

# **Company Conduct Guidelines**

## **1. General Provision**

### **Observance of Laws and Norms**

We not only observe the laws and ordinances but also respect the social norms, and shall pay attention to company activities with good sense.

- (1) We observe domestic and foreign laws and ordinances.
- (2) We conduct business with good sense and responsibility as a member of society fully recognizing expected company ethics.

## **2. Relations with Society**

### **Contribution to Society**

We shall actively contribute to social activities as company citizens in order to contribute to the development of society.

### **Observance of Various Business Related Laws**

We shall observe the laws concerning our products and services, and take appropriate procedures to obtain licenses and provide reports without fail.

### **Regulations regarding Donation Activities and Political Donations**

- (1) When donating to political parties or various organizations, we observe the laws and ordinances such as the Election Law and the Law on the Regulation of Political Funds, and we take proper procedures.
- (2) Regarding the implementation of various donations, they must be approved beforehand according to company regulations.
- (3) We refrain from conducting business in a manner that may be misunderstood as bribery, offering illegal profit or improper adhesion to political parties or governmental agencies. We shall create sound and transparent relations.

### **Breaking off Relations with Anti-Social Organizations**

- (1) We shall not have relations with illegal or anti-social activities, and we shall always behave with good sense having the fundamental legal knowledge, social common sense and a sense of justice.
- (2) We shall deal with anti-social organizations with a resolute attitude not to have any relations with them. When they make unfair demands, we shall deal with the matter resolutely, and shall not provide financial return for resolving a problem.

- (3) We shall not use anti-social organizations to obtain profits for our company or ourselves.
- (4) We shall have no business dealing with anti-social organizations or business connections that have relations with anti-social organizations.

#### **Conservation and Environmental Protection**

- (1) During research, development, production, sale, and disposal of products, we fully recognize the importance of environmental protection at all times, observe the treaties, laws, and ordinances, and make products in consideration of the environment. Based upon the philosophy of responsibility for a producer seeking expansion, we shall make efforts to limit waste throughout the whole production life cycle.
- (2) We shall actively participate in environmental protection activities such as conservation of paper by making people environmentally aware, buying recycled products and reducing the volume of paper used in offices.

#### **Security Trade Management**

- (1) We do not export weapons, arms, or related technologies that impede international peace and security.
- (2) Regarding all our export dealings, we shall have full recognition of the outlines and operations of business counterparts, and we shall ensure that exported products and technologies not be used in developing and producing weapons of mass destruction.
- (3) Regarding the export of products and technologies and the provision of services regulated by the relevant laws, we shall take international situations into consideration, examine the rights or wrongs of dealings prudently, and take the necessary procedures according to the relevant laws and ordinances.

#### **Observance of the Laws and Ordinances related to Export and Import**

- (1) Upon exporting and importing products, we take proper export and import customs clearance procedures according to the relevant laws and ordinances.
- (2) We do not export or import prohibited goods.

### **3. Relations with Customers, Business Connections, Rival Companies**

#### **Safety of Products**

- (1) During production, development, importing, storing, selling, transporting, exporting, maintaining, and repairing, etc., we always pay attention to safety, fully understand and observe the laws concerning the safety of products and safety standards, and aim to maintain a higher level of safety.
- (2) As soon as we obtain information regarding the safety of products, we confirm the facts. If we find a problem, we contact the relevant authorities and take appropriate measures.

### **Observance of the Antitrust Law**

We do not under any circumstances take any actions in violation of the Antitrust Law such as forming a cartel, arranging illegal price-fixing consultations, maintaining reselling prices, or abusing a superior position, and we have fair and free competition among companies.

- (1) We do not create unfair business dealing restrictions such as by having consultations and agreements regarding prices, quantities, or production facilities among companies or organizations in the same industry and forming price-fixing agreements on bids.
- (2) We do not take actions regarded as using unfair dealing methods such as refusing specific companies (selling at cheaper prices, etc.), companies newly entering the same business field, or controlling sale prices where products are offered in cooperation with other companies and organizations in the same industry.

