



COMPLIANCE GUIDELINE

NIPPON FILCON GROUP

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Revision of Compliance Guideline

As employees of the Nippon Filcon Group, we sometimes encounter various compliance issues in our day-to-day work and are not sure how to resolve them. We must face these issues head-on without running away from them. Solving them may not be easy. However, by thinking about what is important to the Nippon Filcon Group, we will likely realize the right course of action. If you find it difficult to make legal or ethical decisions, please use this Compliance Guideline to help you.

September 2022
Compliance Promotion Committee, Nippon Filcon Group

Nippon Filcon Group Compliance Code

(Purpose)

Article 1 This code establishes the basic policies and management systems related to compliance for Nippon Filcon Group in order to ensure thorough compliance within the group.

(Definition)

Article 2 "Compliance" as used in this code of Nippon Filcon Group means not only to comply with laws and regulations, but also to follow an approach in line with corporate philosophy and social ethics, as well as to remain aware of the group's social responsibility to fulfill our stakeholders' trust.

(Scope of this code)

Article 3 This code shall apply to all directors, corporate officers and employees of Nippon Filcon Group (hereinafter referred to as "we").

(Corporate philosophy)

Article 4 We shall deeply understand and agree with each item of following our corporate philosophy and realize them in our daily activities.

- Pursue dreams and enjoy the pursuit in earnest
- Endeavor to stay one step ahead as leaders in product development and manufacturing
- Give back to society with gratitude and sincerity

(Social mission)

Article 5 Our corporate purpose is to maximize the customer satisfaction, that is, to provide the best value that meets the various needs of the industry. And it is our mission to contribute society by always pursuing the top level of the technology in the world and by providing innovative and high quality product and services continuously.

(Code of conduct)

Article 6 We shall perform daily activities in conformity with every item in following code of conduct.

1. Strive for the sustainable development of fair, honest, and transparent relationships with all stakeholders, including shareholders, customers, business partners, and host community residents.

[Related pages](#) 1. Stakeholders

2. Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

[Related pages](#) 2. Sound Work Environment

3. In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

[Related pages](#) 3. Honest Corporate Activities

4. Provide no benefits to and sever any relations with anti-social groups that threaten the order and safety of civil society.

[Related pages](#) 4. Anti-Social Forces

5. Strive for appropriate storage, management and disclosure of business information and do not engage in insider trading or other misconduct.

[Related pages](#) 5. Management of Company Information

6. Carefully store and manage information that constitutes trade secrets and personal information and do not divulge such information to any outside party without due cause during employment or after retirement.

[Related pages](#) 6. Management of Personal Information

7. Refrain from exploiting an advantageous position in a business relationship to make unreasonable demands or arbitrarily cause a disadvantage to trading partners and from encouraging entertainment or gift-giving that deviates from the commonly recognized limits.

[Related pages](#) 7. Prohibition of Bribery

8. Recognize that worker safety, industrial disaster prevention, and the preservation of the environment must be maintained as the highest priorities in business activities and pursue active contribution to conservation efforts and protection of the global environment.

[Related pages](#) 8. Safety and Environmental Conservation

9. Pursue close cooperation and harmony with local communities and strive to make community contributions.

[Related pages](#) 9. Contribution to Local Communities

10. Make appropriate decisions and take appropriate action in keeping with the Company's corporate philosophy and social mission imperatives with respect to matters not specifically mentioned in this Code of Conduct.

(Operational system)

Article 7 In case of violation of the code or non-compliance, either intentionally or by gross negligence, penalties will be imposed on the individual according to law. Additionally, punishment will be given according to the company regulation.

(Revision or abolition)

Article 8 Revision and abolition of this regulation shall be made by resolution of the board of directors.

Application and enforcement: December 1, 2007

Date of revision: December 1, 2015

Date of revision: June 1, 2019

Date of revision: September 1, 2020

Date of revision: January 1, 2024

What Is Compliance?

Compliance is often thought of as compliance with laws and regulations. However, the reality is that compliance is not only about complying with the stipulations of the law but it is also about meeting the expectations of society. To meet the expectations of society, you should understand that we must not only comply with laws and regulations but that we must also engage in honest business activities that respect the rules, social decency, manners and morals. For example, society requires us to follow work procedures, ensure a harassment-free workplace, maintain good relationships with those we do business, and avoid causing inconvenience to anyone outside the company.

When a corporate scandal is discovered due to a compliance violation, the problem does not rest with just the perpetrator, as the company is also held accountable. Consequently, the company involved loses credibility and suffers a great deal of damage.

Therefore, as company employees, it is important that we have a strong awareness of compliance and create a corporate culture that is able to prevent scandals from happening.

You may in fact face various compliance issues yourself in the future. Even if faced with compliance issues, practicing compliance correctly and continuing to be a trusted organization will lead to the growth of the company and the well-being of the people that work here.



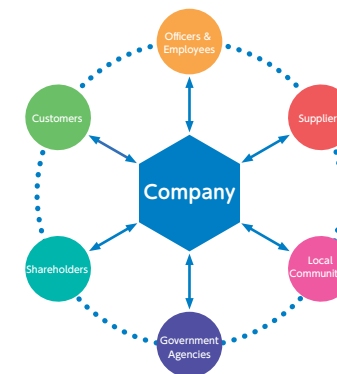
Responsibility to Stakeholders

Stakeholders are people or groups that are affected by corporate activities and have an interest or concern in a business. Stakeholders include customers, employees, suppliers, local communities, government agencies and officials, and shareholders.

In addition to pursuing profits, companies must also meet the expectations of these stakeholders. To achieve this, it is important to be aware of the stakeholders that are affected by our corporate activities.

Stakeholders' expectations of companies vary depending on their respective position, such as expecting the company to provide products that are useful for users in their everyday lives, to provide financial benefits, to create stable employment opportunities, or to protect the local environment. Given that the interests of all stakeholders are not necessarily the same, in the unlikely event that the interests of stakeholders come into conflict with one another, we will judge our activities based on our mission and corporate philosophy.

In order for us as a company to continue to provide value to each stakeholder and continue our business endeavors, we must practice compliance as a member of society and carry out sound activities while always being aware of the stakeholders.



What Is CSR?

CSR (Corporate Social Responsibility) indicates the 'social responsibility of a company', but what exactly is the responsibility of a company to society? The first responsibility of a company is to establish a business so that the company can continue to exist. Consequently, it can be said that creating jobs and paying taxes are important missions for a company.

However, these are not the only activities and responsibilities that companies are required to fulfill by society. CSR efforts include activities in a wide range of fields such as the environment, social contribution, and human rights. For example, devising measures to prevent human rights violations and environmental problems, and actively working on support for cultural causes and problems relating to poverty. CSR can be said to be the attitude of a company to strive to improve together with society.

It is not possible to promote CSR only by the people at the management level. A company is made up of individual employees, including part-time staff. To become a company that actively engages in CSR, the way of thinking and actions of each of us at the company are extremely important. And, what supports them is compliance. Compliance is no longer just a term that means complying with laws and regulations.

It is now the responsibility of companies to think and act in a way that is useful for people, the environment, and society across a broad spectrum.



What Are SDGs?

SDGs refer to Sustainable Development Goals, which are international goals that all countries and regions aim to achieve by 2030.

“Sustainable development” means achieving the following both now and in the future:

- Securing employment through economic growth and promoting economic growth by improving education and health
- Preventing damage to the environment by improving the economy, education, and health
- Making an improved living environment and economic growth possible through a rich natural environment

To achieve the above, the SDGs outline 17 goals (shown below) and each goal has specific targets.

SDG initiatives have become an important concern not only for national and local governments but also for stakeholders of companies and organizations. A reason for this is that “sustainable development” is required for the survival and growth of a company. Furthermore, companies that engage in SDGs earnestly are regarded highly by stakeholders.

Some of the 17 SDGs are related to compliance. Let’s work with the SDGs in mind to realize a sustainable and better world.



Source: United Nations Information Center (UNIC)

1-1 Providing Products & Services that Maintain Quality and Safety

Code of Conduct

Strive for the sustainable development of fair, honest, and transparent relationships with all stakeholders, including shareholders, customers, business partners, and host community residents.

Our Promises

■ We Will Provide Products and Services Considered from the Perspective of the Customer

We will provide products and services that please our customers. We will always listen to what our customers have to say, thoroughly consider our products and services from their perspective, and make any necessary improvements and revisions.

■ We Will Provide Products and Services That Are Safe, Reliable, and Environmentally Friendly

Products and services must be something that customers can use with peace of mind.

We strive to provide products and services that are safe, reliable, and environmentally friendly, and comply with laws and ordinances, public guidelines, and company rules.

Related laws PL Act (Product Liability Act), Electrical Appliance and Material Safety Act, etc.

Things We Must Not Do

The following are examples of products and services that lack quality or safety:

- Products or services that are highly functional and multi-functional, but do not consider ease of use.
- Products or services that have not had their expected safety fully checked.
- Products or services that have not been inspected as required by law.
- Products or services for which their impact on the environment when used or disposed of has not been considered.
- Products or services for which the inspection process is omitted in order to give priority to delivery dates.



1-2 Honest Activities in Relation to Our Customers

Code of Conduct

Strive for the sustainable development of fair, honest, and transparent relationships with all stakeholders, including shareholders, customers, business partners, and host community residents.

Our Promises

■ We Will Publish Correct Information Regarding Our Products and Services

Our customers purchase our products and services because they trust us.

We will do our best to act in good faith without betraying this trust.

The disclosure of correct information is one of the essential actions we must take. Concealing or misrepresenting information is an unacceptable act that damages or puts our customers at risk.

Putting the safety of our customers first, we will thoroughly disclose correct information with appropriate expressions and indications.

■ We Will Respond to Inquiries in Good Faith

We are accountable for the products and services we provide. When a customer makes a complaint, we will respond sincerely without being deceptive or making an excuse.

If there is something wrong, we will openly acknowledge it and respond in good faith, which will lead to developing a trusting relationship with our customers.

Related laws Unfair Competition Prevention Act, Act against Unjustifiable Premiums and Misleading Representations, Consumer Contract Act, Food Labeling Act (false labeling)



Things We Must Not Do

The following acts are examples of publishing incorrect information or not acting in good faith:

- Concealing defects in products or services spotted after they have been sold.
- Forging the results of quality inspections.
- Concealing important contract matters or indicating information in a way that is intentionally difficult to understand.
- Ignoring or lying in response to inquiries about products and services.

False Indication of Food Production Area by a Manufacturing and Wholesale Company of Agricultural Products

Bamboo shoots from China were labeled and sold as being from Japan. Malicious tricks were used, such as using fake producer photos on product packaging. The company was forced into bankruptcy and the president was arrested.



1-3 Engaging in Fair Competition and Transactions

Code of Conduct

Strive for the sustainable development of fair, honest, and transparent relationships with all stakeholders, including shareholders, customers, business partners, and host community residents.

Our Promises

■ We Will Compete and Trade in Compliance With the Law

Companies operate to earn profits while complying with laws and regulations and industry rules. It is absolutely not acceptable to use fraudulent means to make a profit.

We always compete and trade in a fair and just manner. In all corporate activities, we will never carry out any act that violates the law.

■ We Will Value Our Business Partners

We value business partners who cooperate with us in our corporate activities. Business partners are part of the driving force behind our corporate activities.

We always do our business on equal footing with our business partners. We will not abuse our superior bargaining position and force unfair transaction conditions on other parties.

Related laws Anti-Monopoly Law (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade), Subcontracting Act (Act against Delay in Payment of Subcontract Proceeds to Subcontractors)



Things We Must Not Do

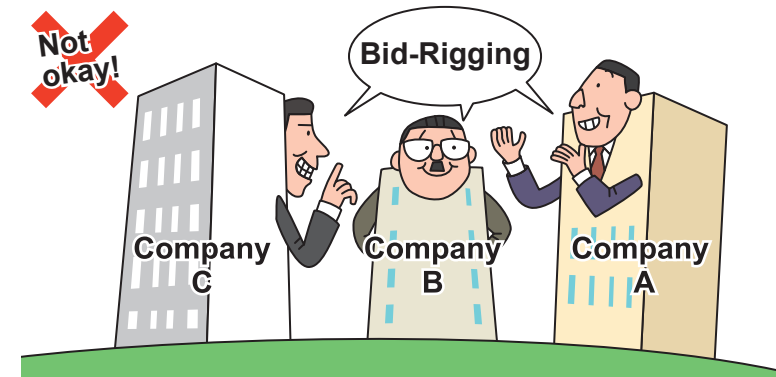
The following acts are examples of actions prohibited under the Anti-Monopoly Law:

- Deciding on price and sales volume and so on through consultation with companies that make up an industry body.
- Making a request to manufacturers so they do not supply raw materials to companies that are newcomers to the market.
- Instructing retailers to obey sales prices.
- Selling at significantly lower prices only to competitors' customers in order to deprive the competitors of their customers.
- Selling popular products with unpopular products as a set (package sales).
- Forcing sales on suppliers and burdening them with expenses that they are not obliged to pay.

Those Involved in Price Cartel Imprisoned

Three steel sheet manufacturers jointly decided to raise the price of aluminum-zinc alloy plated steel sheets and strips from a shipment at a certain time, and implemented this scheme.

The three companies and those involved in the price cartel were charged with violating the Anti-Monopoly Law (price cartel). While the three companies were fined, eight officials, including the officers in charge of sales, were sentenced to imprisonment with hard labor.



