareholdings, the Kyocera Group Management Committee and the Board of Directors of the Company confirm the aforementioned fundamental policy and examine the economic rationality on a mid- to long- term basis for each issue of shares held, thereby verifying the significance of such shareholdings. If, as a result, the significance in such shareholdings is not validated, the relevant shares are disposed of by sale as a rule.

### **Standards with respect to the exercise of voting rights as to the cross-shareholdings:**

The voting rights from the cross-shareholdings are exercised based not upon formal or short-run standards but upon comprehensive judgments to be made after considering whether or not the relevant proposal made to the general shareholders meeting continues to be in line with the aforementioned policy of the Company as well as whether or not it will contribute to the enhancement of the corporate value in a long-term perspective and improvement of returns to the shareholders of the investee company and whether or not it will not result in impairing the management efficiency or financial soundness of the investee company while paying regard to its managerial policies and management strategies of the investee company.

### **1.7 Related Party Transactions**

We have a system as mentioned below in order to ensure that when we engage in transactions with our Directors and Audit & Supervisory Board Members or major shareholders (i.e., related party transactions), such transactions do not harm the interests of the Company or the common interests of our shareholders:

- a) All competitive transactions or transactions involving conflict of interest are made subject to resolution of the Board of Directors, requiring such transaction to be approved by the Board of Directors in advance and to make its performance report to the Board of Directors.
- b) Regarding the transactions with a Director and an Audit & Supervisory Board Member or any of their close relatives (those within the second degree), confirmation is regularly secured from all Directors and Audit & Supervisory Board Members every year using a questionnaire prepared to investigate into whether any such transactions are conducted.
- c) Regarding the related party transactions, disclosure is made pursuant to the applicable laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act.

### **3.1 Full Disclosure**

#### **i) Management Rationale and so on**

It is our management rationale “to provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” For realization of this management rationale, we are working to put into practice the “Kyocera Philosophy,” which is our corporate philosophy setting forth importance of conducting business management in a fair and honest way, basing its fundamental judgments on a precept that “what is the right thing to do as a human being.” By putting into practice “Kyocera Philosophy,” we aim at contributing to the construction of mutual trust with all our stakeholders and sustainable development of Kyocera Group and sound development of the society.

Please refer to the websites below for “Kyocera Philosophy” and the message from the management:

<http://global.kyocera.com/philosophy/index.html>

<http://global.kyocera.com/company/summary/message.html>

The target management indexes and mid- to long-term managerial strategies and issues to be addressed are disclosed, together with the management rationale and basic policies, in the statutory materials and CSR Reports and other similar documents.

**ii) Basic views and guidelines on corporate governance based on each of the principles of the Code**

The Board of Directors of the Company has established “Kyocera Group Basic Policy for Corporate Governance and Internal Control” based upon the above-mentioned management rationale for the purpose of realizing highly transparent corporate governance and internal control as we courageously proceed forward with thoroughly fair and righteous spirit pursuant to our conscience.

**iii) Board policies and procedures in determining the remuneration of the senior management and directors**

Our policies and procedures in determining the remuneration are disclosed in the Corporate Governance Report and the Securities Report. The Board of Directors resolves on the remuneration in accordance with these policies and procedures. When putting the matter to the resolution of the Board of Directors, the opinions and advice of the Outside Directors are heard in advance.

**iv) Board policies and procedures in the appointment of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates**

Our policies and procedures related to the appointment of executive officers are disclosed in the Corporate Governance Report and the Securities Report. The Board of Directors resolves on selection of the candidates in accordance with these policies and procedures. When putting the matter to the resolution of the Board of Directors, the opinions and advice of the Outside Directors are heard in advance.

**v) Explanations with respect to the individual appointments and nominations based on iv)**

The reasons for selection of individual candidates for the Directors and Audit & Supervisory Board Members are disclosed in the proxy statement.

(Proxy Statement/Report of General Shareholders Meeting :

<http://global.kyocera.com/ir/shareholder/shareholdersmeeting.html>)



#### **4.1.1 Specification of delegation to the management**

As regards the matters prescribed in the Companies Act or other laws and ordinances, matters set forth in the Articles of Incorporation of the Company, matters resolved by the General Shareholders Meeting to be delegated to the Board of Directors and other matters that are material to the management of the Company, we require them to be resolved upon by the Board of Directors. With respect to the matters that relate to the business, assets and funds, among those matters, we have established, and put into practice, certain criteria regarding evaluation of importance for submission to the resolution by the Board of Directors.

Further, in order to further expedite swift decision-making and managerial efficiency, we have introduced an executive officer system, in which other specific matters of execution of business are taken charge of by the executive officers under the direction of the President and Representative Director appointed by the Board of Directors.

#### **4.9 Independence Standards and Qualification for Independent Directors**

The Outside Directors of the Company are selected as independent directors in compliance with the requirements concerning the Outside Directors prescribed by the Companies Act and the independence standards prescribed by the financial instruments exchanges.

#### **4.11.1 View on the balance of the board as a whole, and also on diversity and board size**

Our policy for nomination of Directors, which is as set out in the Corporate Governance Report and the Securities Report, aims at appointing persons with excellence in terms of “personality,” “capability” and “insight,” without restriction in any way by the gender, nationality or any other personal attribute.

In order to secure ability to fulfil appropriate functions, the size of the Board of Directors is limited under the Articles of Incorporation of the Company to twenty directors.

#### **4.11.2 Additional post at other companies by director and Audit & Supervisory Board**

##### **Members**

Where the Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, also serve for other companies, the situation of such service is disclosed annually in the notice of the General Shareholders Meeting, the Business Report, Securities Report and Corporate Governance Report and other similar documents.

#### **4.11.3 Analysis and evaluation of effectiveness**

As regards analysis and evaluation of the effectiveness of the Board of Directors as a whole, the Board of Directors shall analyze and evaluate, and a summary of the results shall be disclosed once every year.

The Company had evaluated using questionnaire for all Directors and Audit & Supervisory Board members, for appropriate understanding of current condition of the board of Directors and more effective operation. Discussion had been made in Board of Directors about its results and opinions.

As a result, The Company's Board of Directors had been evaluated that its effectiveness about administration, constitution and discussion is almost secure. Based on this evaluation, the Company will try to enhance the effectiveness of the board of Directors and to improve other matters of it continuously from now on, because we had an opinion of improvement of the meeting materials and activation of the discussion.

#### **4.14.2 Training policy**

The Directors and Audit & Supervisory Board Members are given, at the time of their assumption of office, explanations concerning the details of the business of the Company and their respective roles and responsibilities that are considered necessary in order for them to perform their roles and fulfil their responsibilities.