### **Proper Dealing with the Companies for Buying and the Observance of the Law on Prevention of Payment Delay to Subcontractors**

When purchasing from companies, we deal with them with good sense and sincerity as well as impartiality and fairness.

- (1) When selecting a company for purchasing items fairly, we compare, evaluate, and decide on the selection of a proper company based upon conditions of quality, price, delivery deadline, technology development, and stable supply, etc.
- (2) Regardless of whether a certain position has an influential power in selection and evaluation of a company for purchasing, we do not exercise influential power to provide advantageous treatment to specific companies for purchasing.
- (3) When entrusting manufacture or repair to a company, we fully understand the Law on Subcontracts, pay attention not to delay payment, and provide contracts and dealings.

### **Prevention of Unfair Competition**

- (1) We shall not obtain or use the sales secrets of other companies by unlawful means such as stealing for any reason.
- (2) We shall not obtain or use the sales secrets of other companies knowing that they have been or might have been obtained by unlawful means.

### **Entertainment and Presents**

- (1) We do not give entertainment treats or presents to civil servants or those in corresponding positions.
- (2) When we give entertainment treats or presents to business connections, we shall do so within the range of common sense generally regarded as reasonable in society.
- (3) When we receive entertainment treats or presents from customers or business connections, we shall do so within the range of common sense generally regarded as reasonable in society.

### **Prohibition of Bribery to Civil Servants of Foreign Countries**

We shall not provide financial profits to officials of foreign governments and local governments in order to obtain unlawful merits in sales activities or in return for advantageous business treatment. We shall not promise or propose anything of this nature.

### **Proper Advertisement and Announcement**

In advertisements and announcements, we shall not use expressions slandering or defaming others or use terms leading to social discrimination in documents and information. When using comparative advertisements, we shall ensure that they are based upon fact, are correct, and are not misleading.

## **4. Relations with Share Holders and Investors**

### **Disclosure of Management Information**

We disclose management information on financial affairs and business operations of our company for the shareholders and investors, make the management philosophy and policy of our company clearly known, and sincerely accept opinions and criticism about them.

### **Prohibition of Insider Trading**

When we know inside information about our company, affiliated companies, or business connections, we shall not sell or buy stocks or corporate bonds until details have been publicly announced. When we buy or sell the stocks of companies that have business relations in the operations of our company, we shall confirm inside information beforehand.

Such actions are not allowed even if there is an intermediary person or no individual profits. It shall not take place.

## **5. Relations with Employees**

### **Respect for Human Rights and Prohibition of Discrimination**

We shall always make efforts to maintain sound working environments, respect the human rights of individuals, and shall not conduct business in a way leading to discrimination by any means.

- (1) We do not discriminate against individuals based upon place of birth, nationality, race, creed, religion, sex, age, handicap, hobby, or academic background.
- (2) We do not force employees to work using violence, jeering, slander, defamation, or threats, and we do not infringe human rights by bullying.

### **Sexual Harassment**

- (1) We do not behave in a manner that might be interpreted as sexual harassment or that might be misunderstood as sexual harassment by others.

- (2) We do not speak or behave in a sexual manner that makes others feel unpleasant, and we shall also prevent others from doing so.

### **Protection of Privacy**

We use the personal information of employees and people outside of the company obtained in business for official use only, and it shall be managed strictly to prevent leakage outside.

### **Sanitary and Safe Working Places**

Securing security and sanitation safety take priority, and we maintain secure and sanitary safe working environment. We understand the laws and ordinances concerning the security and sanitary safety in business, and observe them. If an accident should occur at the workplace, we shall minimize the damage, and take prescribed procedures such as making immediate reports in order to prevent recurrence.

### **Observance of Labor Laws**

We observe the labor laws, and we shall make efforts to maintain a good and healthy working environment.