1-4 Prohibition of Dishonest Acts

Code of Conduct

Strive for the sustainable development of fair, honest, and transparent relationships with all stakeholders, including shareholders, customers, business partners, and host community residents.

Our Promises

■ We Will Not Carry Out Acts That Place the Company at a Disadvantage

We must not damage the company's reputation or credibility or do anything that will cause disadvantage to the company. Among these, acts that cause damage (disadvantage) to the company such as by reducing the profits that the company would have made so to gain personal benefits or to benefit a third party are called acts of conflict of interest.

Specifically, colluding with a particular supplier and neglecting a state in which high costs are incurred or leaking confidential information to competitors are deemed acts of conflict of interest.

Acts of conflict of interest are acts that cause trouble for not only companies but also many people, such as work colleagues and their families.

We will never carry out a conflict of interest.

■ We Will Not Claim Improper Expenses

There are various expenses such as transportation expenses, business trip expenses, and the cost of equipment as a result of undertaking work. We will properly charge the company for these expenses.

■ We Will Not Carry Out Personal Activities Unrelated to Work During Work Hours

If you engage in activities unrelated to work, such as those relating to politics, religion, community associations, and volunteer work, during work hours, not only will the profits that the company should earn decrease, but it will also ruin the atmosphere of the workplace and make it difficult to work there.

We will work by drawing a line between public and private matters.

Related laws Companies Act, Penal Code, Labor Contract Act

! Things We Must Not Do

The following acts are examples of conflict of interest:

- Performing acts that unduly use up or damage the company's tangible and intangible assets, or using the company's property and expenses for personal purposes.
- Undertaking, without the permission of the company, a side job such as simultaneous employment with another company, taking a role as an executive of another company, or running one's own business.
- Receiving benefits such as money, gifts, entertainment, etc. from a supplier and so on that go beyond the bounds of social courtesy, and extends to actions that may cause collusion with business partners.
- Acquiring expenses from the company through foul means (padded invoicing of traffic expenses and purchased equipment, the falsifying of private food and drink expenses as entertainment expenses, and fake business trips).
- Embezzling cash vouchers (taxi tickets, beer tickets), postage stamps, and revenue stamps, etc.
- Secretly selling our products and waste products (old PCs, etc.) for personal gain.
- Using refueling cards and ETC cards provided for company vehicles with one's own car.



2-1 Respect for Basic Human Rights

Code of Conduct

Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

Our Promises

■ We Will Accept Each Other

We have, in our daily activities, the opportunity to interact with people with different ways of thinking and values to ourselves such as colleagues at work as well as customers, suppliers, and people of local communities.

We will, as the basis of our lives in society, be conscious of diversity, accept each other and treat each other with respect and dignity without dismissing other people.

What's more is that by exchanging ideas and inspiring one another, stagnant activities can be revitalized, ideas that cannot be conceived alone can be created, and we can make a positive impact.

■ We Will Eliminate All Discrimination

How would you feel if you were subjected to unfair discrimination or harassment by people around you for reasons not directly related to your work? It would surely wipe away your smile and any positive feeling towards your work.

We will eliminate discrimination and harassment to create the foundations of a work environment where our employees can work with energy and vigor.

Related pages "2-3 Prohibition of Harassment"

Related laws Constitution, Labor Standards Act, Equal Employment Opportunity Law, etc.



Things We Must Not Do

The following acts are examples of discrimination or harassment:

- Speaking badly of someone without reason just because you do not see eye to eye.
- Ignoring or disassociating yourself with someone just because they state opposing opinions in meetings.
- Mocking the appearance, age, educational background, etc. of other people.
- Spreading rumors about sexual minorities (for example, LGBT) or making fun of someone being LGBT.
- Doing or saying something that makes others feel uncomfortable, such as teasing them because of their physical disability.
- Not giving educational training or promotion opportunities to and setting different conditions for female only.



Reference: What Is Diversity?

Diversity is the practice or quality of including or involving people from a range of different social and ethnic backgrounds and of different genders, sexual orientations, etc. A better understanding of diversity in the workplace will increase your willingness to accept the differences between yourself and others. By doing so, it will improve relationships and make the workplace a better working environment. In a workplace where staff members are unable to appreciate the concept of diversity, people who are different from others may feel sad or upset because they suffer prejudice or are excluded. If everyone is conscious of diversity, no one will suffer harassment or be discriminated against, and this will create a comfortable working environment.

An advantage of respecting diversity is that we will be able to employ a wide range of individuals, utilize their individuality, and respond to a wide range of challenges as an organization. Diversity also enables lots of different perspectives and increases the chances of getting new ideas.

■ Differences Between People

When trying to understand the differences between people in the workplace, such differences may be simpler to understand by thinking of things in terms of “attributes”. Attributes are properties common to people or things belonging to a certain group. The table below gives some examples. Combinations of various attributes mean that the human population is made up of countless personalities and individuality.

	Physical	Way of Thinking	Affiliation	Work
Attributes	Gender Race Age Disabled or not Sexual orientation	Hobbies Preferences Ideology Religious beliefs Values	Nationality Birthplace School Status Family members	Employment status Working hours Place of employment Income

There are many types of attributes other than those outlined above, as human diversity has no limits.

■ To Respect People Who Are Different from You

Accepting people who are different from you may not be as easy as it sounds. If you find it difficult to respect others at work, you should try and put yourself in the other person’s shoes. Anyone would feel sad as a result of being rejected by others just because they are different. It is also important to think that people with different strengths and weaknesses are working while helping each other. It may be easier to accept others if you consider it only natural that people are different and that no two people are the same.

Reference: What Are Gender, SOGI and LGBT?

Gender includes not only the physical genders of male and female, but also the gender one identifies oneself to be (gender identity) and sexual orientation. We must have equal human rights and be fully respected no matter what gender we may be. Discriminatory behavior on the grounds of gender or making fun of others as a part of casual conversations must not take place in the workplace either. Also, do not impose roles by gender. It is important to think about things from other people’s points of view, understanding that imposing roles by gender can hurt people’s pride and cause distress.

■ Gender

Gender is a socially constructed concept to highlight the differences between men and women, such as “masculinity” and “femininity”. Gender harassment is the process of imposing gender stereotypes and values on people and forcing them to accept predetermined roles based on their gender. The notion of masculinity or femininity differs depending on various factors such as the era, regions, and personal ways of thinking and experiences, so it is not something that others can impose. Restricting work styles based on gender may violate the Equal Employment Opportunity Law.

■ SOGI and LGBT

SOGI is an acronym for “Sexual Orientation” and “Gender Identity”, which are attributes that everyone possesses. Sexual orientation is which gender you are sexually attracted to. Sexual orientation is not limited to men or women, with some people sexually attracted to both men and women, while others are attracted to neither sex. Gender identity is the gender one identifies oneself to be. Likewise, gender identity is not only male or female, with some people identifying themselves as being neither male nor female. Discriminating against SOGI is called “SOGI harassment”.

LGBT is an acronym for “Lesbian”, “Gay”, “Bisexual”, and “Transgender”, and is one of the terms describing sexual minorities. It is generally said that about 8% of the population in Japan is LGBT. The difference between SOGI and LGBT is that SOGI refers to the attributes that everyone possesses, while LGBT refers to people with a specific sexual orientation or gender identity.

2-2 Proper Working Environment

Code of Conduct

Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

Our Promises

■ We Will Get Proper Wages

We receive wages from the company by conducting our predefined duties in good faith. Labor that is not paid a fixed wage or overtime labor that is not paid on in addition to one's wage is not allowed.

We do not permit illegal activities such as unpaid overtime work, and strive to maintain a proper working environment.

■ We Will Not Overwork and We Will Not Let Others Do So

You may be required to work overtime or work on holidays, such as in order to meet deadlines or for accounting at the end of the work month. However, overwork due to late-night overtime work over long periods or working on holidays is never permitted.

Overwork can fatigue our minds and bodies, resulting in the onset of depression or even death in the worst-case scenario.

We not only prevent ourselves from overworking, but we also do not force or tolerate others overworking.

Related pages "2-3 Prohibition of Harassment", "2-5 Prohibition of Forced Labor and Child Labor"

Related laws Constitution, Labor Standards Act, Industrial Safety and Health Act, Part-Time Employment Act, Labor Contract Act, Worker Dispatching Act, etc.



Things We Must Not Do

The following acts are examples of actions by a superior to his/her subordinates that cause an inappropriate working environment:

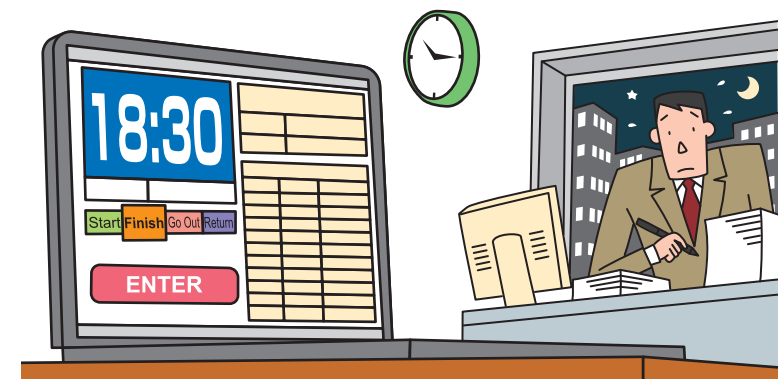
- Forcing or tolerating unpaid overtime.
- Forcing or tolerating late-night overtime or work on holidays beyond the legal limit.
- Giving the cold shoulder to a subordinate who refuses to do unpaid overtime, engaging in excessive late-night overtime, or working on holidays.
- Not allowing paid leave to subordinates for no good reason.

General employees should also be aware that the following acts are also examples of actions that cause an inappropriate working environment:

- Increasing overtime for yourself and your colleagues through undertaking one's duties in an inefficient manner.
- Not cooperating in reviewing the division of labor in the workplace for the purpose of shortening working hours.

The Labor Standards Inspection Office Demands Corrective Actions Due to "Hidden Overtime" and "Unpaid Overtime"

Company H, a manufacturing company with factories and plants, instructed site managers to keep monthly overtime to less than 100 hours. In the end, the site managers underreported so that the monthly overtime hours would be around 100 hours. Not only did Company H receive a formal demand to take corrective actions, but this fact was published online, resulting in a drop in Company H's corporate value.



2-3 Prohibition of Harassment

Code of Conduct

Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

Our Promises

■ We Will Not Harass Anyone

Harassment generally refers to 'acts that cause disrespect or annoyance'. The victim of harassment suffers various disadvantages and mental distress. Typical examples of harassment include abuse of authority, sexual harassment, and pregnancy discrimination.

We take care not to harass or act in a way that could be perceived as harassment by others and strive to maintain a working environment free of harassment.

■ We Will Put Ourselves in the Other Person's Shoes

Even if you do not intend to hurt the feelings of other people, if they feel distress as a result of your actions, the act is harassment. In other words, there is a possibility that you may become the perpetrator of harassment without realizing it.

For example, even if it is a work-related supervision or instruction, anything that goes beyond the appropriate scope shall be deemed as abuse of authority.

Everyone thinks differently and feels differently.

We will try to put ourselves in the other person's shoes without making simple conclusions such as, "I expect this level of behavior shouldn't be a problem".

Related pages "2-1 Respect for Basic Human Rights", "2-2 Proper Working Environment"

Related laws Constitution, Labor Standards Act, Equal Employment Opportunity Law, Act on Comprehensive Promotion of Labor Policies, Child Care and Family Care Leave Law, etc.

! Things We Must Not Do

Abuse of Authority

- Taunting or being violent.
- Ignoring, not giving any work, questioning mistakes more than necessary.

Sexual Harassment

- Touching someone's body, staring at someone's body, making sexual jokes, and forcing a sexual relationship.
- Forcing someone to drink alcoholic beverages and perform duets at karaoke.

Pregnancy Discrimination

- When a member of staff reports the fact that they are pregnant, saying unpleasant things such as "How could you go and get pregnant when we're up to our eyeballs in work".
- Demoting an employee or reducing their salary due to taking childcare leave.



Reference: Types of Harassment That Are Prone to Occur in the Workplace

■ Abuse of Authority

Abuse of authority means that the working environment of an employed worker is harmed by behavior in the workplace taken by someone in a position of power above them that goes beyond what is necessary or acceptable in one's line of work. Abuse of authority occurs not only by a superior to his/her subordinates, but in such situations where subordinates are more skillful or constitute majority, it may also be done by subordinates to their superior and seniors, as well as to colleagues and employees of other departments. If your superior is aware of the fact that a subordinate is being harassed or engaging in harassment, he/she should not tolerate this and take prompt action in order to tackle the situation.

■ Sexual Harassment

Sexual harassment refers to causing disadvantages to the working conditions of employees due to sexual behavior (quid pro quo sexual harassment^{*1}) or harming the working environment of employees due to sexual behavior (environmental sexual harassment^{*2}).

*1 Forcibly attempting to instigate sexual relations as conditions for promotion, recruitment, or contracts, etc. Suffering unfair treatment, such as dismissal, demotion, relocation, or termination of one's contract, in retaliation for refusing sexual advances or a sexual relationship.

*2 Hugging, touching the shoulders, waist, chest, buttocks, etc. of another member of staff. Engaging in sexually explicit conversations. Asking another member of staff to talk about their sexual experience. Spreading rumors about another member of staff being sexually promiscuous. Putting up nude posters in the workplace or leaving pornographic magazines lying around.