Further, even after assumption of office, if a Director or Audit & Supervisory Board Member requests, a training tailored to meet the individual requests are given and opportunities for advancement of necessary knowledge are offered or introduced, or financial support for the necessary expenses for such purposes are provided, according to their individual situations.

#### **5.1 Policy for Constructive Dialogue with Shareholders**

The Company provides explanatory meetings and opportunities for separate dialogues in a proactive and continuous basis in an effort to have constructive dialogue with the shareholders and the investors. Aided by appointing of an executive officer who is in charge of supervision of IR activities of the Company, we have an organizational structure aimed at ensuring cooperation among related organizational units and promoting constructive dialogue with shareholders to construct a long-term relationship of mutual trust with the shareholders and investors.

When having dialogue with the shareholders and investors, the Company makes it a basic rule to endeavor to disclose information in a timely and fair manner. Based upon this rule, the contents and scope of disclosure are determined through joint efforts of the management and related organizational units so as to ensure that the insider information is appropriately controlled. Further, the materials of the financial settlement briefings or other various disclosure information is made widely available through the Company's website.

In this connection, the opinions, etc. of the shareholders and investors that are obtained through dialogue with them are reported to the management as necessary.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
----------------------------	---------------

[Status of Major Shareholders (as of March 31, 2017)]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,098,200	11.15
Japan Trustee Services Bank, Ltd. (Trust Account)	24,756,800	6.56
State Street Bank and Trust Company	17,276,378	4.58
The Bank of Kyoto, Ltd.	14,436,248	3.82
Kazuo Inamori	11,212,330	2.97
The Inamori Foundation	9,360,000	2.48
KI Enterprise Co., Ltd.	7,099,366	1.88
Trust & Custody Services Bank, Ltd. (Security Investment Trust Account)	6,865,100	1.82
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,030,600	1.60
JP Morgan Chase Bank 385632	5,560,984	1.47

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

### Supplementary Explanation

In addition, There are 9,906,197 of treasury shares other than mentioned above.

According to the report filed with the EDINET system on May 10, 2016, Dodge & Cox held shares as of April 29, 2016, as shown in the following table. Despite this report, Dodge & Cox is not included in the above list of major shareholders because we are not able to confirm the number of shares beneficially owned by it from our shareholders records as of March 31, 2017

**Name Shares owner Ownership(in thousands) (%)**

Dodge & Cox 16,031 (4.25)

According to the report filed with the EDINET system on July 22, 2016, Sumitomo Mitsui Trust Bank, Limited and its related partners held shares as of July 15, 2016, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because we are not able to confirm the number of shares beneficially owned by them from our shareholders records as of March 31, 2017.

**Name Shares owner Ownership(in thousands) (%)**

Sumitomo Mitsui Trust Bank, Limited 9,900 (2.62)

Sumitomo Mitsui Trust Asset Management Co., Ltd. 1,259 (0.33)

Nikko Asset Management Co., Ltd. 11,465 (3.04)

Total 22,624 (5.99)

According to the report filed with EDINET system on August 4, 2016, Nomura Securities Co., Ltd. and its related partners held shares as of July 29, 2016, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because we are not able to confirm the number of shares beneficially owned by them from our shareholders records as of March 31, 2017.

**Name Shares owner Ownership(in thousands) (%)**

Nomura Securities Co., Ltd. 305(0.08)

NOMURA INTERNATIONAL PLC 615 (0.16)

Nomura Asset Management Co., Ltd. 21,091 (5.59)

Total 22,011 (5.83)

According to the report filed with the EDINET system on October 21, 2016, Asset Management One Co., Ltd. held shares as of October 14, 2016, as shown in the following table. Despite this report, Asset Management One Co., Ltd. is not included in the above list of major shareholders because we are not able to confirm the number of shares beneficially owned by it from our shareholders records as of March 31, 2017.

**Name Shares owner Ownership(in thousands) (%)**

Asset Management One Co., Ltd. 19,017(5.04)

**3. Corporate Attributes**

Listed Stock Market and Market Section	Tokyo Stock Exchange (first section)
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

N/A

## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

Kyocera Group establishes its corporate governance through practicing “Kyocera Philosophy”. For such purpose, based on “Kyocera Philosophy” and “Basic Policy for Kyocera Group Corporate Governance and Internal Control 1.2.(2)”, the Company holds not only the seminars for the new employees and gives daily guidance at workplace to them, but also holds seminars for executive management people and other employees in Japan. Besides, the Company holds seminars for the executive management people of the Group companies overseas. The Company intends to continue to hold such seminars by adding new programs. The Company also distributes “Kyocera Philosophy Pocketbook” to the employees including those of the materials subsidiaries.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20 persons
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Company Chairperson
Number of Directors	15persons
Number of Outside Directors	3 persons
Number of Independent Directors	2 persons

#### Outside Directors’ Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tadashi Onodera	From another company												
Hiroto Mizobata	CPA												
Atsushi Aoyama	Academic	▲								○			

- \* Categories for “Relationship with the Company”
- \* ”○” when the director presently falls or has recently fallen under the category;  
“△” when the director fell under the category in the past
- \* “●” when a close relative of the director presently falls or has recently fallen under the category;  
“▲” when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

---

Outside Directors’ Relationship with the Company (2)

---

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tadashi Onodera		Chairman of the Board and Director of KDDI Corporation	The Company believes that Mr. Tadashi Onodera will be continuously capable of providing advice on and undertaking supervision, based on his abundant management experience and exceptional insight as a corporate executive as well as his profound understanding in the management

			<p>rationale of the Company, and his precise advice and supervision of general corporate activities as an Outside Director of the Company after the Outside Director assumption of office.</p> <p>[Thoughts of the Company with respect to the independence of Outside Director of the Company.]</p> <p>The Company thinks it important that to retain a person, who has outstanding “personality”, “capability” and “insight” as an Outside Director of the Company and to have such person supervise the Company’s management from objective point of view. At the General Shareholders Meeting for 62nd fiscal year held on June 24, 2016 the Company nominated an additional new Independent Outside Director who is independent and shall not have any conflict of interest with the shareholders in general of the Company. As a result, the Company has two Independent Outside Directors and one Outside Director without independency to secure the supervision of the Company from objective point of view.</p>
Hiroto Mizobata	○	CPA, LTA Representative of Mizobata CPA Office	The Company believes that Mr. Hiroto Mizobata will be continuously capable of providing advice on and undertaking supervision, based on his abundant experience as a certified public accountant and licensed tax accountant, and exceptional insight, and his precise advice and supervision