- (1) We strictly manage working days and hours within the period of time stipulated by the Labor Standard Law.
- (2) We do not force business duties involving excessive labor or overtime work.
- (3) Those in administrative posts always pay attention to the physical and mental health of subordinates.

## **6. Matters Concerning the Company and Its Assets**

### **Observance of Company Regulations**

Employees always observe company regulations.

- (1) They do not perform prohibited operations stipulated in company regulations.
- (2) They do not perform unlawful or insincere actions, which are out of line with company regulations.

### **Proper Account Processing**

When making entries in account books or slips, we do so accurately according to the related laws and the company regulations. We do not make false or fictitious entries or do not make assets, which are not listed in the account book.

### **Prohibition of Conflicting Actions**

We shall not be concerned with activities conflicting with the interests of our company.

- (1) Employees shall not work as the employees, consultants, or others of rival companies or business connections, and they shall not have financial relations.
- (2) They shall not carry out the operations of business connections as a part of them.

### **Prohibition of Political and Religious Activities**

No employee may be involved in political or religious activities during working hours.

- (1) During working hours, no one may invite people to political parties, request people to vote in an election, or be involved in election related activities.
- (2) During working hours, no one may invite people to religious organizations, promote religions, request donations, or distribute brochures or invitations.

### **Management of Company Secrets**

We manage company secrets properly, and do not disclose or leak them outside of the company without permission.

- (1) We manage company secrets of our company and others strictly, do not leak them outside of the company, and do not use them for purposes other than the business concerned.
- (2) When we disclose the secret information of companies, we shall take precautions against unexpected leaks such as by entering into a confidentiality agreement.
- (3) We do not steal other companies' secrets or use them for purposes other than allowed by the companies involved.
- (4) Even after leaving the company, no one shall leak the secret information of the company or information obtained outside of the company, and shall not use them for any purpose.

### **Proper Use of the Company Assets**

We think that the assets of the company should be used efficiently, and they should be kept in a condition where they can be used at any time. Regardless of their being tangible or intangible, we handle them properly in order to prevent damage and robbery. The assets and expenses of the company cannot be used for personal purposes.

### **Proper Use of the Information System**

- (1) The information system of the company shall be used for business duties only, and no one use it for personal purposes.
- (2) The IDs and passwords for the information system of the company shall be strict managed in order to prevent leakage outside of the company.
- (3) No one shall steal other persons' IDs or passwords or improperly access other persons' computer systems.

### **Protection of Intellectual Property Rights**

As the intellectual property rights of the company are important assets of the company, we use them properly and make efforts to maintain them.

- (1) Regarding the invention in manufacturing and development activities, we shall make efforts to preserve the intellectual property rights by making a patent application promptly.

- (2) No one may infringe on other persons' intellectual property rights such as by making copies of computer software of others without permission.
- (3) We use the intellectual property rights of business connections after entering into proper contracts, and we shall not use them illegally.

## **7. Supplementary Provision**

### **Applied Range**

This guideline shall be applicable to all the employees of Taiheiyo Kouhatsu Incorporated (including contract staff members and other staff members based on part-time contracts).

### **Revision and Abolition of the Guidelines**

The revision and abolition of these guidelines must be approved by the board of directors.

### **Section in Charge of Consultation and Report**

- (1) The director of the general affairs division is in charge of the matters of inquiry when questions regarding the contents and their interpretation of this guideline arise.
- (2) Regarding the actions of violation against these guidelines and those with the possibility of violation, they shall be reported to either the head of the section (the head shall then report it to the director of the general affairs division) or the director of the general affairs division promptly regardless of the facts that they are found or one did so by himself or herself.
- (3) When the director of the general affairs division receives a report, he or she shall report it to the Information disclosure committee promptly.
- (4) The fact that one has reported it shall not be against his or her interests.

### **Penal Regulations**

The company shall take disciplinary action against those who violate these guidelines or leave the violation of the guidelines as is according to the company regulations and other rules of the company.

### **Enforcement Date**

May 1, 2004