■ Gender Discrimination

Gender discrimination refers to imposing values and stereotypes such as "masculinity" and "femininity", and determining roles by gender to discriminate one's work tasks and job title. One's ideas about social gender differences depend on various factors such as the person in question, their age, and their environment. We must understand that social gender differences are not just arbitrarily decided by other people. Sexual harassment refers to harassment that is 'sexual' in nature, while gender discrimination refers to discrimination that relates to one's 'gender'.

There is also a difference between the self-identifying sex of people such as LGBT and their sex as seen by other people. We must know that if we discriminate by saying things like "because you're a man" or "but you're a woman" we will hurt other people with such words.

■ Workplace Bullying

Believing that only one's own values and morals are correct, workplace bullying means trying to control or exclude others. Workplace bullying is ignoring someone you don't like, talking badly of someone, or intentionally not telling them information necessary for their work and causing emotional distress and disadvantage.

While the backdrop to the abuse of authority is superiority such as one's job title or skill level, workplace bullying occurs regardless of the level of superiority. Workplace bullying is an example of psychological abuse, where a group of people ignores and isolates an individual. You should never fuel the situation and harass anyone because others around you are doing so.

■ Pregnancy Discrimination

Pregnancy discrimination refers to discrimination at work or unfavorable treatment from an employer in relation to pregnancy, childbirth, or childcare. Typical pregnancy discrimination is to verbally abuse a member of staff for not coming to work due to morning sickness. Unfavorable treatment on the grounds of pregnancy or childbirth is prohibited by law.

Companies are required to provide a job reassignment at the request of the individual and to take measures to reduce their work hours under the guidance of a physician.

■ Causing Somebody Discomfort through Strong Odors

Causing somebody discomfort through strong odors refers to making the surroundings unpleasant by applying too much perfume or cologne or smelling of sweat caused by not bathing or changing one's clothes. Given that it is hard to notice the smell that one emits, there are many cases where the person in question is unintentionally causing discomfort to those around them all the while unaware that they are doing so. In order to prevent this odor-related discomfort, it is important for each and every employee to be conscious of their appearance, such as checking one's clothes and how one presents oneself throughout the workplace on a daily basis.

■ Forced Alcohol Consumption

This is a harassment problem related to alcohol, typically in connection to forcing others to drink alcohol or committing unwelcome behavior associated with drinking. Becoming uninhibited and engaging in unwelcome behavior is more likely when drinking, but if you feel uncomfortable in a setting where colleagues are drinking, it may affect your personal relationships in the workplace. It should also be noted that coercing someone to drink alcohol should not be done because doing so is very dangerous and could even result in death in the worst-case scenario.

2-4 Protection of Privacy

Code of Conduct

Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

Our Promises

■ We Will Not Investigate or Interfere with Employees' Personal Lives

Privacy is not just the right not to have other people know about or interfere with one's private life. It also includes the right to look into what information others have about you and the right to seek corrections to this content or for it to be deleted.

When collecting employees' personal information for work reasons, we will give prior notice and due consideration so as not to violate their privacy.

■ We Will Not Leak an Employees' Personal Information

We do not leak personal information obtained through work to third parties without the permission of the person themselves or without justification in terms of work. The same also applies for after the person retires or leaves the company.

Related pages "6-1 Management of Personal Information"

Related laws Constitution, Personal Information Protection Act (law concerning the protection of personal information)



Things We Must Not Do

The following acts are violations of privacy:

- Opening a locker and so on that has been loaned to an employee.
- Investigating the social status, permanent domicile, birthplace, ideologies, religious beliefs, and faith of employees, as well as matters not required for work.
- Examining emails and so on without permission (Unless the method and content are appropriate under socially accepted conventions, it will also be deemed a breach of privacy even if the said person is informed.)



2-5 Prohibition of Forced Labor and Child Labor

Code of Conduct

Respect the basic human rights of all people, strictly refrain from behavior that demeans the dignity of individuals, and never discriminate according to race, nationality, ideology, belief, age, gender, social status, or disability.

Our Promises

■ We Will Not Force Employees to Work

In order for employees to work properly, it is important to create a workplace and environment that makes employees self-motivated to engage in their work.

We will be careful not to unduly force somebody to work against their will, work unreasonable overtime, or work unpaid overtime.

■ We Will Not Allow Child Labor

Young children working in a dangerous and harmful environment impairs their health, safety and morals, and hinders their healthy development. This is a form of child abuse.

We will never permit child labor under any circumstances.

Penalties

- Those found guilty of forced labor are subject to imprisonment between 1 to 10 years with hard labor or a fine of between 200,000 to 3 million yen.
- Those found guilty of child labor are subject to imprisonment for up to 1 year with hard labor or a fine of up to 500,000 yen.

Related pages "2-2 Proper Working Environment"

Related laws Constitution, Labor Standards Act, Child Welfare Act, etc.

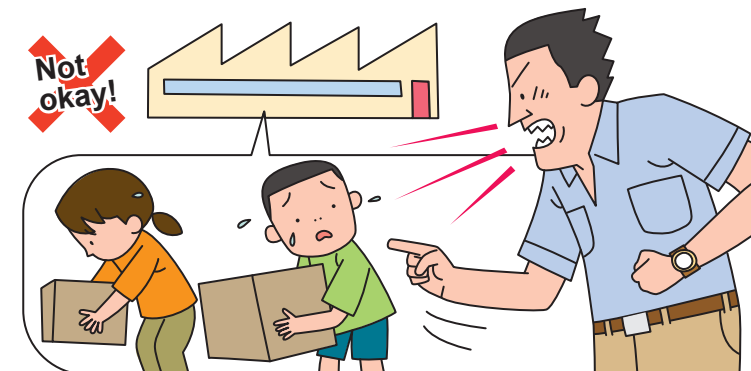
! Things We Must Not Do

The following acts are examples of forced labor, child labor, or related acts:

- Forcing employees to work against their will.
- Forcing unpaid overtime.
- Having employees work more than the time specified in the 36 Agreement.
- Having children aged between 13 to under 15 work (only jobs such as delivering newspapers that are not harmful to children can be undertaken with the approval of the Labor Standards Inspection Office).
- Having children under the age of 13 work (excluding child roles in movies and theater).
- Procuring from companies engaged in forced labor or child labor.

36 Agreement

Companies that have employees work in excess of the legal working hours (40 hours a week, 8 hours a day) need to submit a written agreement (36 Agreement) to the Labor Standards Inspection Office. Companies that have employees work beyond the legal working hours without submitting the 36 Agreement will be punished with imprisonment for up to 6 months or a fine of up to 300,000 yen for violating the Labor Standards Act.



3-1 Outsourcing Contract Compliance (Prohibition of Disguised (Fraudulent) Contracting)

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

We Will Not Give Instructions Directly to the Staff of Contractors

In a contract for the consignment of business operations (outsourcing contract), the contractor takes on the responsibility to “complete the work”, and the procedure and hours, etc. of the work are decided by the contractor. The party who places the order cannot specifically instruct (command) the procedure and hours, etc. of the work to the staff of the contractor.

The act of directly instructing the staff of a contractor in the same way as instructing the dispatched employees regarding the work despite it being outsourced is called “disguised contracting” and is an illegal act that violates the Worker Dispatching Act, Employment Security Act, Labor Standards Act, etc.

Understand the content of the outsourcing contract and do not give instructions directly to the staff of the contractor. Demands and requests regarding the work are communicated to the person in charge at the company who will undertake the outsourced work. In particular, be aware of how you communicate with any staff members of the contractor who are resident in the workplace.

* If you want to give direct instructions for executing the work, you need to enter into a dispatched labor contract.

We Will Not Let the Staff of the Contractor Help with Work That Is Not Included in the Contract

We understand the content of the outsourcing contract and do not ask the staff of the contractor to help with any work that is not specified in the contract.

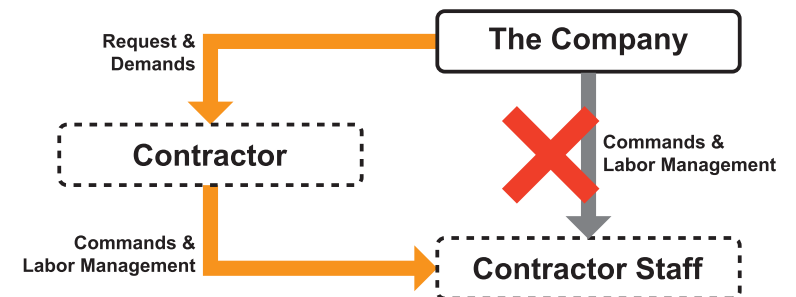
For example, even if they give a reason such as they have time on their hands, be careful not to let the staff of a contractor who is resident in the workplace help you with work that is not included in the contract.

Related laws Worker Dispatching Act, Employment Security Act, Labor Standards Act

! Things We Must Not Do

The following are examples of types of disguised contracting:

- For work related to system development, etc., giving detailed work instructions to the staff of a contractor who is resident in the workplace or managing when they come to and leave work (representative type disguised contract).
- Giving detailed work instructions to the person in charge at the contractor and having the person in charge communicate the same information to each staff member (person-in-charge type disguised contract).
- Having the staff of Company C, which was subcontracted by the Contractor Company B, stationed at Company A, which placed the order, and letting Company A and Company B instruct the staff of Company C on the work (employer-unknown type disguised contract).
- Not entering into a labor contract with the appointed staff, entering into an outsourcing contract with this staff as a sole proprietor, and making the staff do the work according to your instructions (individual-contract type).



3-2 Meeting the Demands of Society

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Be Aware of Our Responsibility to the Demands of Society and Meet These Demands

We have a responsibility to respond to demands from various stakeholders (customers, employees, suppliers, local communities, government agencies and officials, shareholders, etc.). With this in mind, we will understand and comply with social norms.

If an act that violates social norms comes to light, the company may lose its social credibility and it may put the company's business under threat. To prevent such a situation from happening, each and every one of us shall be aware of the fact that we are a member of society and act responsibly.

■ We Will Understand and Comply with Laws, Regulations, and Social Norms Such as Manners and Morals

We will properly understand and comply with laws and regulations that relate to our business activities and internal rules. If you have any doubt about the interpretation of laws and regulations, etc., check with your supervisor or the relevant departments.

Also, if any behavior or suspicious behavior that violates any law or regulation occurs in the workplace, we will make sure to report or consult with our supervisor or the relevant departments to make corrections and improvements.

Furthermore, as we are required to act with manners and morals as a member of society, we will do so.

Related pages "3-3 Prevention of Misconduct"

Related laws Constitution, Penal Code, Civic Code, Commercial Code, Companies Act, various government ordinances, various rules, etc.



Things We Must Not Do

The following acts are examples of actions that violate social norms:

- Following instructions from a supervisor without objecting because it is a work-related order regardless of being doubtful of the legitimacy of the instructions.
- Not reporting to one's supervisor or the relevant departments even if you witness an act that violates our internal rules (turning a blind eye).
- Causing nuisance and harm to others in public places.
- Intimidating those around you by performing dangerous driving or acts of road rage.
- Crossing a pedestrian crossing while ignoring the traffic lights.
- Behaving in a way that causes nuisance to others, such as walking while looking down at one's smartphone.



3-3 Prevention of Misconduct

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Related pages "1-1 Providing Products & Services that Maintain Quality and Safety", "3-2 Meeting the Demands of Society"

Related laws Penal Code, Commercial Code, Companies Act, Unfair Competition Prevention Act, Financial Instruments and Exchange Act, etc.

Our Promises

We Will Engage in Honest Business Activities

Misconduct such as fraudulent accounting and falsification of quality data will damage a company's social credibility and, in the worst-case scenario, cause the company to go bankrupt.

To prevent this from happening, we will always maintain a sound work environment and conduct honest business activities.

We Will Prevent Misconduct

Misconduct tends to take place when the three elements of "motivation (the necessity to commit misconduct such as being pressurized to do so,)" "opportunity (a situation where misconduct has the potential to occur,)" and "rationalization (the mindset that engaging in misconduct is inevitable)" are aligned. This is called the "Fraud Triangle".

We suppress the three elements of "motivation", "opportunity" and "rationalization" to prevent fraud.

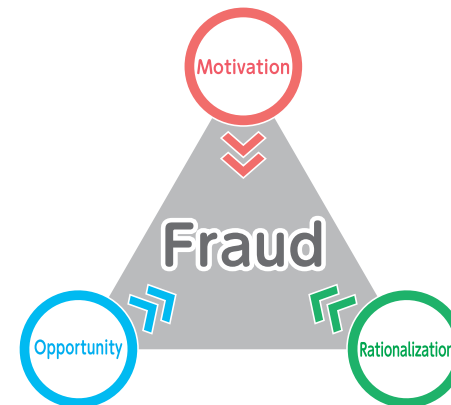
We will not create a "motivation" to engage in misconduct	<ul style="list-style-type: none"> Do not set excessive targets, quotas, or incentives. Do not establish a penalty for not achieving them. If there are people in your department who have troubles at work or in their private life, listen to what they have to say.
Reduce "opportunities" to be able to engage in misconduct	<ul style="list-style-type: none"> Establish a check process carried out by a third party. Do not fix persons in charge of business operations in the same position. Do not make a black box in business operations.
We will not "rationalize" misconduct	<ul style="list-style-type: none"> Have it known throughout the company that misconduct should not be engaged in for any reason. Understand that excuses such as "I did it for the company's sake", "I did it to improve revenue", or "I did it to make work more efficient" are not acceptable. Understand that you will be punished.