			<p>of general corporate activities as an Outside Director of the Company after the Outside Director assumption of office.</p> <p>(Reason for nomination as independent Director)</p> <p>Because he does not fall under any of the criteria set by the Tokyo Stock Exchange as having possibilities to have conflict of interest with the Company's shareholders in general, the Company judged that he will not have any conflict of interest with the shareholders in general of the Company. The Company, therefore, nominated him as an independent Director of the Company.</p> <p>[Thoughts of the Company with respect to the independence of Outside Director of the Company.]</p> <p>The same as the reason set out in the column for the reason for nomination of Mr. Tadashi Onodera as Outside Director.</p>
Atsushi Aoyama	○	<p>Professor of Graduate School of Technology Management, Ritsumeikan University</p> <p>Mr. Atsushi Aoyama has served as a Professor of Graduate School of Technology Management,</p>	<p>The Company believes that Mr. Atsushi Aoyama will be continuously capable of providing advice on and undertaking supervision, based on his abundant experience and exceptional insight about area of Technology Management that study companies who make much of technology development and innovation, and precise advice and supervision of general corporate activities as an</p>



		<p>Ritsumeikan University.</p> <p>There is no transaction between the department of Ritsumeikan University that he serves as a professor and the Company, however, there are sales results of the ceramic application product etc. (less than ¥800,000) .</p> <p>He has two relatives within the second degree who used to be executives of Kyocera in the past.</p> <p>However, 30 years have passed after the retirement of the relative who retired later and currently no relative works in Kyocera.</p>	<p>Outside Director of the Company after the Outside Director assumption of office.</p> <p>(Reason for nomination as independent Director)</p> <p>The relationship between Ritsumeikan University and the Company shown in the left Column and the fact that his close relatives were our executives in the past, don't affect his independency.</p> <p>And because he does not fall under any of the criteria set by the Tokyo Stock Exchange as having possibilities to have conflict of interest with the Company's shareholders in general, the Company judged that he will not have any conflict of interest with the shareholders in general of the Company. The Company, therefore, nominated him as an independent Director of the Company.</p> <p>[Thoughts of the Company with respect to the independence of Outside Director of the Company.]</p> <p>The same as the reason set out in the column for the reason for nomination of Mr. Tadashi Onodera as Outside Director.</p>
--	--	--	---

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
---	-----------------

**[Audit & Supervisory Board Member]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	6 persons
Number of Audit & Supervisory Board Member	4 persons

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments
---

<p>[Cooperation between Audit &amp; Supervisory Board Members and Accounting Auditor.]</p> <p>They hold regular meetings every quarter to discuss the audit plan, the result of the audit, and so on. Besides, they meet from time to time to discuss the substance of audit and exchange information.</p> <p>[Cooperation between Audit &amp; Supervisory Board Members and the internal audit division.]</p> <p>They report with each other and discuss the status and result of the audit in a timely manner. Besides they meet from time to time to discuss about the substance of audit and exchange information.</p>
--

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2 persons
Number of Independent Audit & Supervisory Board Member	2 persons

Outside Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hitoshi Sakata	Lawyer													
Masaaki Akiyama	CPA													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hitoshi Sakata	○	Lawyer	<p>The Company believes that Mr. Hitoshi Sakata will be capable of conducting a general audit of the Company's global corporate activities as an Outside Audit &amp; Supervisory Board Member based on his abundant knowledge and experience as an attorney at law and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property.</p> <p>(Reason for nomination as independent Audit &amp; Supervisory Board Member.)</p> <p>Because he does not fall under any of the criteria set by the Tokyo Stock Exchange as having possibilities to have conflict of interest with the Company's shareholders in general, the Company judged that he will not have any conflict of interest with the shareholders in general of the Company. The Company, therefore, nominated him as an independent Audit &amp; Supervisory Board Member of the Company.</p> <p>[Thoughts of the Company with respect to the independence of Outside</p>

			<p>Audit &amp; Supervisory Board Member of the Company.]</p> <p>The Company thinks it important that to retain a person, who has outstanding “personality”, “capability” and “insight” as an Audit &amp; Supervisory Board Member of the Company and to have such person supervise the Company’s management from objective point of view.</p> <p>Upon satisfaction of the above-mentioned criteria, in order to effectively achieve the purpose of auditing the Company from independent standpoint, the Company nominated two independent Outside Audit &amp; Supervisory Board Members who will not have any conflict of interest with the shareholders in general of the Company.</p>
Masaaki Akiyama	○	CPA	<p>The Company believes that Mr. Masaaki Akiyama will be capable of conducting a general audit of the Company's corporate activities as an Outside Audit &amp; Supervisory Board Member based on exceptional insight about finance and accounting as a certified public accountant and his abundant experiences and exceptional insight.</p> <p>(Reason for nomination as independent Audit &amp; Supervisory Board Member.) Because he does not fall under any of the criteria set by the Tokyo Stock Exchange as having possibilities to</p>

			<p>have conflict of interest with the Company's shareholders in general, the Company judged that he will not have any conflict of interest with the shareholders in general of the Company. The Company, therefore, nominated him as an independent Audit &amp; Supervisory Board Member of the Company.</p> <p>[Thoughts of the Company with respect to the independence of Outside Audit &amp; Supervisory Board Member of the Company.]</p> <p>The same as the reason set out in the column for the reason for nomination of Mr. Hitoshi Sakata as Outside Audit &amp; Supervisory Board Member.</p>
--	--	--	---

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	4 persons
---	-----------

Matters relating to Independent Directors/ Audit & Supervisory Board Members

The company appoints all outside directors/Audit & Supervisory Board Members, who meets a qualification set by the TSE, as independent directors/Audit & Supervisory Board Members.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
----------------------------------	---------------------------------

Supplementary Explanation

Bonuses to Directors are paid based on business result of relevant fiscal year.

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation
---------------------------

--

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected Directors
--	--------------------

Supplementary Explanation
---------------------------

The amount of remuneration for 16 Directors of the Company for the fiscal year ended March 31, 2017 was as set out below.

Amount of Remuneration (yen in millions)	¥390 (Include Outside director ¥33)
1. Basic Remuneration	¥215 (Include Outside director ¥33)
2. Bonuses to Directors	¥175

Note: The amount of remuneration to Directors does not include salaries for services as employees or Executive Officers for those Directors who serve as such.

With respect to any Director who receives remuneration in the amount of 100 million yen or more on consolidated basis, the amount of remuneration for each such Director is individually disclosed as set out below.

