



Kokuyo Group's Code of Conduct Handbook

CODE OF CONDUCT

The future we imagine

A self-directed, collaborative society

Values

Co-creation
with empathy

A culture of
experimentation

Designing
experiences

Purpose

Presenting
a tomorrow you
can't wait for.

Vision for 2030

**WORK & LIFE
STYLE Company**

Shift to the "Forest-Type
Management Model"

Our philosophy

be Unique.

Stimulate creativity and celebrate uniqueness.



Hidekuni Kuroda

Representative Director of the Board
President and CEO

Message from the CEO

Our corporate group's purpose is expressed in the statement, "Presenting a tomorrow you can't wait for." Guided by this purpose statement, we're working to become a diverse community of businesses that deliver sustainable growth.

In particular, we're ramping up efforts to expand our business fields and develop new business ideas. As we move forward in this endeavor, it will become increasingly crucial for everyone in our corporate group to comply with regulatory requirements and uphold high standards of business ethics in their work.

Our business activities fall under a range of regulations, including regulations related to product quality, trading (e.g. fair trading regulations), the environment, labor, health and safety, accounting standards, tax, bribery, and information management.

Everyone in Kokuyo Group must keep in mind the standards set out in this handbook and conduct themselves with integrity and professionalism. By doing so, you help Kokuyo honor its pledge to society and contribute to our sustainable growth.

To protect Kokuyo, yourself, and your colleagues, and to achieve growth together, please familiarize yourself with the content in this handbook and apply it in your workplace.

1 Complying with **regulatory requirements** and **internal rules**, acting with honesty and integrity

2 Respecting **human rights** and the **inherent worth and dignity of every person**

3 Protecting the **environment**

4 Free, fair, and honest **trading and competition**

5 Ensuring **products and services** are **safe and trustworthy**

6 Safeguarding **Kokuyo Group assets**, respecting **intellectual property**

7 **Proper information management and financial disclosures**

8 **Avoiding conflicts of interests**

9 **No insider trading**

10 **Avoiding inappropriate hospitality and gifts**

11 **Refusing excessive or hostile demands**

Definitions of terms as used in this handbook

"Kokuyo Group" refers to the following companies: 1) Kokuyo, 2) controlled companies specified in the General Rules on Group Guidance, 3) Category A core group companies, 4) Category A affiliates, and 5) Category B core group companies.

"Regulatory requirements" refers to laws, bylaws, ordinances, regulations, standards, and the like that are in force in Japan or elsewhere and apply to the business activities of Kokuyo Group. "Internal rules" refers to rules, protocols, instructions, guidelines, and the like that apply to Kokuyo Group as a whole or to any of its companies.

"Board members" refers to directors and to members of a Kokuyo Group company's audit and supervisory committee (or the equivalent). "Employees" refers to staff directly employed by a Kokuyo Group company, including regular employees, re-hired retirees, contract staff, part-timers, and casual workers.

If you violate this Code of Conduct, you may be penalized in accordance with regulatory requirements or internal rules.



Complying with regulatory requirements and internal rules, acting with honesty and integrity

As well as complying with regulatory requirements and internal rules, we act with honesty and integrity, upholding high ethical standards.

Commentary

- Our stakeholders expect us not only to comply with regulatory requirements and internal rules—they also expect us to act with honesty and integrity, upholding high ethical standards.
- Familiarize yourself with all regulatory requirements relevant to your job and comply with them along with the internal rules.
- When making an important decision about strategic direction or business execution, we need to have accurate knowledge to make an informed choice. Likewise, if a crisis occurs, we must understand all the facts because our initial response counts—if we get the first step wrong, Kokuyo's reputation could suffer. Do not be afraid to deliver bad news. If the news is bad, it's all the more crucial that you raise the matter early, without sugarcoating or omitting anything.
- If you work in a foreign country or conduct cross-border business, then as well as complying with the regulatory requirements that apply in the country in question, you must also understand and respect the local cultural norms and customs.



Respecting human rights and the inherent worth and dignity of every person

We eschew discrimination on grounds of attributes such as race or ethnic identity, creed, nationality or national origin, language, sex or gender identity, or disability.

We never tolerate sexual harassment or workplace bullying, or any behavior that is abusive or demeaning.

We take a zero-tolerance stance on child labor and forced labor.

Commentary

- Always respect the inherent worth and dignity of every person with whom you interact in your job, whether members of Kokuyo Group or otherwise. Familiarize yourself with human rights principles and contribute to a humane, empowering workplace culture.
- Never disclose confidential information that you learned in the workplace without the express prior consent of the person concerned.
- Avoid lewd or sexually suggestive remarks, inappropriate physical contact, or any verbal or physical conduct that could make the person feel offended, humiliated, or intimidated.
- Avoid any verbal or physical conduct that creates an intimidating, degrading, or hostile environment for others. If you have authority over others in the workplace, never exercise your rank or privileges in a way that disrespects someone's inherent dignity and worth or in a way that exceeds the bounds of reasonable guidance.
- Understand that Kokuyo Group's zero-tolerance of child labor and forced labor means that we must never do any business with an organization that uses child labor or forced labor.