! Things We Must Not Do

The following acts are examples of misconduct that does not comply with the rules and then damages the company or others:

- Falsifying application data to obtain certification.
- Falsifying performance inspection figures at the time of shipment.
- Making financial statements with contents that differ from the actual company balance.
- Shipping products that do not conform to standards due to reasons such as needing to meet deadlines.
- Falsely labeling the product size, weight, performance, etc.
- Conducting inspections without complying with the prescribed procedures.

<Fraud Triangle>



As it is difficult to eliminate all "motivations" and "opportunities", a strong will to "not rationalize misconduct" will act as a barrier against misconduct occurring.

3-4 Compliance with Tax Laws and Accounting Standards

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Carry Out Correct Financial Affairs and Accounting

Financial affairs and accounting must all be done accurately and without omission in full compliance with all relevant laws and regulations.

We will manage the company's funds and assets properly and not use them in a way that deviates from the purpose of our work. For settlements such as expenses, we will prepare settlement documents, attach invoices and receipts, and clarify the amount of the expense as well as the purpose of the transaction.

■ We Will Eliminate All Foul Accounting

We must not make inaccurate or false records, misleading records, or alter records. Companies and personnel can be fined, penalized, and imprisoned for the inaccuracy of their business and financial reports.

As the foundation for the company to fulfill its legal and social responsibilities, we do not tolerate fraudulent accounting and actions that cause damage to the company.

Related pages "5-1 Timely and Appropriate Recording and Disclosure of Information"

Related laws Penal Code, Commercial Code, Companies Act, Financial Instruments and Exchange Act, etc.

! Things We Must Not Do

The following acts are examples of accounting fraud and window dressing:

- At the request of a business partner, rewriting a bill so that the content is different from fact.
- Recording fictitious sales to hide debt.
- Falsifying records of the company's business and financial performance.
- Making false or misleading entries in ledgers.
- Holding funds and assets not included in ledgers.

Incident of Fraudulent Accounting by a Major Cosmetics Manufacturer

Large-scale window dressing was carried out to cover the company's excess liabilities (insolvency), and the former president involved in doing so was found guilty. The audit firm was suspended from engaging in business, and the CPA that was a member of the firm was accused of violating the Securities and Exchange Act (misrepresentation in the securities report). It eventually caused the accounting audit system to be reviewed.



3-5 Compliance with Trade-Related Laws

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Comply with Import and Export Laws and Regulations

We will comply with the import and export laws and regulations of Japan and the countries in which we operate. Import and export laws and regulations are complicated, but we will comply with the laws and regulations of the business field in which we work.

Violation of these laws and regulations may result in individuals or the company being subject to criminal penalties such as fines or imprisonment. Offending individuals or the company may also be subject to administrative sanctions such as being prohibited from importing and/or exporting.

We will pay attention to the communication back and forth not only between Japan and overseas bases, but also between overseas bases. In addition to complying with Japanese laws and regulations, we must not be involved in improper transactions in accordance with the export/import control laws of each country/region including the United States, UN Security Council resolutions, international agreements, etc.

* Some countries and regions, such as Hong Kong, also require the acquisition of licenses for the import of regulated cargo. (The importer, etc. applies for such licenses.)

■ We Will Also Pay Attention to the Importing and Exporting of Non-Product Cargo

We will comply with laws and regulations not only in importing and exporting of the final products, but also prototypes, technologies, know-how, chemical substances, software, designs, etc.

Related laws Foreign exchange and foreign trade laws, customs laws, EAR, and various laws and regulations concerning import and export of each country.



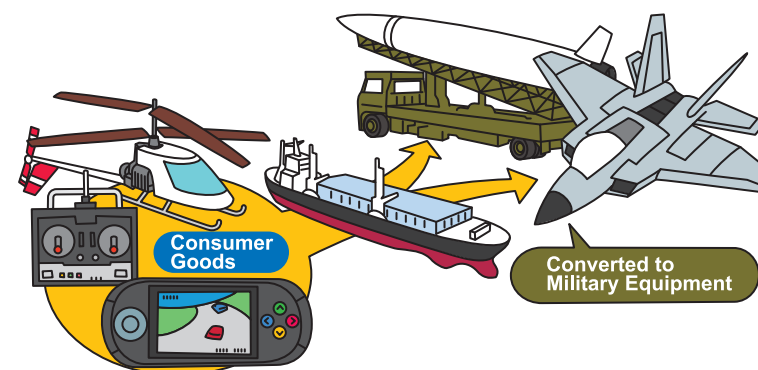
Things We Must Not Do

The following actions are examples of violations of trade-related laws and regulations:

- Not correctly declaring the product name, price, place of origin, quantity, etc. when importing/exporting.
- Exporting without checking the intended use of the product or technology or the end customer while at the same time knowing that it could be converted into arms or weapons.
- Importing/exporting cargo without carrying out the necessary procedures (this may be subject to punishment even if it is not intentionally so).

Suspected Illegal Export of Drones That Could Be Converted for Military Use

A manufacturer of transportation equipment was accused of illegally exporting a drone that could be used for military applications, and was subject to summary indictment for violating foreign exchange and foreign trade laws. If exported, it is believed that it would have been delivered to armed forces via a company affiliated with the military in the respective country.



3-6 Compliance with Local Laws Overseas and Respect for Overseas Cultures and Customs

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Comply with Overseas Laws and Regulations

Depending on the country or region, the contents of laws and regulations may differ from those in Japan, and local subsidiaries may have their own internal rules and policies.

We shall, while complying with the laws and regulations of each country and region, adhere to the internal rules and policies established by each company.

■ We Will Understand and Respect Cultures and Customs

When doing business overseas, we will, of course, adhere to the laws and regulations of the country or region, but this alone is not enough. In some cases, it may not be possible to make appropriate decisions and act based on Japanese business customs and common sense.

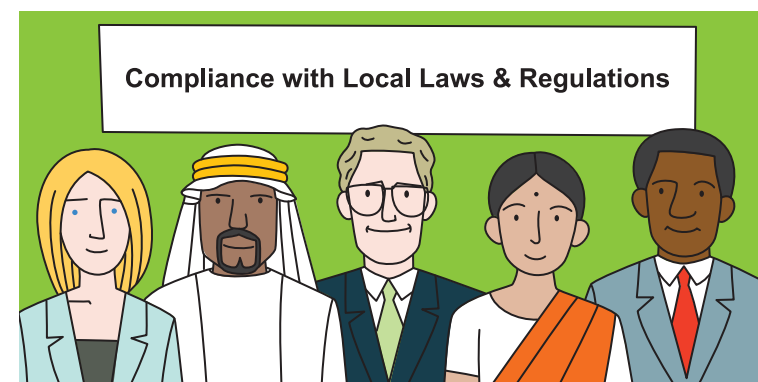
We will understand and respect the culture, customs, and values unique to each country and region. We will treat people with respect and act in good faith. Doing so will facilitate developing our business, and in turn will also contribute to each other's economic, social, and environmental progress.

Related laws The laws and regulations of each country and region.

Things to Keep in Mind

It is hoped that you will understand the local culture and customs by taking the following actions:

- Reading and listening about and experiencing local history and culture first-hand.
- Actively interacting with the local people so as to become familiar with their values and customs.
- Always upholding your pride as a Nippon Filcon Group employee when you act.
- Understanding that 'culture and customs' are different between Japan and the local area, and act appropriately (be careful as even actions (gestures, etc.) that are fine in Japan may be considered locally as lacking common sense).



3-7 Cautions on Using Social Media

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Not Post Anything Inappropriate Online

There have been many reports of problems related to information published on Internet blogging services, various social media platforms (Twitter, Instagram, Facebook, etc.), and anonymous forums. The inappropriate disclosure of information may expose your own personal information on the Internet.

We shall, when using these services, take responsibility for the information we publish, and be careful not to do anything that could lead to a loss of company trust or impact the business negatively. Also, to protect yourself, do not disclose inappropriate information under any circumstances.

■ We Will Be Aware That What We Post Will Be Shown to the World

Unlike email and phone calls, information disclosed and posted on social media can be seen by anyone in the world. You are not as safe as you may think even if your posts are made public to friends only or you use an anonymous account. Inappropriate information disclosure and posting spreads across the world instantly, and once made public, it may continue to remain online even if the original post is deleted.

Related laws Personal Information Protection Act (law concerning the protection of personal information), Financial Instruments and Exchange Act, Copyright Act, etc.



Things We Must Not Do

The following acts are examples of actions that are problematic in terms of disclosing or posting information online:

- Disclosing and posting the company's confidential information and information obtained through work.
- Disclosing and posting information that could disrupt another companies' business.
- Disclosing and posting personal information of yourself and customers, such as addresses and phone numbers.
- Disclosing and posting slanderous or discriminatory information.
- Disclosing and posting information that violates the law, violates manners, and is viewed as a problem morally.
- Publishing images of or writing about messing around in the workplace.
- Disclosing information, images, videos, etc. that infringe on the copyrighted material of others.
- Disclosing photos of people from whom permission has not been granted.
- Disclosing and posting false information that could spread damaging rumors.



3-8 Protection and Use of Intellectual Property Rights

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Understand the Value of Intellectual Property and Protect It Properly

Intellectual property is something that has no physical form but is advantageous, such as copyrighted works, trademarks, and know-how. We own a lot of intellectual property, and by making use of it, we offer many products and services to our customers.

We will properly protect our intellectual property as an important company asset.

■ We Will Respect Other Companies' Intellectual Property

As intellectual property has no physical form, it is easy to use without permission. However, using the intellectual property of another company without permission is the same as stealing the possessions of another person. For example, the scope of usage of software used in daily operations is determined by the license agreement, and installing it on a computer beyond the scope of usage violates the intellectual property rights of other companies.

We will respect and carefully handle other companies' intellectual property as well as protect our own intellectual property.

Related pages "5-2 Management of Company Information", "6-1 Management of Personal Information"

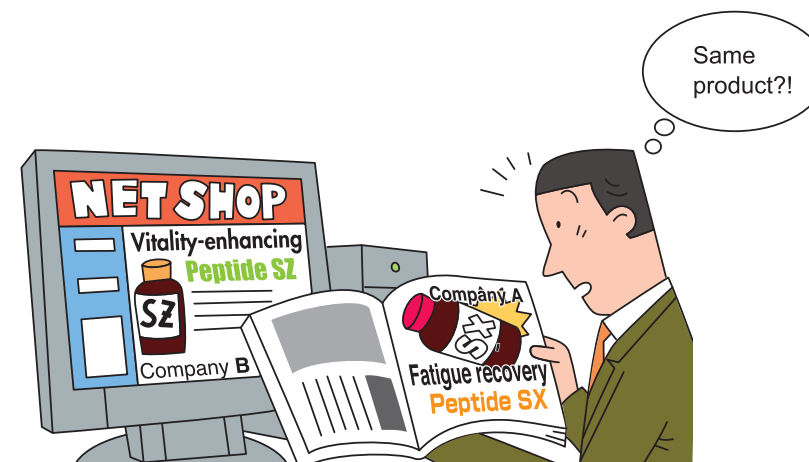
Related laws Copyright Act, Patent Act, Trademark Act, Design Act, Utility Model Act, Intellectual Property Basic Act, etc.



Things We Must Not Do

The following acts are examples of intellectual property right infringement:

- Providing and disclosing intellectual property owned by the company to a third party without permission.
- Copying or installing software used within the company without permission.
- Creating an imitated version of another company's product, service, or brochure, or requesting a supplier to create an imitated version.
- Copying and using texts from books, internet, etc. without citing the source.
- Buying and using an item while knowing that it is a fake or pirated version.



3-9 Management and Use of Buildings, Facilities, Equipment, Etc.

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Use Buildings, Facilities, and Equipment According to the Rules

Buildings, facilities, and equipment owned by the company are important company assets. No longer being able to use them normally due to loss, damage, or ignoring the rules, etc., will hinder corporate activities and cause great inconvenience to customers and suppliers.

We will take good care of our buildings, facilities, and equipment and use them properly in accordance with internal rules.

■ We Will Use Items Borrowed from the Company for Company Activities Only

We will use items lent to us by the company only for work and activities permitted by the company. Using these items for private purposes or selling them without permission is not only a violation of company rules, but it is also a criminal offense.

Related laws Penal Code (business embezzlement, theft, etc.), Labor Contract Act

! Things We Must Not Do

The following acts are examples of using buildings, facilities, and/or equipment for private means:

- Using a computer borrowed from the company for things that have nothing to do with work (online auctions, stock trading, etc.).
- Using equipment such as batteries, pens, envelopes, etc. for private purposes.
- Borrowing unused company equipment without permission.



3-10 Use of Vehicles in Compliance with the Road Traffic Act and Driving Etiquette

Code of Conduct

In business activities, observe laws and internal regulations and do not engage in behavior contrary to social justice or public order and morals.

Our Promises

■ We Will Observe the Road Traffic Act and Driving Etiquette

Driving a vehicle without observing the Road Traffic Act and driving etiquette can lead to tragic accidents resulting in death or serious injury and/or property damage. It is against the law to commit acts of road rage towards other vehicles (such as driving dangerously close to other vehicles) or littering garbage from inside the vehicle.

We will observe the Road Traffic Act and strive to drive safely.

■ We Will Be Aware That How We Drive Is Witnessed by Members of Society

Whether it is with a company-owned vehicle or your own vehicle, causing an accident or violating driving etiquette will damage the reputation of the company. In recent years, in particular, there have been many cases in which footage of dangerous driving and people violating driving etiquette have been recorded and uploaded to social media and attracted widespread attention while identifying the offenders.

We will drive with caution, conscious of the fact that the eyes of the public are on us.