Tetsuo Kuba	¥113	(Kyocera Corporation	Basic Remuneration ¥54	Bonus ¥53)
		(AVX Corporation	Basic Remuneration ¥2	Stock Option ¥4)
Goro Yamaguchi	¥125	(Kyocera Corporation	Basic Remuneration ¥60	Bonus ¥59)
		(AVX Corporation	Basic Remuneration ¥2	Stock Option ¥4)
John Sarvis	¥120	(Kyocera Corporation	Basic Remuneration ¥5	Bonus ¥5)
		(AVX Corporation	Basic Remuneration ¥50	Bonus ¥3
			Stock Option ¥17	Other ¥40)

Notes:

1. AVX Corporation is Kyocera's consolidated subsidiary in the United States and the determination of compensation for directors and officers of AVX Corporation was made by AVX Corporation's

Compensation Committee pursuant to the U.S. regulations and based on its consideration for general and customary levels of compensation in the United States.

2. The amounts of compensation provided originally in the U.S. dollars at AVX Corporation was translated into the yen at a rate of ¥108 per \$1.00, which was the average rate during fiscal 2017.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration to the Directors of the Company consists of two components, namely, “basic remuneration” and “bonus to Directors”.

1) Basic Remuneration

It is remuneration to be paid based on the responsibility of each Director and the amount shall be decided based on the importance of responsibility.

Level of the amount to be paid to each Director shall be decided taking into consideration the amount of the remuneration of other companies doing similar businesses with the Company, provided that the total amount of basic remuneration to all Directors shall be 400 million yen or less per year.

2) Bonus to Directors

It is remuneration linked with the performance of the Company. The total amount thereof to all Directors shall be 300 million yen or less per year, and besides, shall be 0.2% or less of the amount of net income attributable to shareholders of the Company for the relevant fiscal year. The amount shall be decided based on the contribution of each Director for the performance of the Company.

Remuneration to the Audit & Supervisory Board Members of the Company consists of “basic remuneration” only to secure the neutrality of audit. The total amount of basic remuneration to the Audit & Supervisory Board Members shall be 100 million yen or less per year.

#### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

The system adopted by the Company to support Outside Directors is that Office Of The Chief Executives and Corporate General Affairs Group provide assistance to Outside Directors. Besides, the office for the Board of Directors provides support for advance distribution of the materials for the meeting of the Board of Directors and gives explanation about them in advance.



The system adopted by the Company to support Audit & Supervisory Board Members is that the Company establishes an office for Audit & Supervisory Board Members, and two employees are exclusively allocated thereto, who are independent from the control from Directors. The support for the Outside Audit & Supervisory Board Members is provided exclusively by them. With respect to agenda at important meetings such as the meeting of the Board of Directors and other important matters, a full-time Audit & Supervisory Board Member distributes materials therefore and gives explanation thereof in advance so that the Outside Audit & Supervisory Board Members understand substance well.

As a part of the supporting system, when requested by Outside Directors and Outside Audit & Supervisory Board Members, the Company offer, arrange or provide opportunities as well as the costs therefor to improve their knowledge as necessary, which includes individual lecture in accordance with such request.

## **2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

[Outline of the current System]

The Board of Directors of the Company is an organization to decide the important matters and to supervise the execution of businesses of Kyocera Group as a whole. It consists of Directors including three Outside Directors. The Directors are nominated by the General Shareholders Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding “personality”, “capability” and “insight” to engage in the management of the Company.

Besides, the Company adopts the Executive Officer system to facilitate the efficiency of the management of the Company. The execution of the businesses of the Company is undertaken by the Executive Officers under the instruction of the President and Representative Director of the Company. President and Representative Director is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses. Representative Director directs the Executive Officers report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses is efficiently executed. As such, the Company clarifies the responsibility and authority to achieve efficient management of the Company, and to realize the efficient functionality of appropriate corporate governance and internal control of the Company. The Directors of the Company include some presidents of the important subsidiaries in Japan and overseas of the Company, to make sure that corporate governance works for whole Kyocera Group.

Further, the Company establishes “Kyocera Group Management Committee” consisting of the Directors of the Company. Such Committee examines not only the agenda of the meetings of the Board of Directors but also other important matters relating to the execution of the businesses of Kyocera Group as a whole, and holds meetings every month regularly to secure the sound management of Kyocera Group as a whole.

With respect to the nomination and remuneration of Directors and Audit & Supervisory Board Members, Kyocera Group Management Committee and the Board of Directors examine them and receive advice thereon from the Outside Directors, so that the decision relating thereto shall be made in a fair manner and appropriately. As for the remuneration of the Directors and the Audit & Supervisory Board Members, the General Shareholders Meeting for the Company’s 55th fiscal year held on June 25, 2009 decided that the Company should abandon the retirement allowance system for the Directors and the Audit & Supervisory Board Members, and restructured the remuneration system so that the remuneration shall consist of basic remuneration and bonus to the Directors and the Audit & Supervisory Board Members. As a result, total amount of the basic remuneration to all Directors per year shall be 400 million yen or less (provided that such amount does not include salary for the services as an employee when a Director is also serving as an employee of the Company). It shall be distributed among the Directors based on their responsibility. Total amount of the bonus to all Directors shall be 300 million or less, provided it shall be 0.2% or less of the amount of net income attributable to shareholders of the Company for the relevant fiscal year. It shall be allocated among the Directors based on the contribution by each Director for the performance of the Company.

In addition, to ensure that the business of the Company is effectively executed, regular meetings are held among the President and Representative Director and executives of each business group and Japanese subsidiaries within the Group under the initiative of the Representative Director.

Besides, to ensure the sound management of the Company, the Representative Director announces management policy. Further, international management meetings are held twice a year to acknowledge the status of the management and business strategy.

The Company has Audit & Supervisory Board Members and Audit & Supervisory Board based on the corporate governance policy and the provision of its Articles of Incorporation which was approved by the General Shareholders Meeting. Audit & Supervisory Board Members include one full-time Audit & Supervisory Board Member originally an employee of the Company, one Audit & Supervisory Board Member who is very much familiar with the Company and who is with plenty of knowledge and experiences as an attorney-at-law, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experiences as an attorney-at-law or CPA. The Audit & Supervisory

Board Members are conducting audit of the Company as a whole based on the accurate information about the Company gathered from inside and utilizing variety of view-points as outsider of the Company.

Audit & Supervisory Board Members are conducting audit pursuant to the audit policy and audit plan established every fiscal year. Besides, they attend the meetings of the Board of Directors and other important meetings, so that they have access to necessary information to conduct their task and, they check the soundness of the management of the Company from various points of view.

