

To all members of the Kuroda Electric Group ~

On the occasion of the enactment of the “Group Compliance Code of Conduct”

The corporate activities of Kuroda Electric Co., Ltd. and all of the group companies both in Japan and overseas (hereafter called collectively “the Kuroda Electric Group,”) will ensure that we always obtain the trust of our clients, and also contribute to the benefit of all stakeholders including shareholders, investors, employees, clients, inhabitants of the regional society, and so on.

Along with the advance of globalization and computerization of the economic society, corporations are generating stable income and, as a matter of course, are returning part of their profits to the regional society. In addition to this, demands are being placed on corporations to discharge their “corporate social responsibility (CSR)” by promoting compliance, tackling environmental issues, contributing to society, and so on.

This compliance code of conduct summarizes the guidelines and criteria for job performance that are to be observed by all officers and employees, in a readily understandable way.

All officers and employees will be well-acquainted with this code of conduct, and will carry out their duties both within and outside the company, while possessing an awareness of the fact that they are members of the Kuroda Electric Group.

It takes a long time for both corporations and individuals to acquire the trust of society. However, this trust can be lost in an instant. Trust is not something that is granted by somebody else, but rather something that we acquire through our steady day-to-day efforts. Each and every one of us must acquire a renewed awareness of this. Let us continue to make efforts as one body in order to contribute to the realization of a pleasant and bountiful lifestyle for people throughout the world.

Takashi Kaneko, President and Representative Director

Kuroda Electric Co., Ltd.

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1. Basic stance as a corporation – Observance of ordinances and contribution to society

Laws are rules that apply equally to the constituent members of a community such as our corporation. They also indicate orderliness concerning the activities of a corporation or individuals in a society.

Observance of the laws is a basic rule of a society, and can be said to be a condition for ensuring the continued existence of a corporation. We observe these basic rules, and also promote activities that contribute to society, aiming at the realization of a bountiful society.

(1) Observance of ordinances

Officers and employees will have an awareness of the fact that they are part of the international society, observe the various internal and external ordinances, and behave with social common sense.

(2) Observing in-house rules

Officers and employees will observe the in-house rules and regulations, and also make all decisions related to business operations fairly, based on the related in-house rules.

(3) Respecting human rights

The Kuroda Electric Group will respect the basic rights of all of the officers and employees. Officers and employees will not discriminate unfairly against others in respect of rank or treatment, due to race, religion, nationality, place of origin, sex, age, disability, personal preference, and so on.

(4) Severing of relationships with anti-social forces

The Kuroda Electric Group considers that anti-social forces which aim to acquire economic benefits by violence, deception, or other dishonest or unfair means, pose a threat not only to our corporation but also to the sound development of society as a whole. We will have nothing to do with such forces, either as an organization or on an individual level, and will exclude them from all of our corporate activities.

(5) Promoting CSR

The Kuroda Electric Group will contribute to the development of the regional society. In addition, as a corporation in society we are aware of our responsibility (CSR) for tackling the issues of environmental protection and social contribution, and we intend to discharge this responsibility.

2. Relationship with our employees – Our responsibility for enabling employees to work and employee's responsibility for working

The relationship between our corporation and our employees with regard to work includes working conditions such as working hours and holidays, provision of salary, and also the preparation of a safe, satisfactory working environment, which is our responsibility as a corporation and an employer.

However, a working environment is not something that can be realized by the efforts of the company alone.

Improvement of the working environment is joint work based on the intention of each and every employee comprising the company and the workplace to create a company that is pleasant to work for, and also the wish to work at the company for a long time.

It is important for the company to be aware of its responsibility to enable its employees to work, and also for the employees to be aware of their responsibility to work.

(1) Duty to work honestly

Officers and employees will work honestly during their business activities, and not engage in any behavior that may cause the company to lose its honor, trust, or social standing.

(2) Prohibition against harassment

Officers and employees will not use words or engage in behavior, such as sexual harassment or vilification of an individual, or words or behavior that creates an unpleasant atmosphere in the workplace.

(3) Observance of work-related ordinances

The Kuroda Electric Group will observe the work-related ordinances concerning working conditions applicable to each country, equality of employment opportunities for males and females, safety and health in the working environment, and dispatch of workers. Officers and employees will observe the ordinances related to the workplace environment, and also strive to create a safe, clean, and healthy workplace.

(4) Elimination of forced labor and child labor

The Kuroda Electric Group will not force anybody whatsoever to work, or force children to work, in any form whatever, either in the country or overseas.

(5) Maintenance of the environment in the workplace

The Kuroda Electric Group will observe the ordinances and also the in-house rules applicable to the health and safety of the officers and employees. Officers and employees will observe the rules pertaining to the separation of smoking and non-smoking areas in order to protect the health of non-smokers.

3. Basic stance regarding trading – Fair dealing that does not contravene the law

The aim of trading is to create sound profits.

To this end, we carry out severe negotiations with the client, and there are also cases in which we argue with the client.

However both parties must observe the trading conditions that are ultimately agreed upon.

If we were to carry out trade using an illegal method, we would be in danger of losing our social standing, even assuming that such behavior were to result in large profits over a short period.

Trade itself must be something that is fair and free from illegality. The observance of this basic stance supports high-trust trading and also increases the standing and profits of the corporation.