Related laws

Road Traffic Act, Act on Punishment of Acts Inflicting Death or Injury on Others by Driving a Motor Vehicle, etc. (crimes of dangerous driving resulting in deaths or injuries), Penal Code (crimes of violence)



Things We Must Not Do

The following acts are examples of improper management of a vehicle, violation of driving etiquette, or unwelcome behavior:

- Leaving items that could provoke someone to break into the vehicle and steal them such as work bags, valuables, laptops, and confidential information (not only will the vehicle be damaged but it will also result in the leaking of information).
- Not reporting to the company any traffic accidents or traffic violations that occur during working hours or commuting.
- Committing acts that violate the Road Traffic Act (driving without a license, parking illegally, using a cell phone while driving, not fastening seat belts, etc.).
- Driving while slightly intoxicated or driving while drunk.
- Intimidating those around you by performing dangerous driving or acts of road rage.



4-1 Sever Connections with Anti-Social Forces

Code of Conduct

Provide no benefits to and sever any relations with anti-social groups that threaten the order and safety of civil society.

Our Promises

■ We Will Have No Connection Whatsoever with Anti-Social Activities or Forces

Anti-social activities and forces/groups such as gangsters and corporate racketeers pose a threat to the order and security of peaceful civil life.

We stand firm against these anti-social forces and have no connection to them whatsoever. Furthermore, we will not do anything that supports the activities of anti-social forces.

Some anti-social activities and forces/groups disguise as ordinary companies or organizations.

If there is a company or organization that you are in contact with for the first time, we make sure to research information on them and check as to whether there are any concerns.

■ We Will Not Give in to the Unreasonable Demands of Anti-Social Forces

When we receive any request from anti-social forces, we will resolutely decline and not seek a simple resolution. Providing money, goods, or profits, etc. to anti-social forces can cause the situation to escalate even if done once. Thoroughly adhere to the “3 Nots” principle of “Not having relations with”, “Not giving money”, and “Not being afraid”, and do not under any circumstances engage in these anti-social transactions.

Related laws

Act for the Prevention of Wrongful Acts by Members of Organized Crime Groups, Commercial Code, Companies Act, Act for Punishment of Organized Crimes, organized crime group elimination ordinances stipulated by each local government



Things We Must Not Do

The following acts are examples of having connections with anti-social activities and forces (corporate racketeers, gangsters, etc.):

- Looking to financially resolve unreasonable demands made by anti-social forces.
- Providing money and services to anti-social forces.
- Buying goods from anti-social forces.
- Subscribing to magazines and books published by anti-social forces or placing advertisements in the said magazines and books (there is a risk that this could be considered to be an illegal payoff).
- Doing business with a company who is connected to anti-social forces.
- Requesting anti-social forces to act on one's behalf (debt recovery, etc.).
- Providing profits to anti-social forces when they exercise their rights as shareholders.

If you receive a request to engage in an anti-social activity or from an anti-social force, consult and report the matter to your supervisor or the Compliance Hotline and try to resolve this matter promptly. We must work closely with the police and government agencies to eliminate anti-social forces.



5-1 Timely and Appropriate Recording and Disclosure of Information

Code of Conduct

Strive for appropriate storage, management and disclosure of business information and do not engage in insider trading or other misconduct.

Our Promises

■ We Will Record Accurate Information

The accurate recording of business-related information such as quality inspection results and manufacturing records is important in fulfilling our legal responsibilities as a company. Listed companies in particular are obligated to disclose some information about their corporate activities.

We strictly ensure accurate recording so that stakeholders (customers, employees, suppliers, local communities, government agencies and officials, shareholders, etc.) can obtain complete, fair, accurate, sufficient, and easy-to-understand information in a timely manner.

■ We Will Disclose Information at the Appropriate Time and in the Appropriate Manner

As a member of society, it is important for a company to actively disclose its activities, such as business and social contribution activities, in order to build good relationships with stakeholders and gain their trust.

Given that the purpose of disclosing information (disclosure) is to have people learn about the activities of the company and support the company, it is not enough just to provide information unilaterally.

We will endeavor to actively communicate with stakeholders by devising effective and efficient methods.

Related pages “3-4 Compliance with Tax Laws and Accounting Standards”

Related laws Financial Instruments and Exchange Act, stock exchange rules, Commercial Code, etc.

Things to Keep in Mind

The following actions are examples of timely and appropriate recording and disclosing of information:

- **Accurately drawing up business-related records based on the facts and making sure there are no omissions.**
- **Making sure that the information to be disclosed is accurate and easy to understand so that there is no risk of misunderstandings or misconceptions.**
- **Disclosing also negative information that is disadvantageous to the company, such as the occurrence of defective products, without hiding it.**
- **Undertaking thorough management to prevent loss, leakage, theft, unauthorized use, etc. of information, and ensuring that unnecessary information is discarded.**
- **Engaging in two-way communication with stakeholders, and in addition to disclosing information, reflecting assessments and requests concerning the company into our business.**



5-2 Management of Company Information

Code of Conduct

Strive for appropriate storage, management and disclosure of business information and do not engage in insider trading or other misconduct.

Our Promises

■ We Will Manage Information Properly

Information, just like money and people, is an asset that a company needs to operate. By “properly managing and ensuring accuracy and completeness”, information can be used as a corporate strength.

We thoroughly ensure that information is “only used when necessary by personnel who requires it for work purposes”, and do not use it for private matters.

■ We Will Act in Such a Way So as to Prevent Information from Being Released or Leaked

Information within the company includes a lot of confidential information such as pre-announced product information, manufacturing know-how, and information on clients, etc. If confidential information is released or leaked regardless of whether it is done so intentionally or carelessly, it will cause serious damage such as a loss of competitiveness or a loss of trust. The “unmalicious releasing of information”, such as by “information being released from a computer infected with a virus”, “emailed to someone unintentionally by mistake”, or “losing one’s laptop”, is also unforgivable.

We will take extra care not to fall prone to the aforementioned incidents and act in such a way so as to prevent information from being released or leaked.

Related pages “3-8 Protection and Use of Intellectual Property Rights”, “5-3 Prohibition of Insider Trading”, “6-1 Management of Personal Information”, “6-2 Cautions on Using Email”, “6-3 Appropriate Use of IT”

Related laws Personal Information Protection Act (law concerning the protection of personal information), Unfair Competition Prevention Act, etc.



Things We Must Not Do

The following acts are examples of actions that lead to the release or leakage of information:

- Obtaining confidential information within the company without authorization, and taking it outside the company without permission.
- Handling confidential information at home or on a computer brought in from outside the company.
- Installing unauthorized software on the computer you use at work.
- Leaving devices containing confidential information, etc. unattended on a plane or train (placed on a storage shelf and then left unattended while asleep, etc.).
- Sending emails or faxes without sufficiently confirming the recipient.
- Talking about confidential information in a location where there is a third party such as on a train, in an elevator, in a dining area, etc.
- Discussing confidential information at a gathering with family and acquaintances.
- Losing a smartphone (or other information-carrying device) that has confidential or personal information.
- Not reporting the loss of an information-carrying device.



5-3 Prohibition of Insider Trading

Code of Conduct

Strive for appropriate storage, management and disclosure of business information and do not engage in insider trading or other misconduct.

Our Promises

■ We Will Not Leak Non-Public Information

We may come to learn of information about our company and business partners prior to it being made public. If this information is leaked, it gives only the people who know the information the opportunity to buy and sell stocks for profit, and thus harms the fairness of the market.

We should be careful not to accidentally leak confidential information to even our close friends or family.

■ We Will Not Buy or Sell Stocks Based on Non-Public Information

'Insider trading' refers to buying and selling stocks by using non-disclosed important information such as information about mergers and new products that will affect the stock price if it is made public. Those found guilty of insider trading will be severely punished according to the law.

We will never buy or sell stocks in such a way.

Penalties

- Imprisonment of up to 5 years with hard labor or a fine of up to 5 million yen, or both.
- A company found guilty of inside trading will be fined up to 500 million yen.
- All property gained from insider trading will be confiscated and collected.
- A surcharge payment order may be issued even if a criminal punishment is not.

Related pages "5-2 Management of Company Information"

Related laws Financial Instruments and Exchange Act



Things We Must Not Do

The following acts are examples of actions that could be deemed as insider trading:

- Buying company stock under your family's name based on inside information.
- Buying the stock of an acquaintance's company based on inside information obtained from the acquaintance.
- Purchasing your company's stock after learning that your company has succeeded in developing a groundbreaking new product.
- Selling shares of the company based on inside information that the company's performance is expected to worsen.
- Leaking development information of your company's new product to a close friend, who then buys your company's stock.

Insider Trading by Staff at a Broadcasting Station

The staff of a broadcasting station learned on their computer at work that a major company that runs a restaurant chain would purchase another restaurant chain to form a group company, and used it to purchase stocks by foul means. The staff involved were dismissed from their job as disciplinary action.



Reference: What Is Insider Trading?

Insider trading is the trading of stocks, etc. using undisclosed material facts (facts that significantly affect the investment decisions of investors) obtained in one's work or position. Insider trading is an act prohibited by the Financial Instruments and Exchange Act.

For example, suppose a listed company's performance is much better than expected, but this hasn't been announced publicly yet and is known only to some employees of the company. One of such employees thought, "If this information is made public, it's likely that the stock price will rise significantly. If I buy the stock now and sell it after the stock price rises, I could make a quick fortune". And that employee bought the own company's stock. This type of cases may be considered as insider trading.

■ Insider Trading Regulations

Those subject to insider trading regulations are company stakeholders and those who have received material facts from them. "Company stakeholders" are stipulated in the Financial Instruments and Exchange Act and refer to officers and employees of listed companies and officers and employees of business partners, etc. Those who have been informed of material facts by these persons are called "primary recipient of information", and those up to this point are subject to insider trading regulations. Company stakeholders are subject to this regulation up to one year after leaving the company.

■ Material Facts

Material facts are important facts about the operation, business, or property of a listed company, etc., and have a significant influence on the investment decisions of investors. Material facts can be broadly divided into three categories: decision facts, occurrence facts, and financial results information. The main ones are as follows.

Decision facts	Occurrence facts	Financial results information
Issuance of shares Stock split Merger of companies, etc.	Occurrence of scandals and incidents License revocation and business suspension Punishment by other government agencies Suspension of transactions with major business clients	Significant revision of earnings forecast and dividend forecast

It should be noted that, in addition to these facts specifically stipulated by law, there are "basket clauses" that deem anything that has a significant influence on the investment decisions of investors to be material facts.

■ Disclosure of Material Facts

Material facts are considered to have been made public if any of the following three are carried out. After the material facts are made public, you can trade stocks as doing so will be no longer be considered insider trading.

1. Twelve hours have passed since the material facts were made public to two or more media outlets such as newspapers, news agencies, and broadcasters.
2. The material facts were communicated to the Financial Instruments Exchange, and the information was published on a service that enables browsing of timely disclosure releases of all listed companies (TDnet).
3. Securities registration statements, securities reports, extraordinary reports, etc. containing material facts have been made public.

■ Basket Clauses

The Financial Instruments and Exchange Act specifically lists material facts by dividing them into decision facts, occurrence facts, and financial results information. However, even if the facts do not fall under these categories, "important facts related to the operation, business, or property of the listed company, etc. that significantly affect the investment decisions of investors" are defined as material facts. This is what is referred to as a basket clause.

■ Penalties

The statutory penalty for violating insider trading regulations is imprisonment of up to 5 years, a fine of up to 5 million yen, or both. In past cases, both imprisonment and fines have often been imposed.

In principle, all property gained from insider trading will be confiscated. Profits are not the only thing that are confiscated. For example, if you buy stocks for 500,000 yen and sell them after the stock price has risen to 1 million yen, not only the 500,000 yen in profit but the 1 million yen of the sale price will be confiscated.

Separate from the punishment, the Financial Services Agency may also issue a surcharge payment order as an administrative penalty. The surcharge is calculated based on the equivalent of the financial profits earned from insider trading.

5-4 Inquiries from Various Media Organizations and Investors

Code of Conduct

Strive for appropriate storage, management and disclosure of business information and do not engage in insider trading or other misconduct.

Our Promises

■ We Will Firstly Consult with Our Supervisor

We, as a listed company, may receive inquiries from mass media organizations such as newspapers, magazines, radio and television channels as well as securities analysts, institutional investors, individual investors, lawyers, and government agencies.

Providing information to these mass media organizations and individuals, even if it is a personal opinion, will be regarded as the official opinion of the company and may be communicated to the world.

When we receive an inquiry, we do not answer it at our own discretion, but instead, firstly consult with our supervisor. Depending on the content of the inquiry, we will ask the department in charge such as Management Planning, General Affairs, Accounting, etc. to respond.



Things We Must Not Do

The following are examples of inappropriate responses to inquiries:

- There is a phone call from a mass media organization or investors requesting an interview, and the employee who happens to answer the phone gives an ambiguous answer.
- Expressing your personal opinion for interviews or inquiries from mass media organizations, investors, etc., without connecting to the person in charge, because it was information that you knew.
- Transferring the person on the other end of the phone around or responding with a poor attitude.
- Sparking rumors or slandering on the basis that it is fine to do so if it is about another company.



6-1 Management of Personal Information

Code of Conduct

Carefully store and manage information that constitutes trade secrets and personal information and do not divulge such information to any outside party without due cause during employment or after retirement.

Our Promises

■ We Will Handle Personal Information Properly

Personal information is information that can specify or identify an individual. Name, address, phone number, and email address correspond as personal information.

Recognizing the importance of and properly handling personal information is an essential part of maintaining a trusting relationship with employees, customers, and suppliers.