With respect to the accounting audit, the Company has been entering into an audit agreement with PricewaterhouseCoopers Kyoto and it conducts audit under the Companies Act as well as the audit under the Financial Instrument and Exchange Act. PricewaterhouseCoopers Kyoto also conducts audit of the financial statements of the Company as independent third party, and the Company receives result of the audit from it. The Company exchanges opinions with PricewaterhouseCoopers Kyoto and receive its proposal for improvement of the Company.

Kyocera Group is also evaluating the effectiveness of the internal control over the financial report pursuant to Article 404 of the United States Public Company Accounting Reform and Investor Protection Act of 2002 (“the US Sarbanes-Oxley Act”), and receives audit from the accounting auditors.

[Current initiatives for the enhancement of the functions of the Audit & Supervisory Board Members.]

Current initiatives for the enhancement of the functions of the Audit & Supervisory Board Members are as follows:

1. Establishing “office for Audit & Supervisory Board Members” under the Audit & Supervisory Board to assist the tasks of the Audit & Supervisory Board Members and the Audit & Supervisory Board;
2. Holding regular meetings with Representative Directors to exchange opinions relating to the management of the Company as a whole;
3. Holding regularly the “Kyocera Group Auditors Meeting” where all audit & supervisory board members of companies within Kyocera Group gather to report and discuss the condition of auditing the legality of the business execution and the status of the internal control of the directors of the companies within Kyocera Group;
4. Establishing the system called “Whistle Blowing to Kyocera Audit & Supervisory Board Members” so that the related parties with Kyocera can directly submit complaints to the Audit & Supervisory Board Members;

5. Holding regular meetings with accounting auditors to discuss about the audit plan and substance of quarterly audit and result of the audit, and exchanging information and opinions as necessary from time to time;
6. Holding meetings in a timely fashion with internal audit division of the Company in order to evaluate and monitor whether the business of the Kyocera Group is duly and efficiently executed in accordance with the laws and regulations and internal rules of the Company; and
7. Nominating two Outside Audit & Supervisory Board Members who are independent and not to have any conflict of interest with the shareholders in general of the Company.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company nominates three Outside Directors, who have plenty of knowledge and experiences as managers of corporations, certified public accountants and tax accountants or scholars, and two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experiences as an attorney-at-law or CPA. The Company enhances the supervision by the Board of Directors and audit over the Directors by Audit & Supervisory Board Members by enough explanation by Directors to the Outside Directors and the Outside Audit & Supervisory Board Members at the meetings of the Board of Directors. The Directors also exchange opinions with the Outside Directors and Outside Audit & Supervisory Board Members on the management in general, etc. so that the Directors can make judgment taking into consideration the viewpoints from outside of the Company. The Company establishes sound corporate culture pursuant to the “Kyocera Philosophy”, which is the corporate philosophy based on the general criteria in making judgment, namely “what is the right thing to do as human being?” The Company establishes its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Outside Audit & Supervisory Board Members.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Dispatched approximately three weeks prior to the date of the General Shareholders Meeting.
Scheduling AGMs Avoiding the Peak Day	Holding meeting prior to the so-called “concentration day” (the day on which many companies in Japan hold their general shareholders meeting).
Allowing Electronic Exercise of Voting Rights	Permitting exercising of voting rights through personal computers, smartphones and mobile phones.

Participation in Electronic Voting Platform	Having participated in the platform for electrical exercising of voting rights.
Providing Convocation Notice in English	Preparing English translation of the notice for the General Shareholders Meeting to facilitate the exercise of voting rights by foreign shareholders, and upload it on the Company's website together with the Japanese text prior to the date to dispatch the notice to the shareholders.
Other	

## 2. IR Activities (Updated)

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Disclosure Policy is explained on this report (refer to V. Other 2. Other Matters Concerning to Corporate Governance System).
Regular Investor Briefings for Individual Investors	At least once a year explanatory conference for the individual investors is held by executive officer through the arrangement by securities companies. In the year ended March 31, 2017, a conference was held by Managing Executive Officer of the Company.
Regular Investor Briefings for Analysts and Institutional Investors	After the announcement of the financial result of the second quarter and the fourth quarter, explanatory conferences are held for analysts and institutional investors at which President and Representative Director present. After the announcement of the financial result of the first quarter and the third quarter, conference call is held by executive officer.
Regular Investor Briefings for Overseas Investors	Explanatory meetings are held for overseas investors, but timing and members to present thereat are irregular. The Company's delegation visits mainly the US, European and Asian institutional investors individually to provide explanations. Besides, the Company makes explanation from time to time by participating in the conferences sponsored by the securities companies.
Posting of IR Materials on Website	The Company established its website for shareholders and investors. (Japanese) <a href="http://www.kyocera.co.jp/ir/index.html">http://www.kyocera.co.jp/ir/index.html</a> (English) <a href="http://global.kyocera.com/ir/index.html">http://global.kyocera.com/ir/index.html</a> In addition to the disclosure materials legally required, materials for explanatory conferences and information for shareholders relating to the General Shareholders Meetings and procedures for share handling are uploaded thereat.

Establishment of Department and/or Manager in Charge of IR	IR Division is established in the Corporate Financial and Accounting Group.
Other	IR Division is having meetings with analysts and institutional investors frequently. The meetings between the Company's management people and them are held from time to time. In order to achieve the equality in the information transfer, IR related materials in Japanese and English are uploaded on the website of the Company.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Based on the "Customer-First" Principle, the Company established in June 2001 "consultation desk for customers". In September 2005 the Company also established "CS improvement committee".
Implementation of Environmental Activities, CSR Activities etc.	Kyocera Group established "Kyocera Environmental Charter" as our basic mission in 1991. In addition to "Environmental Vision 2020", which is our medium-to-long term indicator, we have set "Kyocera group environment and safety policy" and "Kyocera group environment and safety targets" respectively to promote our aggressive and continuing environmental preservation activities.  We also publish "CSR report" on our website annually to introduce our group's challenges for CSR activities.
Development of Policies on Information Provision to Stakeholders	The Company, based on the ethical views appearing in the "Kyocera Philosophy," believes that it is very important to enjoy a high degree of trust from its shareholders, investors and other stakeholders. For this purpose, the Company recognizes that sincere efforts to provide timely and appropriate disclosure of corporate information are indispensable and has accordingly established the following basic policies toward the disclosure of information.  "With respect to the disclosure of information, it shall be our policy to timely disclose both favorable information and unfavorable information in an equal and accurate manner."  "With respect to the disclosure of information, it shall be our policy to timely disclose information without delay and in a fair manner, with no bias towards the domestic or foreign, and without preference towards specific persons."
Other	To further improve bilateral communication with the "local society", the Company holds "CSR report conference".