Protecting the environment

We actively engage in efforts to tackle environmental issues such as global warming and deforestation to help build a sustainable planet and society.

Commentary

- Understand that we need to mitigate the environmental impacts of our products at every phase of their life cycle, from procurement of resources through to production, distribution, use, and disposal, taking into account the characteristics of the product in question. Mitigation efforts can include using a more economic design, reducing use of harmful chemicals, or reducing energy consumption.
- Be aware that production and construction operations pose a particularly serious risk to the environment. If you are involved in such operations, stay extra vigilant to prevent any accident or malfunction that could cause harmful substances or waste to be discharged into the surrounding environment.
- Similarly, logistics and construction operations consume plenty of energy and resources and produce a high volume of waste. If you are involved in these operations, you must make sustained efforts to reduce these impacts.
- Everyone in Kokuyo Group, whether working in an office, factory, or construction site, has a part to play in building a sustainable planet and society. Whatever job you do, there are simple, everyday actions you can take, whether it's saving electricity, water, or paper, or sorting the garbage properly. These actions may seem small individually, but they add up to big change.



Free, fair, and honest trading and competition

We avoid anti-competitive practices or any practices that violate anti-monopoly regulations and other regulatory requirements or internal rules concerning free, fair, and honest trading and competition.

Commentary

- Many countries impose regulatory requirements designed to ensure fair, free, and honest trading and competition between businesses. Companies that violate such regulatory requirements will face severe repercussions.
- Never collude with a competitor, formally or otherwise, in anti-competitive practices such as rigging bids, fixing prices, controlling output, controlling sales volume, or sharing markets.
- Never exploit the company's market dominance to restrict sales prices in transactions between trading partners and third parties.
- Use objective criteria when selecting suppliers and vendors, comparing prices, quality standards, delivery times, supply capacity, after-sale service, and other conditions.
- Never communicate untrue or misleading information to customers.



Ensuring products and services are safe and trustworthy

We always strive to satisfy customers' requirements for safe and trustworthy products and services.

Commentary

- To stay relevant to our customers and the wider societal trends, we must always strive to meet safety and quality expectations by refining every step of the value chain, including development, design, procurement, manufacturing, sales, logistics, and customer services.
- Familiarize yourself with and uphold the regulatory requirements and internal rules applicable to new, as well as to existing, products and services.
- Be as accurate and clear as possible when informing customers about the safety or environmental impacts of a product or service.



Safeguarding Kokuyo Group assets, respecting intellectual property

We appropriately manage,
safeguard, and use Kokuyo
Group's assets, tangible and
intangible, and avoid infringing
the intellectual property of others.

Commentary

- All Kokuyo Group assets, whether tangible and intangible, must be managed in accordance with internal rules to protect them from loss, theft, or unauthorized disclosure. Only use such assets for official business purposes. Never take such assets outside the workplace, or give them to a third party, without authorization.
- Always respect, never infringe, the intellectual property (IP) rights of others. To avoid the risk that a new product or technology infringes IP rights and causes litigation, due diligence must be taken at every step from research & development, through to design, production, and sales.
- Never improperly access or use another person's confidential information.



Proper information management and financial disclosures

We uphold standards of honesty and integrity in our record-keeping and follow proper procedures for managing and reporting information collected or gleaned in the course of business, taking into account the relative importance of the information.

In accounting and financial reporting, we comply with regulatory requirements and internal rules on financial management, accounting, and tax affairs.

Commentary

- Information collected or gleaned in the course of business must never be shared with a third party without undergoing the necessary procedures and obtaining the necessary authorization. The same is true when the information was obtained indirectly. Avoid unnecessarily sharing or discussing such information with colleagues or with someone in another Kokuyo Group company. If the information is particularly sensitive, extra steps must be taken to prevent the information being leaked—electronic data should be encrypted or password-protected and physical documents should be stored in a locked cabinet.
- Record business transactions in accordance with regulatory requirements and company rules and in a way that reflects the facts. Avoid the temptation of sugar-coating, distorting, or concealing information that could embarrass a company or individual.
- Every business transaction is ultimately linked in some way to the financial performance (revenue, profit) of Kokuyo Group and its companies. Therefore, to ensure the accuracy of Kokuyo Group's financial reporting, all accounting processes (e.g., recording sales and purchases, processing expenses and payments, entering information on ledgers or slips) must reflect the facts and comply with regulatory requirements and internal rules.
- A media blunder can have devastating consequences for Kokuyo Group's reputation. Never approach the media or respond to media inquiries about company business on your own without permission from the person or department in charge of PR. Never divulge to anyone or share on social media (or any other kind of media) any confidential information, including: 1) Kokuyo Group earnings before they are officially announced, 2) non-public information about Kokuyo Group (or any of Kokuyo Group's trading partners, negotiating partners, or customers) gleaned in the course of business, 3) information about an unannounced product or service, and 4) information about a technology.