We adhere to the policies and rules regarding the handling of personal information as defined in the company rules.

■ We Will Not Misuse or Leak Personal Information

Companies that have leaked personal information will lose credibility over it, and it takes a great deal of time and effort to recover from such an incident. The personnel whose personal information is leaked will not only receive unwanted sales activities and solicitation but also risk fraud and other damages.

We only use personal information for the purposes for which it was acquired and within the scope of the agreement with the provider. Also, the disclosure of personal information is limited to the scope of personnel defined in the company rules.

Related pages “2-4 Protection of Privacy”, “3-8 Protection and Use of Intellectual Property Rights”, “5-2 Management of Company Information”, “6-2 Cautions on Using Email”, “6-3 Appropriate Use of IT”

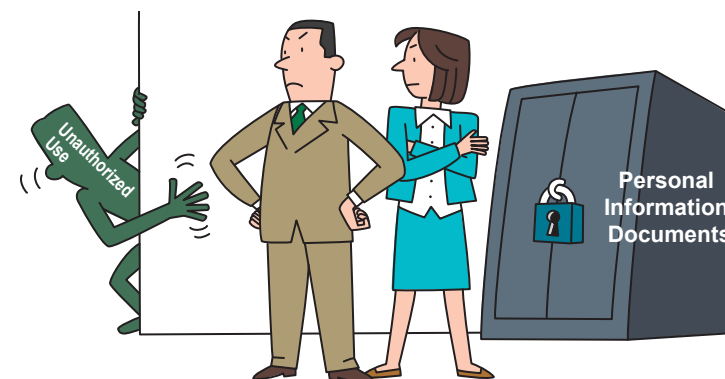
Related laws Personal Information Protection Act (law concerning the protection of personal information), etc.



Things We Must Not Do

The following acts are examples of leaking or misusing personal information:

- Taking a customer or employee list outside the company without permission, or talking to people outside the company about the information on the list.
- Printing the personal information of customers and employees without permission and copying it to recording media.
- Posting a customer’s or employee’s personal information on a website or forum without their consent.
- Discarding materials that contain printed or displayed personal information without shredding it.
- Using or disclosing personal information for a purpose different from the original purpose.



6-2 Cautions on Using Email

Code of Conduct

Carefully store and manage information that constitutes trade secrets and personal information and do not divulge such information to any outside party without due cause during employment or after retirement.

Our Promises

■ We Will Use Email Properly

While email is very useful as a tool for communicating information, confidential information may be easily released when sending emails.

We will use email correctly with this risk in mind.

■ We Will Prevent Information Being Leaked by Email

We will take extra care not to leak information by email, and before sending an email, we will make sure to check that the recipient is correct.

If you use the 'Reply to all' function, check before sending the email whether its content can be disclosed to all recipients.

When sending confidential information, encrypt it with a password before sending.

Emails from unknown senders and emails from suspicious addresses may carry viruses, so delete them without opening them.

■ We Will Be Cautious of Targeted Email Attacks

Targeted email attacks are emails that are cleverly disguised as containing business-related content but in actual fact are designed to infect the recipient's computer with a virus. The tricks of targeted email attacks are evolving and becoming more sophisticated day by day.

We will not inadvertently open emails or attachments from strangers, but will delete them immediately according to internal rules.

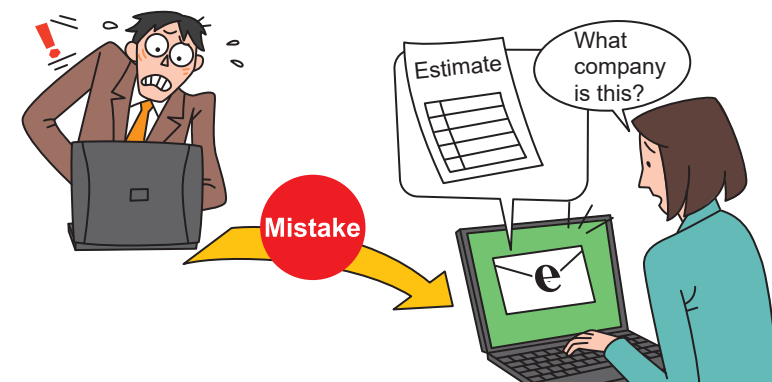
In addition, we will verify the email address, even if it looks it is from someone we know or the subject line is familiar.



Things We Must Not Do

The following acts are examples of actions that lead to the inappropriate use of email and the release or leaking of information:

- Sending large attachments that will cause trouble for the recipient.
- Sending an email that is libelous of others.
- Replying to or transferring unknown or suspicious email addresses.
- Sending emails that contain excessive symbols, decorations, and coloring that is inappropriate for work.
- Sending confidential information to a personal email address, such as the one used at home, or the transferring of files.
- Sending emails or faxes without sufficiently confirming the recipient.
- Opening the file attached to an unfamiliar email without checking its email address because the sender name appears to be that of a business partner.



6-3 Appropriate Use of IT

Code of Conduct

Carefully store and manage information that constitutes trade secrets and personal information and do not divulge such information to any outside party without due cause during employment or after retirement.

Our Promises

■ We Will Use IT Appropriately

IT is an essential tool for carrying out all kinds of work.

However, although it is convenient, if you make a single mistake when using IT, doing so may cause a great deal of damage to the company. In using IT, company rules stipulate action against incidents that require particular attention such as the leakage, destruction, falsification, and deletion of information assets, as well as the infection of computer viruses, and unauthorized access, etc.

If any uncertainties arise when using IT, we will read the company rules or consult with information system staff.

Things to Keep in Mind

The following acts are examples of the appropriate use of IT:

- Imposing information handling restrictions (Secret, Confidential, etc.) on information assets in accordance with the classification of information defined in the company rules.
- When storing electronic data such as confidential documents, taking measures such as adding passwords to files and storing them in a folder for which an access restriction has been set.
- Before taking company information outside the company, obtaining permission from an approver beforehand (depending on the classification of the information assets).
- Never performing company work on a privately owned personal computer. If you absolutely must do work outside the company, borrow a company-owned computer.
- Tidying your desk when leaving the office. Locking your computer when leaving your seat (Windows key + L key).
- Making sure that the ID and password you are using are not known to others. Also, setting a password of a suitable length and complexity.
- Not handling confidential information on computers not owned by the company such as those at home or those installed in a hotel or internet cafe.
- Not installing unauthorized software on computers used for work.



7-1 Prohibition of Bribery and Inappropriate Entertainment

Code of Conduct

Refrain from exploiting an advantageous position in a business relationship to make unreasonable demands or arbitrarily cause a disadvantage to trading partners and from encouraging entertainment or gift-giving that deviates from the commonly recognized limits.

Our Promises

■ We Will Not Give Bribes to Public Officials

Entertainment and gifts to public officials are, in principle, prohibited by law. Also, even in the case of a non-public official, those who engage in work that is of a highly public nature defined by laws and regulations are called “deemed public officials”, and so entertainment and gifts are prohibited/restricted for such people as well.

We do not give gifts or entertain public officials in order to facilitate favorable treatment in the course of our work. We will also not do things that are likely to be misunderstood as having the intention of receiving favorable treatment in return, such as giving gifts or treating public officials to dinner, etc.

■ We Will Not Receive or Give Improper Entertainment or Gifts

We will offer entertainment and/or gifts to business partners within the scope of sound business practices or general common sense.

When we receive entertainment and/or gifts from business partners, etc., we will stay within the scope of sound business practices or general common sense. We also do not receive gifts and/or entertainment from suppliers of materials and services.

Related pages “7-2 Prohibition of Bribing Foreign Public Officials, etc.”

Related laws Penal Code (bribery), Companies Act, National Public Service Ethics Act, National Public Service Officials Ethics Code, the ordinances of local governments, etc.



Things We Must Not Do

The following acts are examples of bribing a public official:

- Entertaining a procurement manager of a government agency to request that your bid be successful at the time of bidding.
- Giving a gift to a police officer that you are acquainted with and asking them to suppress (cover-up) any traffic violations.
- Handing over payment of any kind to a parking inspector who is in the process of confirming a neglected vehicle to ask them to overlook the parking violation (as a parking inspector is a “deemed public official”).

The following acts are examples of inappropriate entertainment and giving of gifts:

- Giving an individual from a business client a gift that exceeds the scope of common sense.
- Entertaining an individual from a business client at a location that could be offensive to public standards of decency.

Requesting a Mayor to Inform About the Estimated Order Price

The executive of a construction company urged the mayor to tell them the estimated order price of a local health spa, handing the mayor a reward of 14 million yen. The executive was found guilty in court.



7-2 Prohibition of Bribing Foreign Public Officials, etc.

Code of Conduct

Refrain from exploiting an advantageous position in a business relationship to make unreasonable demands or arbitrarily cause a disadvantage to trading partners and from encouraging entertainment or gift-giving that deviates from the commonly recognized limits.

Our Promises

■ We Will Not Give Bribes to Foreign Public Officials, Etc.

We do not give gifts or entertain foreign public officials, etc.* in order to facilitate favorable treatment in the course of one's work. We do not promise or offer to provide gifts or entertainment as a reward for giving favorable treatment.

* Those who work for foreign national or local governments, government agencies, public enterprises, public international organizations, etc., and those who have been delegated authority by foreign governments.

■ We Will Not Respond to Unreasonable Demands from Foreign Public Officials, Etc.

When we receive any request for money, etc. from a foreign public official, etc., we will resolutely decline and not seek a simple resolution.

If demands continue despite refusing, consult with the legal affairs officer of the local subsidiary and/or the local Japanese embassy, consulate, chamber of commerce, etc.

■ We Will Not Allow Overseas Subsidiaries or Agents to Make Bribes

When doing business overseas, if a local subsidiary or agent provides money or goods to a foreign public official, etc., we may be punished and lose our social credibility as a company.

We will properly instruct and supervise local subsidiaries and agents, etc. so that they do not bribe.

Related pages "7-1 Prohibition of Bribery and Inappropriate Entertainment"

Related laws Unfair Competition Prevention Act (bribery of foreign public officials), U.S. Foreign Corrupt Practices Act (FCPA), U.K. Anti-Bribery Act (UKBA), etc.

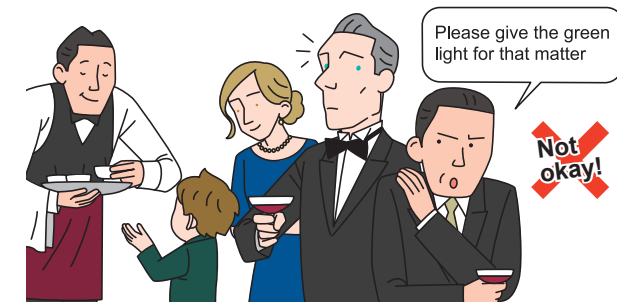
! Things We Must Not Do

The following acts are examples of bribing a foreign public official, etc.:

- In order to win a bid for a public project overseas, providing money or expensive items to the staff of the ministry in charge to sound out the minimum bid.
- Providing money or expensive items to the staff of foreign inspection agencies and requesting the falsification of inspection results.
- Appointing a company run by a relative of a politician as a consultant in order to receive an order for a foreign state-owned enterprise.
- In foreign customs clearance and so on, as a result of the improper handling of products such as delayed import procedures despite submitting the necessary applications, providing money to a person in charge and asking them to undertake the procedures immediately.

Providing Money on Demand for Bribes to Prevent Delays in Construction Projects

Due to insufficient application to use the facilities of a port in a foreign country, the landing of construction materials was stopped. The construction project managers paid about 39 million yen in response to a bribe demand from the chief of the port bureau to prevent delays to the project. At a later date, they were disciplined, charged, and convicted for their wrongdoings.



7-3 Limitations on Donations and Political Contributions

Code of Conduct

Refrain from exploiting an advantageous position in a business relationship to make unreasonable demands or arbitrarily cause a disadvantage to trading partners and from encouraging entertainment or gift-giving that deviates from the commonly recognized limits.

Our Promises

■ We Will Make Appropriate Contributions to Political Parties and Political Funding Organizations in Accordance with the Law

In present-day Japan, companies and industry organizations are prohibited from making contributions to specific politicians by the Political Funds Control Act. This is because politicians who receive contributions from companies can distort government policies.

Furthermore, contributions under the name of others and the purchasing of party tickets are also prohibited. Political contributions from companies are limited to political parties, local branches of a political party, and political funding organizations.

When making a political contribution, we will comply with the relevant laws and regulations and follow all appropriate in-house approval procedures.

*So-called political contributions (providing funds to politicians and political parties) are called “donations” in the Political Funds Control Law.

Penalties

- If a company makes a contribution to someone other than a political party, etc., the person responsible will be imprisoned for up to 1 year without hard labor or fined up to 500,000 yen.
- If you make a political contribution or purchase a party ticket in the name of another person, you will be imprisoned for up to 3 years without hard labor or fined up to 500,000 yen.