#### **IV. Matters Related to the Internal Control System**

##### **1. Basic Views on Internal Control System and the Progress of System Development**

[Basic Views]

Basic views are as described in “1. Basic Views” in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information”.

The current status of the preparedness of systems relating to internal control is as follows:

- (i) The “Kyocera Code of Conduct” was established in June 2000.
- (ii) The “Risk Management Division” was established in September 2000 in order to create a thorough system to ensure compliance with laws and regulations and internal rules.
- (iii) The “Kyocera Management Committee”, which was renamed the “Kyocera Group Management Committee” in August 2002, was established in January 2001.
- (iv) The “Kyocera Disclosure Committee” was established in April 2003.
- (v) The “Employee Counseling Office” was established in April 2003 as a function of the whistleblower reporting system.
- (vi) The Executive Officer System was introduced in June 2003 to improve management efficiency.
- (vii) The “Global Audit Division,” which was reorganized by the merger of “Risk Management Division” and renamed the “Corporate Global Audit Division” later in April 2010, was established in May 2005 to undertake internal audits, and it regularly conducts audits of Kyocera’s businesses, and reports the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera Corporation. It also serves as a mechanism for meeting the requirements of Article 404 of the Sarbanes-Oxley Act of the United States of America.
- (viii) “Kyocera Group Philosophy Committee” was established in May 2013.
- (iv) The functions of risk management were transferred from the Corporate Global Audit Division to the Corporate General Affairs Group. The “Risk Management Department” was established within the Group in January 2014 in order to restructure the risk management system.
- (x) “Kyocera Group Basic Policy for Risk Management” was established in June 2016.

##### **2. Basic Views on Eliminating Anti-Social Forces**

[Basic Views on Eliminating Anti-Social Forces]

The Company declared in its “Basic Policy for Corporate Governance and Internal Control of Kyocera Group” (resolved at the meeting of the Board of Directors on May 28, 2015) that “Kyocera Group shall consistently insist on equal treatment and fairness, and challenge based on the conscience and braveness, and realize transparent corporate governance and internal control system”. The Company also decides as its basic policy for internal control that “through practicing Kyocera Philosophy the Company shall establish internal control system”.

Such basic policies include elimination of anti-social force from commitment in the management and prevention of damages by such force from taking place.

[Progress of System Development]

The Company defines that internal control is “the system to be established in the organization in order for the Directors, who execute businesses, to achieve the management policy and master plan (management plan for a fiscal year) and to realize the ideal management of the Company. The Company also obliges its Representative Director that “the Company shall establish risk management division for the system to manage the risk of Kyocera Group, and shall establish various systems as necessary”.

Besides, “Kyocera Activity Policy”, which is a result of application of Kyocera Philosophy to various aspects of the corporate activities, and on which the employees of Kyocera Group relay for day-to-day operation, thoroughly requires the employees to “solve the problem in a resolute attitude based on laws and regulations” against anti-social force.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation
---------------------------

Currently there is no specific plan for adoption of anti-takeover measures.
---

### 2. Other Matters Concerning to Corporate Governance System

The timely disclosure system is as follows.
---



1. Establishment of Ethical Standards and Corporate Philosophy Forming the Basis of Timely Disclosure

The Company believes that the establishment of a corporate philosophy which will constitute the ethical basis for executive management as well as ordinary employees is indispensable for the Company to continue to act in a socially sound and honest manner within the industry, including the making of timely and appropriate disclosure of corporate information.

The Company's corporate philosophy, which constitutes ethical standards, has been passed along from its founder's manner of thinking towards both management and lifestyle known as the "Kyocera Philosophy."

The "Kyocera Philosophy" bases its fundamental judgments on precepts such as "what is the right thing to do as a human being" and includes wide, universal contents from basic management principles to the manner of pursuing daily work. The Company's fundamental attitude, which can also be the basis of the timely disclosure of corporate information, is displayed in numerous ways including, among others, the sayings "Pursue Fairly," "Make Unselfish Decision," "Insist on Playing Fair" and so forth.

In order to implement the ethical standards embodied in "The Kyocera Philosophy" throughout the entire Group, the Company, in addition to providing study programs upon entering the Company as well as constant daily guidance in the workplace, periodically implements educational and study programs for all personnel from executive management to ordinary employees. Similar training programs have been developed for Group companies located inside and outside Japan. Through such programs, the "Kyocera Philosophy" achieves wide permeation as a corporate creed throughout the entire Group.

Further, in consideration of the applicability of the "Kyocera Philosophy" to various aspects of business activities, the Company establishes "The Kyocera Code of Conduct" and requires that all Group employees conduct their daily business duties in accordance therewith. Such policies provide detailed explanations of various laws, regulations and rules, as well as internal Company rules, include provisions such as "Compliance with the Law" and "Handling Information" etc., and otherwise collectively indicate mandatory conduct for employees.

In addition, the Company's founder, emphasizing the importance of the role of "accounting" in corporate management, created "The Kyocera Accounting Principles" based on "The Kyocera Philosophy." "The Principle of Double-Check", "The Principle of Transparent Management" and so forth, which apply to all accounting practices, are included therein and constitute guidance for timely disclosure of corporate information in the same manner as "The Kyocera Philosophy."

“The Kyocera Philosophy”, “The Kyocera Code of Conduct” and “The Kyocera Accounting Principles” have been published in the form of Pocketbook which are distributed to employees who utilize them as ethical standards and policies governing conduct.

As stated above, the Company has established ethical standards based on “The Kyocera Philosophy” which form the basis for internal Company standards concerning timely disclosure.

## 2. Status of the Company's Internal Standards etc. Concerning Timely Disclosure

### (1) Fundamental Attitudes

The Company, based on the ethical views appearing in “The Kyocera Philosophy,” believes that it is very important to enjoy a high degree of trust from its shareholders, investors and other stakeholders. For this purpose, the Company recognizes that sincere efforts to provide timely and appropriate disclosure of corporate information are indispensable and has accordingly established the following basic policies toward the disclosure of information.

“With respect to the disclosure of information, it shall be our policy to timely disclose both favorable information and unfavorable information in an equal and accurate manner.”

“With respect to the disclosure of information, it shall be our policy to timely disclose information without delay and in a fair manner, with no bias towards the domestic or foreign, and without preference towards specific persons.”