Avoiding conflicts of interests

We avoid conflicts of interest (when an individual's personal interests potentially clash with the interests of the company) or the appearance of such.

When we suspect a conflict of interest, we raise the concern through the usual channels.

Commentary

- In your work, you must act impartially and in the company's best interests. If you suspect a personal interest is compromising, or could potentially compromise, such impartiality, then you should raise the concern through the usual channels.

The following are examples of personal interests that could conflict with the company's interest:

- When someone at their personal discretion serves as a board member or employee of a company outside Kokuyo Group (and therefore has a personal interest in that company).
- When someone at their personal discretion engages in or has some interest in a business transaction that benefits a competitor.
- When someone's family member or friend is party to or mediates a business transaction involving Kokuyo Group.



No insider trading

We never engage in insider trading or insider tipping in relation to the stocks or securities of Kokuyo Group companies or those of any other companies.

Commentary

- Insider trading, broadly defined, involves someone* (or someone's relative or acquaintance) trading in a company's stocks or other securities based on material information (information that could affect an investment decision) that is not yet in the public domain.

In our case, the "someone" means anyone who serves a Kokuyo Group company as a director, member of the company's audit and supervisory committee (or equivalent), non-fiduciary executive (*shikkō yakuin* or equivalent), or senior adviser (*komon* or equivalent), or anyone who works for the company as a regular employee, contract staff member, temporary employee employed by the company or an agency, part-timer, or other worker

- Insider trading is unfair to investors. If your role in the company grants you access to the company's material information or if you have accessed material information pertaining to your duties, never trade in the company's stocks or other securities based on this knowledge before the information in question enters the public domain. Be aware that insider trading is a serious offence and that you may face criminal charges if you engage in it. You may also face criminal charges if you engage in insider tipping—sharing the material information with a third party or inviting a third party to trade in the company's stocks or other securities based on the material information. If you are going to trade in the securities of a company, make sure your transaction complies with regulatory requirements, the Kokuyo Group Rules on Insider Trading, and the internal rules of the company in question, if any such rules are provided.

The following are examples of material, non-public information

- Financial information
- Information about a new technology being researched or developed
- Knowledge that the company will launch or discontinue a business
- Knowledge that the company will issue, purchase, sell, or transfer shares
- Knowledge that losses have occurred in the course of business or that liability has been waived

The rules on insider trading apply to the following companies

- Kokuyo Group companies and Kokuyo Group's trading partners, negotiating partners, and corporate clients



Avoiding inappropriate hospitality and gifts

We never bribe public officials or politicians.

We never give or receive hospitality or gifts in a way that violates regulatory requirements or internal rules or that deviates from business norms.

Commentary

- Many countries impose regulatory requirements related to hospitality and gifts. Many countries have criminalized the offering of hospitality and gifts to politicians and public officials, and a growing number of countries now regard hospitality and gifts as bribery even when they are offered between private-sector parties. The exact nature and scope of the regulatory requirements vary from country to country. If you need to give or receive hospitality or gifts as part of your business activities, proceed with caution—familiarize yourself with the regulatory requirements, internal rules, and your company guidelines, and consult with a superior or the relevant department.
- Never give or receive hospitality or gifts in a way that would violate local regulatory requirements, deviate from generally accepted business customs, or leave the company vulnerable to public accusations of wrongdoing. If possible, inform business contacts in advance that you will decline any such hospitality or gifts.
- Understand that hospitality and gifts are, as a rule, banned between Kokuyo Group companies.



Refusing excessive or hostile demands

We refuse to comply with any demands that are manifestly unreasonable or made in bad faith.

Commentary

- Never comply with any request for a financial transaction that is manifestly unreasonable or made in bad faith (such when someone brings an excessive request for money or goods, magazine subscriptions, or access to meetings).
- Avoid any dealings with organized crime groups, including groups labelled in Japan as “anti-social forces” or any organization that threatens public order or safety or obstructs economic activities.
- Never submit to intimidation, blackmail, or extortion from parties outside Kokuyo Group. If you encounter such behavior, do not try to handle the situation on your own. Instead, consult your superior or the relevant department and follow their advice.