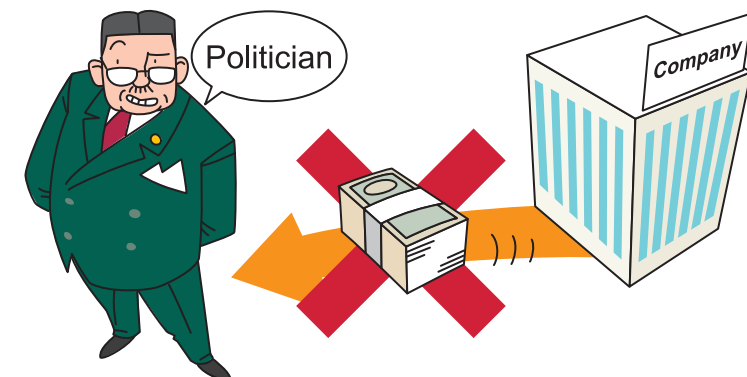
Things We Must Not Do

The following are examples of illegal or improper donations and contributions to political parties or political organizations:

- Companies making political contributions to specific politicians, and not political parties or other political organizations.
- Companies making political contributions to organizations other than political parties.
- Companies subsidized by the government and companies in the red for three consecutive years making political contributions.
- Making political contributions or purchasing a party ticket for a political funding party in the name of another person.
- Making political contributions in the name of a company without going through the in-house payment approval procedures.

Illegal Contributions by a General Contractor under the Cover of a Political Organization

A semi-major general contractor established a political organization represented by a former employee. Employees were made to pay a “membership fee” to be a member of the political organization. The funds were then contributed by the political organization to members of the Diet. Meanwhile, for employees who were forced to pay the membership fee, the membership fee was added to their bonus as compensation.



8-1 Workplace Safety and Sanitation

Code of Conduct

Recognize that worker safety, industrial disaster prevention, and the preservation of the environment must be maintained as the highest priorities in business activities and pursue active contribution to conservation efforts and protection of the global environment.

Our Promises

■ We Will Strive to Create a Safe and Sanitary Work Environment

We must not get injured or sick during work.

Each and every one of us will strive to improve workplace safety and maintain a sanitary environment on a daily basis.

If you find or see something in your workplace that concerns you, mention or report the matter to your supervisor.

■ We Will Not Personally or Let Others Overwork and Do Anything That Jeopardizes Safety

We do not undertake ourselves or force unreasonable long working hours, even if it is necessary from a work standpoint. Long working hours impose not only a significant physical burden but also a mental one as well. If you ever feel unwell, consult a physician immediately.

Never carry out work without proper safety measures in place. In the event of an accident, one could lose physical capabilities or it could result in death.

■ We Will Be Prepared for Natural Disasters

We must protect the lives and property of our customers and employees from disasters and minimize any damage. We will actively participate in disaster drills so that we can deal with the situation calmly in the event of an emergency. We will regularly check emergency response rules and evacuation routes to prepare ourselves for natural disasters where it is impossible to know when or where they will strike.

Related laws Labor Standards Act, Industrial Safety and Health Act, guidelines concerning measures for creating a comfortable workplace environment that businesses ought to take, etc.

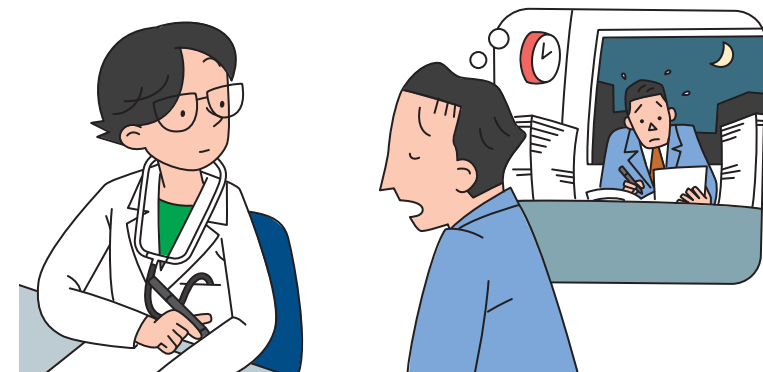
! Things We Must Not Do

The following situations are examples of an unsound working environment:

- Bringing dangerous goods into the workplace without any necessity in terms of one's work.
- Making long working hours the norm.
- The temperature, lighting, sound, or air pollution being uncomfortable or inappropriate.
- Providing no measures, places, or facilities to recover from physical and/or mental fatigue.

The onset of depression caused by constant long working hours—

A young individual who joined a major advertising agency began to suffer from depression after working long overtime hours on a regular basis and committed suicide about two years after joining the company. The company was accused of violating its duty of care and was ordered to compensate for damages of about 100 million yen.



8-2 Environmental Conservation Initiatives

Code of Conduct

Recognize that worker safety, industrial disaster prevention, and the preservation of the environment must be maintained as the highest priorities in business activities and pursue active contribution to conservation efforts and protection of the global environment.

Our Promises

■ We Will Abide by Environmental Laws and Regulations

In order to create a society in which the next generation of children can live with peace of mind, there is an urgent need to cut down on using global resources and consider the environment.

We will be fully aware of and comply with the laws and regulations that apply to our business activities.

■ We Will Endeavor to Reduce Our Impact on the Environment

To reduce our impact on the environment, we will control the amount of greenhouse gases, harmful chemical substances, and waste we produce. We will also continue to save energy and use resources effectively and actively work on recycling by separating garbage appropriately for collection.

■ We Will Continue Familiar Initiatives Such as Environmentally-Conscious Driving and the Use of Eco-Friendly Products

We will not assume that someone will conserve the environment for us, but rather, we will take the initiative to do what we can. We will endeavor to install energy-saving equipment, implement environmentally-conscious driving, and turn off any equipment that is not being used.

Related laws Wastes Disposal and Public Cleansing Act, The Basic Law for Establishing the Recycling-based Society, Law for the Promotion of Effective Utilization of Resources, The Basic Environment Law, Act on the Rational Use of Energy, etc.

Things to Keep in Mind

The following actions are examples of initiatives to conserve the environment:

- Striving to plan, design, and develop products with low environmental impact, and promoting energy-saving and the 3Rs (reduce, reuse, recycle).
- Continuing the switch to environmentally-friendly raw materials and giving consideration to the safety and health of consumers as well as the environment.
- Keeping waste, noise, wastewater, and other emissions within the scope of legal standards and working to further reduce them.
- Adopting technologies and energy-saving devices that are excellent in helping prevent global warming and striving for environmentally-conscious driving such as by accelerating gently and turning off an idling engine.
- Trying to separate waste and to recycle.
- Reducing the amount of electricity consumed by offices by raising the temperature of air-conditioning, lowering the temperature of heating, or turning off unnecessary lighting.



9-1 Harmonious Relationship with Local Communities

Code of Conduct

Pursue close cooperation and harmony with local communities and strive to make community contributions.

Our Promises

■ We Will Build Good Relationships with Local Communities

Companies and local communities are two sides of the same coin. A good relationship with the community in which we live and work is built on integrity and trust.

We will build a good relationship in which we are trusted by the community by always acting with high ethical standards and creating ties with people in the community.

■ We Will Aim for a Harmonious Relationship and Mutual Prosperity with Local Communities

Companies are part of the community. Each of us as employees acting responsibly as good citizens and good members of society and striving to contribute to the local community in turn leads to the acceptance of the company by the local community and a harmonious relationship and mutual prosperity with the local community.

We will willingly participate in activities that help to develop the local area.

Things to Keep in Mind

The following acts are examples of initiatives aimed at a harmonious relationship with local communities:

- Complying with laws and regulations, behaving ethically and in good faith, and earning the trust of the local community.
- Being aware that you are always the subject of interest from the community and to be disciplined in how one behaves in one's private life.
- Continuing to establish disaster-resilient and safe workplaces for our employees, business partners, and local communities.
- Trying to understand and respect local culture, customs, and values.
- Through dialogue with the local people, learning about the views, ways of thinking, and values of the local community toward the company and employees, and incorporating the shared values into our business activities.



Compliance Hotline

- If you feel that there is a compliance violation taking place in the workplace, you need not suffer alone but instead talk to the people around you.
- There may be hidden compliance violations in incidents that take place at work. We must work toward a solution without thinking it's a personal problem and turning a blind eye to what is happening in the workplace.

The Compliance Hotline can be used to help resolve any compliance issues.

It is recommended to resolve compliance issues in the workplace, however, if the issue cannot be resolved in the workplace, for example, if the party violating compliance is your superior, please contact the Compliance Hotline.

In accordance with the objectives of the Whistleblower Protection Act, whistleblowers will not be treated unfavorably by speaking out.

The Compliance Hotline strictly observes its confidentiality (nondisclosure) obligation regarding information about people who contact the hotline and any details of matters that are reported.

You can also contact the hotline anonymously.

Details of the Compliance Hotline and contact information are as follows.

■ Compliance Hotline of Nippon Filcon Co., Ltd.

[Internal Points of Contact]

(1) Internal audit Department of Nippon Filcon Co., Ltd.
Address: 2220 Ohmaru, Inagi-shi, Tokyo 206-8577
TEL & FAX: 042-377-7090
E-mail: nf-naibukansa@filcon.co.jp

(2) Auditor of Nippon Filcon Co., Ltd.
Address: 2220 Ohmaru, Inagi-shi, Tokyo 206-8577
TEL & FAX: 042-377-7091
E-mail: nf-kansa@filcon.co.jp

[External Point of Contact]

(3) Toshihide Tsuchimori, Attorney at law
(Oku, Katayama & Sato Law Office)
Address: 8th floor, Tokyo Club Bldg. 3-2-6, Kasumigaseki,
Chiyoda-ku, Tokyo 100-0013, Japan
E-mail: nfg-hotline@okslaw.jp

*Please fill in the form found on the internal online bulletin board and send it to the external point of contact by e-mail or post.

■ Reports on Progress and Results of Investigations

Reports are investigated by the Internal audit Department to assess the facts and authenticity of the report. If the reported behavior is judged to be a compliance violation, the President and Representative Director shall order corrective measures to prevent a recurrence.

The outcome of the investigation into the facts of the report and an outline of corrective and preventive measures shall be reported to the person who made the report.

*For compliance hotlines of companies other than Nippon Filcon, please check the company rules of the respective company.

The Main Penalties Related to Compliance Violations

Act	Penalties	Supplementary Information
Sexual harassment	Indecent assault: imprisonment from 6 months up to 10 years with hard labor.	Minor crimes, such as performing an act of molestation by touching the body of another person over their clothes, are punished under the local prefectural government's ordinance against disturbing the peace.
	Distribution of obscene objects: imprisonment of up to 2 years with hard labor or a fine of up to 2.5 million yen or a penal fine.	Posting up an obscene poster.
Abuse of authority	Defamation of character: imprisonment up to 3 years with or without hard labor or a fine of up to 500,000 yen.	Defamation of character by giving facts in front of many colleagues.
	Slander: detention or a penal fine.	Insulting someone without giving facts.
	Inflicting injury: imprisonment of up to 15 years with hard labor or a fine of up to 500,000 yen.	Making someone sick by continuing to harass them.
Leaking of trade secrets	Infringement of trade secrets (Unfair Competition Prevention Act): Imprisonment of up to 10 years with hard labor or a fine of up to 20 million yen, or both.	Leaking trade secrets for the purpose of harming profits, illegally acquiring trade secrets, etc. A fine of up to 500 million yen for corporations, or if the trade secret is used overseas, a fine of up to 30 million yen for individuals and 1 billion yen for corporations.
	Theft: Imprisonment of up to 10 years with hard labor or a fine of up to 500,000 yen.	Even if the information does not fall under trade secrets in the Unfair Competition Prevention Act, taking home media that has information recorded on it.
Copyright infringement	Copyright law Actual offender: imprisonment of up to 10 years with hard labor or a fine of up to 10 million yen, or both. Corporate punishment: fine of up to 300 million yen.	This includes software piracy.
Trademark infringement	Trademark Act Actual offender: imprisonment of up to 10 years with hard labor or a fine of up to 10 million yen, or both. Corporate punishment: fine of up to 300 million yen.	
	Unfair Competition Prevention Act Actual offender: imprisonment of up to 5 years with hard labor or a fine of up to 5 million yen, or both. Corporate punishment: fine of up to 300 million yen.	
Padded invoicing of expenses Invoicing of fake expenses	Forgery of private documents or uttering: imprisonment of between 3 months to 5 years with hard labor. Fraud: imprisonment of up to 10 years with hard labor.	
Embezzlement of deposits	Corporate embezzlement: imprisonment of up to 10 years with hard labor.	
Misuse of company property for personal needs	Theft: Imprisonment of up to 10 years with hard labor or a fine of up to 500,000 yen. Corporate embezzlement: imprisonment of up to 10 years with hard labor.	The act of taking home company items and equipment may also be punished.
Speaking badly of someone in front of many colleagues	Defamation of character: imprisonment up to 3 years with or without hard labor or a fine of up to 500,000 yen.	If it has the potential to spread to an unspecified number or a large number of people, it is considered defamation of character even if it is a rumor among a small number of people.
	Slander: detention or a penal fine.	
Receiving a kickback (rebate) personally from a supplier	Aggravated breach of trust: imprisonment of up to 5 years with hard labor or a fine of up to 500,000 yen. Fraud: imprisonment of up to 10 years with hard labor.	Aggravated breach of trust: A crime in which a person carrying out business affairs for another person breaches his/her duties and inflicts damages for the purpose of profiting oneself or a third party or to damage the victim. Example of aggravated breach of trust: The act of using one's position in the procurement department of a company to purchase items at high prices from a supplier and receiving the difference as a bribe.
Unauthorized creation of company seal	Forgery of private seal: imprisonment of up to 3 years with hard labor.	
Creating a contract without permission	Forgery of private documents: imprisonment for between 3 months to 5 years with hard labor.	