### (2) The Kyocera Disclosure Committee

The Company has established an organ known as the “Kyocera Disclosure Committee” which is primarily entrusted with the role of implementing the abovementioned fundamental policies of the Company for disclosure of corporate information. This Committee investigates all disclosure documents for the purpose of assuring the appropriateness of disclosures of corporate information, reporting the results of its investigations to the President and Representative Director and being the principal independent internal organ of the Company which educates Group companies concerning rules relating to disclosure and promotes appropriate disclosure of information for the entire Group.

This Committee is constituted of the following executive officers and general managers who respectively have responsibility for the following departments.

- Accounting Division
- Finance Division
- Corporate Business Systems Administration Group
- Corporate General Affairs Human Resources Group
- Corporate Management Promotion Division
- Corporate Legal And Intellectual Property Group
- Corporate Development Group
- Internal Audit Division

This Committee consolidates information reported in respect of the respective areas undertaken by respective committee members and creates an exhaustive collection of all management information for Kyocera Group. Further, this Committee consists mainly of the Company's executive officers and, accordingly, this Committee can gather information with respect to important management decisions without delay.

(3) The Information Disclosure Process Focusing on the Kyocera Disclosure Committee

Materials which are required to be timely disclosed by the Company pursuant to various domestic and foreign disclosure laws, regulations and rules as well as materials intended for voluntary disclosure to the markets, etc. are usually handled by the Kyocera Disclosure Committee and its Administrative Office as follows.

(i) Information Gathering and Preparation of Disclosure Materials

Facts, decisions of the board of directors and information concerning corporate accounting generated by the Company and each Group company are collected from each department through the related departments of the Company as raw information for disclosure, and consolidated at the Administrative Office of the Disclosure Committee constituted by the officers of the departments of the Company in charge of its IR and accounting.

This Office prepares, based on such reported information and reference to various domestic and foreign laws, regulations and rules concerning timely disclosure and disclosure materials from a fair standpoint, and submits such materials to the Kyocera Disclosure Committee indicating the points to be examined.

In the process of preparation of disclosure materials by the Administrative Office of the Kyocera Disclosure Committee, all information gathered from each department is approved by the head of each department reporting such information (with respect to information of Group companies, by the president

or other executive in charge thereof) and the system (The Principle of Double-Check) does not permit independent judgments by department heads.

(ii) Investigation of Disclosure Materials

Members of the Kyocera Disclosure Committee investigate information submitted through the Administrative Office and undertake a review process to make determinations as to whether or not to disclose and the appropriateness of information to be disclosed by reference to independently obtained information. Each member provides notice of its investigation to the Administrative Office and if corrections are required, so indicates.

Due to the policy in connection with such investigation that judgments by the Kyocera Disclosure Committee as to whether disclosure shall be made are to be based on uniform criteria, the following “Guidelines for the Importance of Matters” have been established as such criteria.

Quantitative Criteria

Any event which would have an impact of 5% or more on net sales, income before tax or net income for a quarterly period covered by the most recent corporate plan is an “Important Event.”

Qualitative Criteria

Any event which would have a material impact upon the ability of the Company to continue as a going concern based on consideration of the special characteristics of individual businesses, internal rules and ethics, applicable general laws, regulations and rules, and generally accepted social morals etc., is an “Important Event.”

Time Criteria

Based on consideration of both quantitative and qualitative criteria, an event which will obviously have such an impact within the next twelve (12) months is an “Important Event.”

Also, this Committee clarifies the purpose of the investigation and facts and materials which will be subject to investigation for the purpose of responding to changes in the management environment in an agile manner, and it is always endeavoring to increase the effectiveness of such investigations by convening the Committee in either of the following major ways.

#### Regular Scheduled Convening of the Committee

To gather information on matters arising mid-term, confirm matters that must be disclosed, perceive “Important Events” (focusing on information concerning risks) expected to occur during subsequent reporting periods, and investigate disclosure materials for the purpose of studying the contents of periodic disclosure materials such as quarterly reports, annual securities reports, and Forms 20-F to be submitted to the US Securities and Exchange Commission etc.

#### Extraordinary Convening of the Committee

A meeting of the Committee shall be convened upon the decision of the Chairman and Vice Chairman of the Committee in the event of mid-term amendments of laws, regulations and rules, or accounting standards, etc. or upon the unexpected occurrence of Important Events in order to determine whether or not to timely disclose and if so determined to investigate the contents of the disclosure.

#### (iii) Supplemental System for Representatives of Important Group Companies

The Kyocera Disclosure Committee may implement a supplemental system assuring the appropriateness of information from each Group company by demanding that the representatives of each of the most financially important Group companies, based on net sales and profits of all Group companies, individually certify in writing as to the accuracy of reported information.

#### (iv) Report of Investigation Results

After confirming that all Committee members have verified the appropriateness of the disclosure information, the Chairman of the Kyocera Disclosure Committee reports the results of such investigation to the President and Representative Director. The President and Representative Director confirm the investigation procedures by the Kyocera Disclosure Committee and issue instructions for corrective actions, if necessary, to the Chairman of the Kyocera Disclosure Committee.

#### (v) Approval and Disclosure of Information

The President and Representative Director of the Company, following the completion of the procedures described in (i) through (iv) above, upon receipt of a report from the Chairman of the Kyocera Disclosure Committee assuring the appropriateness of information disclosure, approves such information disclosure.

Thereafter, each information disclosure execution department, after being informed of the approval of the President and Representative Director via the Administrative Office of the Kyocera Disclosure Committee, implements the disclosure of such information through the Financial Service Agency and Timely Disclosure Information System of Tokyo Stock Exchange, Inc.

As described above, the Company has established a system centered on the Kyocera Disclosure Committee as an investigation organ assuring the appropriateness of disclosed information by means of a process of gathering, preparing and disclosing corporate information. Please refer to the diagram appearing in Attachment 1 concerning the information disclosure process described in (i) through (v) above.