(1) Strict adherence to the conclusion of a written contract with the client and also observance of the contract conditions

When trading with a client, the Kuroda Electric Group will conclude a written contract, and always observe a contract that has been concluded with a client. Officers and employees will discharge their responsibilities concerning the conditions of the contract and will not engage in any behavior that infringes upon the contract.

(2) Fair market competition

The Kuroda Electric Group will observe the ordinances and rules pertaining to the prohibition of monopolization, free competition, and fair trade, in each country. Officers and employees will carry out market activities with social common sense, and will not engage in any behavior that impedes market competition.

(3) Relationship with subcontractors

In dealing with subcontractors, the Kuroda Electric Group will observe the relevant ordinances, and always act with a fair and rational attitude. Officers and employees will not use their superior rank to place unfair demands on subcontractors.

(4) Rules related to export and import

Officers and employees will observe the ordinances and rules pertaining to export and import to and from Japan and other countries in which the Kuroda Electric Group is engaged in business activities.

(5) Safety of products and services

The safety of products and services sold by the Kuroda Electric Group will be ensured, and will satisfy the criteria stipulated by the relevant ordinances.

(6) Environmental protection

The Kuroda Electric Group will engage in environmental protection activities such as pollution prevention, energy conservation, conservation of resources, reduction of waste, and recycling of resources, in various fields of business both in the country and overseas. Officers and employees will actively strive to contribute to the protection of the global environment.

(7) Giving gifts or providing entertainment

Officers and employees will clearly differentiate between public and private affairs when giving gifts or providing entertainment to clients, and must keep the price, quantity, and frequency of gifts or entertainment within the range permitted under normal social conventions.

(8) Receiving gifts or being entertained

Officers and employees must not make use of their rank in the company to unfairly receive gifts from or be entertained by clients. If officers or employees are entertained by, or receive gifts from, a client, they will be careful to ensure that the entertainment or gifts are within the range permitted under normal social conventions.

(9) Prohibition against giving gifts to, or providing entertainment for, public servants

As a general rule, employees of Japanese government or other public offices, or affiliated organizations, are prohibited by the Ethics in Government Act and also internal regulations from receiving gifts or being entertained. Kuroda Electric Group will prohibit the giving of gifts or the provision of entertainment to employees of governmental or affiliated organizations.

4. Coping with the computerized society – Correct control and utilization of informational assets

Along with the rapidly advancing changeover to a computerized society, we are being surrounded by all manner of information. Among this information is beneficial information including intellectual property such as patents, and customer information that can be used in trading.

This kind of information can be used in business as important management resources and informational assets, so we will not simply store it away. However, it is also necessary to appropriately control such information.

It can be said that appropriate control and utilization of information resources are necessary for sound business development.

(1) Protection of intellectual property

The Kuroda Electric Group promotes creation activities related to intellectual property, which is an important asset. Officers and employees have the duty of notifying the company concerning their own inventions, schemes, trademarks, and designs, and also the duty of transferring the attendant intellectual property to Kuroda Electric or a group company, according to the determination of Kuroda Electric or the group company concerned.

(2) Respecting the intellectual property of a third party

The Kuroda Electric Group will respect the intellectual property of a third party. Officers and employees will not engage in behavior that infringes upon the rights of a third party.

(3) Control of our information

Officers and employees will strive to maintain confidentiality of confidential information, such as important information concerning the management of the Kuroda Electric Group, and will stringently control such information so as to prevent leakage and illegal use.

(4) Control of client information

Officers and employees will stringently control client information which they acquire in the course of their work in the same way as our own confidential information.

(5) Protection of personal information

The Kuroda Electric Group will appropriately handle personal information, and control it in such a way that it is not illegally disclosed or leaked to a third party. An officer or employee will not leak personal information or secrets concerning another officer or employee, or a customer, client, and so on, acquired during the course of his or her business, to another person.

5. Development of sound financial activities – Acquisition of a firm financial foundation and the trust of the stakeholders

Our shareholders and investors, who are financial backers, look forward to receiving highly reliable financial reports. These reports are also required by law.

We must carry out management activities that do not deceive our shareholders and investors. Also, in order to acquire sufficient profit and capital to support the entire Kuroda Electric Group which is aiming to development and expand its business, it is necessary to carry out appropriate accounting procedures and financial activities.

(1) Protection and appropriate use of corporate assets

Officers and employees will control the assets of the Kuroda Electric Group with adequate care, and protect them from careless damage, depletion, or loss.

(2) Fair accounting procedures

Officers and employees will carry out correct processing of all accounts and expenses, based on facts and also the rules of accounting.

(3) Accounting and financial reports

As a corporation listed on the stock exchange, the Kuroda Electric Group will issue accounting and financial reports which comply with severe accounting standards, are accurate and complete as financial reports, and conform to the law. Officers and employees will respond to these requirements based on an appropriate in-house control setup and procedure.

(4) Disclosing information to shareholders and investors

The Kuroda Electric Group is aiming to achieve highly transparent management, and also to acquire the trust of our shareholders and investors. Officers and employees will promptly disclose accurate information to shareholders and investors.

(5) Prohibition of insider trading

Officers and employees will not engage in behavior that infringes upon, or is likely to infringe upon, the insider trading regulations.

(6) Promotion of common benefits for stakeholders

The Kuroda Electric Group will aim to provide common benefits to all stakeholders including shareholders, investors, employees, clients, and inhabitants of the regional society, based on an awareness of the fact that a corporation is supported by many stakeholders.