

## I. Management Philosophy of Kyoritsu Electric Group

We, Kyoritsu Electric Group (hereinafter KD Group) contribute to make a prosperous future society by producing engineering development business for Intelligent FA(Factory Automation) system market. Based on the management principle that we build open-minded and friendly atmosphere corporate culture and share hope for the future with shareholders, customers, employees and their families, all of the companies and people concerned, we provide IT and FA systems mainly intended for production and R&D department of manufacturers, and make a contribution to optimization of total system: labor saving, productivity improvement, and cost reduction.

## II. Code of Conduct

1. We shall take a pride and realize our mission as a member of KD Group.
2. We shall provide safe and high-quality products and services.
3. We shall not take any actions to arouse distrust to stakeholders.
4. We shall comply with all applicable laws and regulations and do our utmost for fair and transparent corporate activities.
5. We shall construe internal controls for proper financial report.
6. We shall respect any human dignity and human rights.
7. We shall not provide favors to any anti-social forces.

## III. About Compliance

### 1. What is Compliance?

Please keep in your mind that “Compliance” in this manual means to obey not only law and regulations but also norms, ethics, and other social rules. There are more important things than seeking short-term profits to keep a sound business. A course of action to achieve harmonization between society and the company with higher ethical standards; this is what we call “Compliance”.

## 2. Compliance Initiatives

Compliance does not practice until each of us, member of KD group realize the meaning and take proper action in social activity. It is quite important to understand the spirit of rules, describe the basis for attitude to meet expectation of stakeholders, and keep practicing.

## 3. Purpose of this manual.

This manual is created to embody the code of conduct that we shall take in daily work. When you are unsure how to deal with from a point of compliance, please refer to this manual first. If you are unable to resolve after having done so, please consult with your manager or CR Management Committee.

## 4. Compliance Consultation Counter

If you are aware of any conduct that is (or you suspect might be) not in our compliance policy, you need to report through your department.

In case of the department becomes dysfunctional, the company set up Compliance Consultation Counter as below.

CR Management Committee Hotline [cr@mail.kdwan.co.jp](mailto:cr@mail.kdwan.co.jp)

- a. You can report and consult with CR Management Committee anonymously.
- b. The company shall keep contents of report secret and protect whistleblower's privacy.
- c. If you suffer a disadvantage because of report, you can consult with the Committee directly.
- d. The Committee shall report the processing results to whistleblower.

## 5. Action to be taken on the occurrence of problems

In the event of problems with compliance, it shall be taken to the following orders.

- a. Managers and Directors shall report the problems to CR Management Committee immediately when he/she have noticed.
- b. Upon receipt of the report, CR Management Committee instructs to relevant department to investigate and improve the problems.
- c. When CR Management Committee judges the problems to be serious, they report the

problems to President immediately.

- d. In the case of serious problems, the company set up an emergency headquarters led by President.

#### IV. Course of Action

##### 1. Relationship with Customers

- We shall act with integrity to build trust and satisfaction with our customers.
- We shall provide our customers with accurate and sufficient information.

##### 2. Relationship with Shareholders

- We shall strive to use, conserve, and improve company's asset to gain shareholder's trust and confidence.
- We shall disclose information to shareholders actively and provide accurate management information.
- We shall maintain transparent relationship with shareholders.

##### 3. Relationship with Communal Society

- We shall cooperate with communal society to achieve our shared goal and contribute to its development.
- We shall strive to harmonize with communal society and actively participate in regional activities.

##### 4. Relationship with Supplier

- We shall deal with suppliers sincerely and fairly.
- We shall refrain from acting to be suspected of collusion with suppliers.

##### 5. Relationship with Competitive Society

- We shall promote and maintain fair competition.

##### 6. Relationship with Politics and Administration

- We shall keep transparent relationship with politicians, public officers and any other person concerned.

##### 7. Work Relationship

- We shall maintain our workplace positive, safety, and rewarding.

## Compliance Manual

- We shall pay attention to avoid harassment, discrimination, and invasion of privacy.

### 8. Internal Control

- We shall strive to improve internal control system for appropriate accounting and report.

### 9. Use of Company's Assets

- We shall use the company's assets for corporate activities only.

### 10. Management of Information

- We shall recognize the value of information and manage it carefully.

### 11. Prohibition for Acts in Conflict of Interest

- We shall avoid to cause the damage to the company and exploit our position for personal gain.

### 12. Moderate behavior in private life

- Not only in business but also private life, we shall take act with restraint not to injure the reputation of KD Group.

May 2006, CR Management Committee