(4) Internal Audit System and Internal Alert System

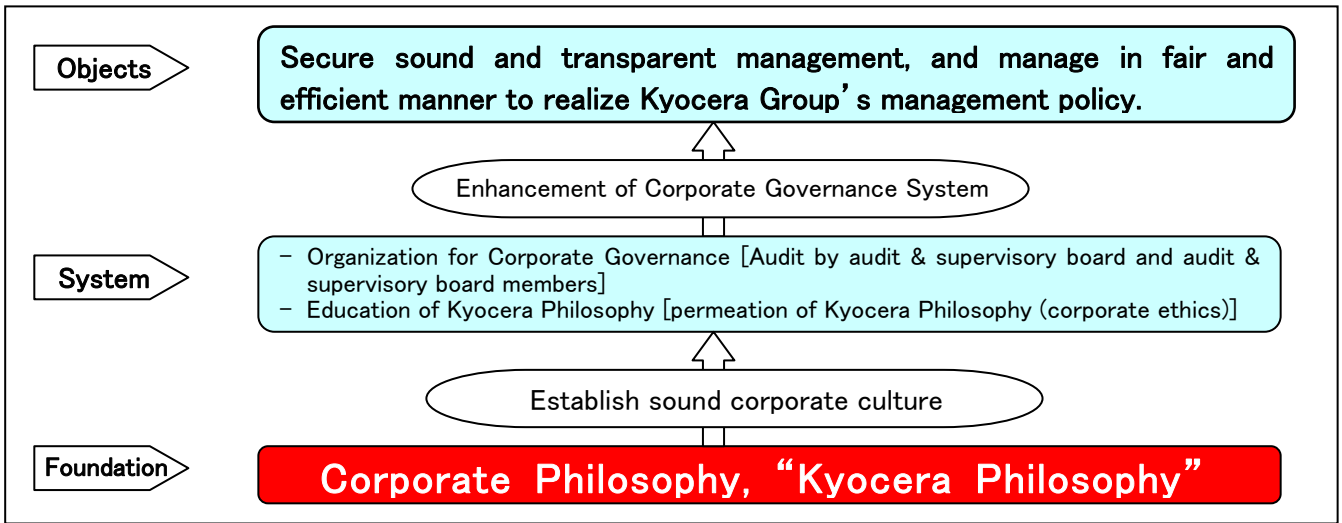
The Company has established the Corporate Global Audit Division, which conducts audits to ensure that the accounting and operations of each group company are duly undertaken in accordance with applicable Japanese and overseas requirements. The Corporate Global Audit Division will periodically conduct investigations in cooperation with the internal audit division of each group company and report the results thereof to the directors and audit & supervisory board members of the Company and each relevant group company. The directors and audit & supervisory board members who receive such reports will then issue instructions for any necessary corrective action. The Corporate Global Audit Division will also undertake the internal audit pursuant to “Internal Controls” prescribed under the United States Sarbanes-Oxley Act of 2002 that will take effect as from fiscal year ending March 31, 2007.

The Company also has an internal alert system referred to as the “Employee's Consultation Corner” which assures a system whereby employees are able to report acts which constitute violations, or acts which bear the risk of being violations, of the Kyocera Code of Conduct.

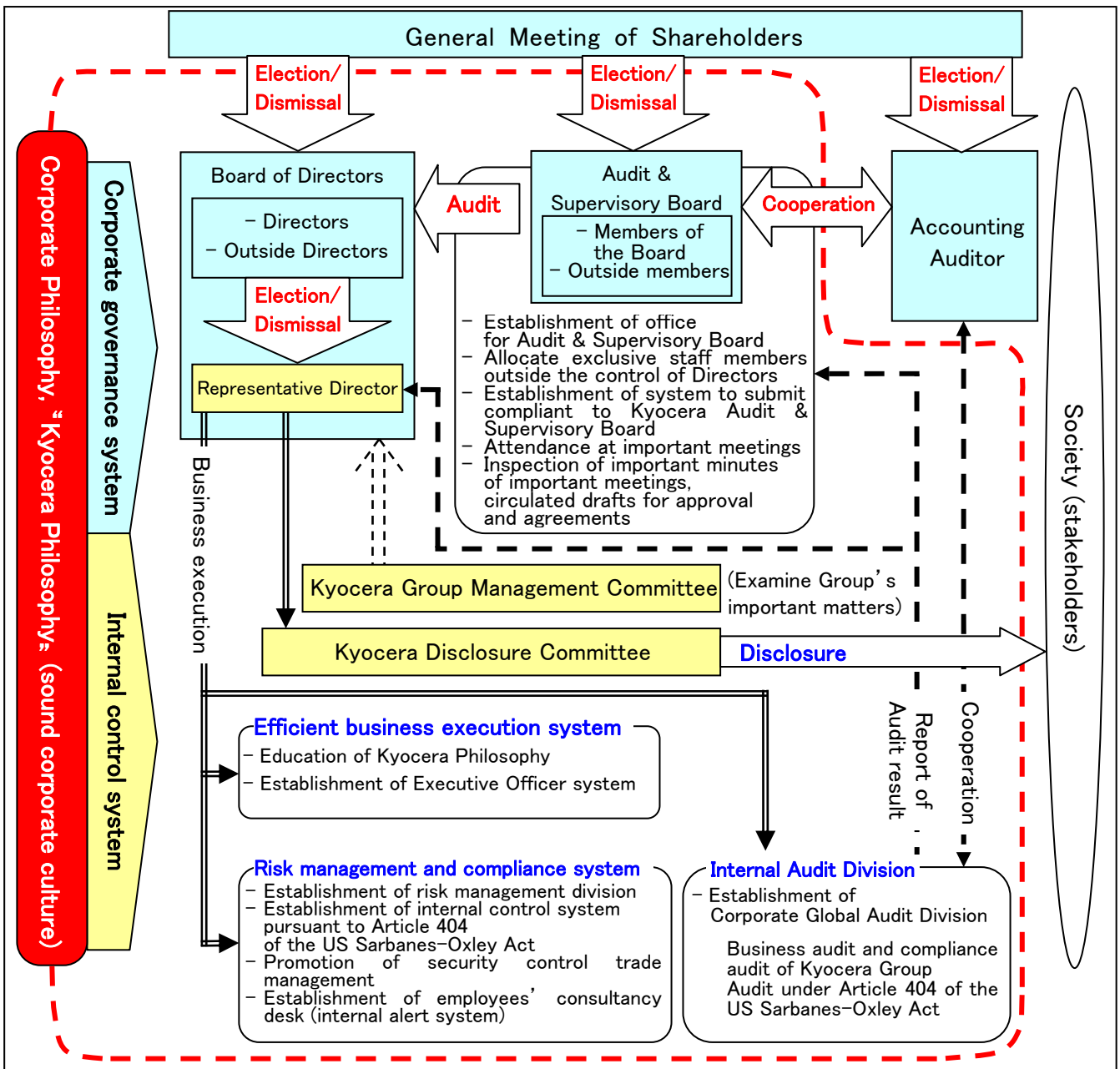
These systems have important functions in addition to heightening the effectiveness of the Company's internal structures related to timely disclosure.

[Corporate Governance Chart of the Company]

The view on Corporate Governance of the Company is as set forth



Corporate Governance System of the Company is as set forth



< Attachment >

The outline of the corporate system for the timely disclosure of the corporate information is as follows.