Act	Penalties	Supplementary Information
Placing an order verbally (For transactions that come under the Subcontracting Act)	Subcontracting Act Actual offender: a fine of up to 500,000 yen. Corporate punishment: a fine of up to 500,000 yen.	Violation of obligation to issue written purchase order under the Subcontracting Act.
Providing, offering, or promising bribes to public officials	Bribery: imprisonment of up to 3 years with hard labor or a fine of up to 2.5 million yen.	
Providing, offering, or promising bribes to foreign public officials, etc.	Bribery of foreign public officials, etc. Actual offender: imprisonment of up to 5 years with hard labor or a fine of up to 5 million yen, or both. Corporate punishment: fine of up to 300 million yen.	You may be punished by the law in countries other than Japan.
Insider trading	Financial Instruments and Exchange Act Actual offender: imprisonment of up to 5 years with hard labor or a fine of up to 5 million yen, or both. Corporate punishment: fine of up to 500 million yen.	In principle, all assets obtained from insider trading are confiscated and collected.
Distributing unfounded information for the purpose of fluctuating stock prices (spreading rumors)	Financial Instruments and Exchange Act Actual offender: imprisonment of up to 10 years with hard labor or a fine of up to 10 million yen, or both. Corporate punishment: fine of up to 700 million yen.	For trading based on spreading rumors: imprisonment of up to 10 years with hard labor or a fine of up to 30 million yen. In principle, all assets obtained from such trading are confiscated and collected.
Slander of other companies	Damage to credit or obstruction of business: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen.	Spreading false rumors or using fraudulent means to damage the credit or obstruct the business of other companies.
Committing dangerous acts such as ignoring traffic lights while riding a bicycle	Workshop on safe bicycle riding (when subject to safety enforcement twice or more within 3 years): If you do not attend, you will be subject to a fine of up to 50,000 yen.	It covers 15 offenses such as ignoring traffic lights and obstruction of driving. If it is malicious, it may be punished in the same manner as an automobile. For example, in the case of ignoring a traffic light, the penalty is imprisonment of up to 3 years with hard labor or a fine of up to 50,000 yen.
When a traffic hazard is caused by using a cellphone while driving a car, etc.	Violation of Road Traffic Act: imprisonment of up to 1 year with hard labor or a fine of up to 300,000 yen.	Even if you do not cause an accident, you will be imprisoned for up to 6 months with hard labor or receive a fine of up to 100,000 yen just for using a cellphone while driving.
Drunk driving	Drunk driving: imprisonment of up to 5 years with hard labor or a fine of up to 1 million yen.	Drunk driving: Driving (steering) while heavily under the influence of alcohol in a state where one lacks the ability to drive regardless of one's alcohol concentration level (35 points (immediate license revocation) disqualified from driving for a period of 3 years). Driving under influence of alcohol: Driving (steering) while one's breath or blood alcohol concentration is above a certain level due to drinking, etc. (25 points for 0.25 mg or above, 13 points for less than 0.25 mg).
	Driving under influence of alcohol: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen. *If injury or death occurs as a result, you may be charged with vehicular homicide.	
Requesting or demanding to ride in a person's car who is under the influence of alcohol	Drunk driving: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen. Driving under influence of alcohol: imprisonment of up to 2 years with hard labor or a fine of up to 300,000 yen.	This also applies when riding in a vehicle while knowing that the driver is driving under the influence of alcohol but not being able to refuse.
Providing alcohol to those driving	Drunk driving: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen.	Drinking together with someone while knowing that they will be driving (this can even equate to pouring alcohol into the cup of the designated driver).
	Driving under influence of alcohol: imprisonment of up to 2 years with hard labor or a fine of up to 300,000 yen.	
Dangerous driving, malicious driving, etc.	Vehicular homicide Imprisoned for a fixed term of at least 1 year with hard labor (drunk driving, speeding, obstructive driving, etc.). Imprisonment of up to 15 years with hard labor (driving in a state in which significant obstacles to normal driving might occur).	Malicious obstructive driving (road rage) is also subject to punishment as driving to intend obstructions. If driving without a license, an even more significant penalty may be added to the statutory penalty. Fleeing to avoid the detection of the influence and degree of alcohol and drugs is charged with evasion of detection (up to 12 years in prison with hard labor). If vehicular homicide cannot be applied, such as the influence of alcohol is unknown, it will fall under negligent driving resulting in injury or death (up to 7 years imprisonment with or without hard labor or a fine of up to 1 million yen).
	Dangerous driving resulting in injuries Imprisonment of up to 15 years with hard labor (drunk driving, speeding, obstructive driving, etc.). Imprisonment of up to 12 years with hard labor (driving in a state in which significant obstacles to normal driving might occur).	
	Evading the detection of the influence of alcohol (fleeing to avoid the detection of the influence and degree of alcohol and drugs). Up to 12 years in prison with hard labor.	

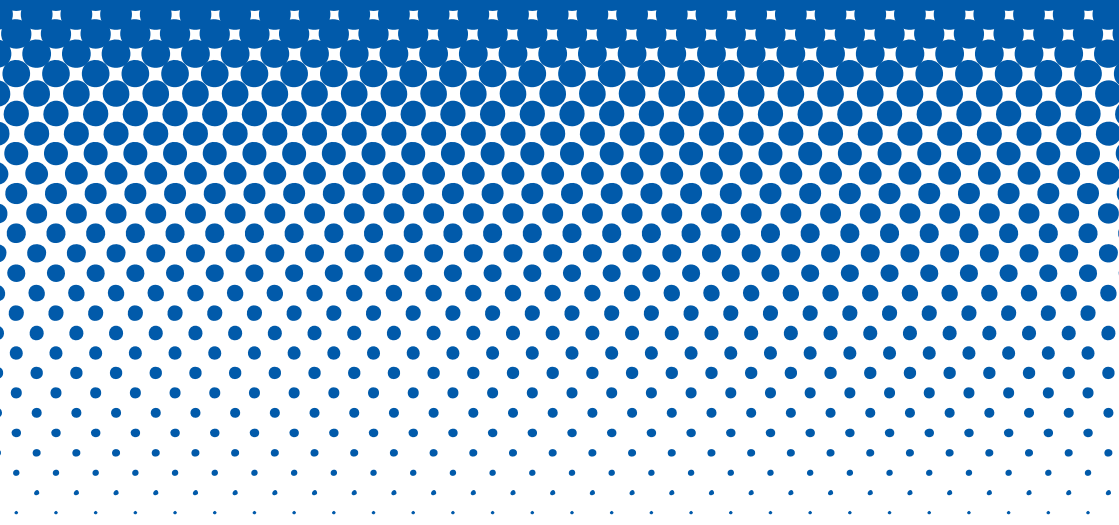
Act	Penalties	Supplementary Information
Hit and run	Failing to assist persons in danger: imprisonment of up to 10 years with hard labor or a fine of up to 1 million yen. Negligent driving resulting in injury or death: imprisonment with or without hard labor for up to 7 years or a fine of up to 1 million yen.	It is still deemed failing to assist persons in danger even if you go to the police later on.
Road rage	Obstructive driving (risk of causing a traffic accident) Imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen. Obstructive driving (risk of causing a significant traffic accident) Imprisonment of up to 5 years with hard labor or a fine of up to 1,000,000 yen.	There are 10 types of road rage, such as being dangerously close to other vehicles, changing direction suddenly, and braking suddenly, and administrative sanctions for revoking the license of offenders are also imposed. In the case of bicycles, 7 types of road rage are also subject to punishment. If an injury or death occurs, you may be guilty of dangerous driving resulting in deaths or injuries.
Driving without a license	Violation of Road Traffic Act: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen.	Includes driving with an expired license due to reasons such as forgetting to renew, etc.
Molestation	Ordinance against disturbing the peace (in the case of the Tokyo metropolitan area): imprisonment of up to 6 months with hard labor or a fine of up to 500,000 yen (if the offender is observed to be a serial offender, imprisonment of up to 1 year with hard labor or a fine of up to 1 million yen). Indecent assault: imprisonment from 6 months up to 10 years with hard labor.	Doing or saying something obscene in a public place or on public transport that causes people to feel extremely uneasy or anxious.
Camera voyeurism	Ordinance against disturbing the peace (in the case of the Tokyo metropolitan area): imprisonment of up to 1 year with hard labor or a fine of up to 1 million yen (if the offender is observed to be a serial offender, up to 2 years in prison with hard labor or a fine of up to 1 million yen). Minor Offenses Act: detention or penal fine.	
Child prostitution	Act on Regulation and Punishment of Acts Relating to Child Prostitution and Child Pornography: imprisonment of up to 5 years with hard labor or a fine of up to 3 million yen. Simple possession of child pornography: imprisonment of up to 1 year with hard labor or a fine of up to 1 million yen. Sexual assault or quasi-sexual assault: imprisonment of between 6 months to 10 years with hard labor.	Children are deemed to be persons under the age of 18. For boys and girls under the age of 13, it is deemed sexual assault or rape even if there is consent.
Unwelcome behavior in public places or on public transport while under the influence of alcohol	Law concerning Prevention of Acts of Nuisance by Intoxicated Persons: detention or penal fine. (If you resist checks made by police officers, you will receive a fine of up to 10,000 yen.)	This offense is judged to have occurred when an intoxicated person commits grossly crude or violent behavior that disturbs members of the general public in a public place or on public transport.
Stalking	Stalker Regulation Law: imprisonment of up to 1 year with hard labor or a fine of up to 1 million yen. Ordinance against disturbing the peace (in the case of the Tokyo metropolitan area): imprisonment of up to 1 year with hard labor or a fine of up to 1 million yen (serial offender: up to 2 years in prison with hard labor or a fine of up to 1 million yen).	There are penalties in place that punish repeatedly following the same person as an act of stalking.
Shoplifting	Theft: Imprisonment of up to 10 years with hard labor or a fine of up to 500,000 yen.	The charge may escalate to robbery if you knock a clerk, etc. out of the way to escape.
Snatching	Theft: Imprisonment of up to 10 years with hard labor or a fine of up to 500,000 yen. Robbery: imprisonment for a definite term of at least 5 years with hard labor.	If the victim suffers an injury, it is considered to be robbery resulting in bodily injury (imprisoned for an indefinite term or imprisonment for at least 6 years with hard labor).
Intimidation	Intimidation: imprisonment of up to 2 years with hard labor or a fine of up to 300,000 yen.	It is blackmail when obtaining something through intimidation.

Act	Penalties	Supplementary Information
Blackmail	Blackmail: imprisonment of up to 10 years with hard labor.	It is considered a robbery charge when the crime is accomplished by violence or the threat of it to overcome resistance from the victim.
Forcing others to write an apology letter Forcing others to undress (without sexual intent)	Extortion: imprisonment of up to 3 years with hard labor.	It may also be considered extortion if the employer forces the worker to choose whether to be fired or leave the company for personal reasons, and have them write a letter of resignation ("for personal reasons" rather than "for company reasons").
Concealing lost items or not returning extra change	Embezzlement of lost property: imprisonment of up to 1 year with hard labor or a fine of up to 100,000 yen or a penal fine. Fraud: imprisonment of up to 10 years with hard labor.	Cases such as realizing later that you had been given too much change but decided not to return it. Cases such as realizing that you had been given too much change but left the scene without saying anything.
Fare evasion	Fraud: imprisonment of up to 10 years with hard labor.	Fare-evading through an automatic ticket gate will be charged with computer fraud.
Fighting or quarreling	Assault charges: imprisonment of up to 2 years with hard labor or a fine of up to 300,000 yen or detention or a penal fine. Inflicting injury: imprisonment of up to 15 years with hard labor or a fine of up to 500,000 yen. Slander: detention or a penal fine.	
Nuisance telephone calls	Fraudulent obstruction of business: imprisonment of up to 3 years with hard labor or a fine of up to 500,000 yen. Inflicting injury: imprisonment of up to 15 years with hard labor or a fine of up to 500,000 yen.	It is considered inflicting an injury when the act damages the health of the victim, such as them suffering a nervous breakdown (It is also considered an injury if you cause dizziness or nausea, or have somebody faint for a long time).
Mahjong-related betting, golf-related betting	Gambling charges: a fine of up to 500,000 yen or a penal fine (up to 3 years in prison with hard labor if the offender is observed to be a serial offender).	Except when betting on something that is considered momentary entertainment (it is not considered gambling if one of the parties involved prepares prizes and another party loses but does not suffer financial damages, such as a bingo game that often takes place at parties, etc.).
Charging your cellphone without permission at a restaurant	Theft: Imprisonment of up to 10 years with hard labor or a fine of up to 500,000 yen.	
Purchasing something while knowing it is stolen goods	Receiving compensation for stolen goods: imprisonment of up to 10 years with hard labor and a fine of up to 500,000 yen.	

- 1) Imprisonment with hard labor Detaining a person in a criminal facility and having them carry out the prescribed work (from 1 month to 20 years with hard labor or an indefinite term).
- 2) Imprisonment without hard labor Detaining a person in a criminal facility (from 1 month to 20 years or an indefinite term).
- 3) Detention Detaining a person in a criminal facility (from 1 day to 29 days).
- 4) Combined penalty Two or more penalties, such as both imprisonment with hard labor and a fine.
- 5) Antragsdelikt A crime that cannot be prosecuted without the victim pressing charges.
- 6) Fines and penal fines The amount of the fine is 10,000 yen or more (it can be reduced to less than 10,000 yen). Penal fines are between 1,000 yen and 9,999 yen.

Disclaimer

This information is current as of the publication date of this document. It may not reflect the latest law and regulation revisions. Although we make every effort to provide as accurate information as possible, we do not guarantee the accuracy, reliability, or usefulness of the content provided. Please consult a legal expert regarding any cases that you actually encounter.



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