



# COMPLIANCE GUIDE BOOK



RULES



PROCEDURE



REGULATIONS



TRANSPARENCY



REQUIREMENTS



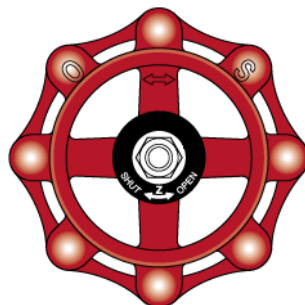
POLICIES



STANDARDS



LAW



## To all KITZ Group members Top Messages on Compliance

**“Truth” which is the strength and the most important value of our KITZ Group, and “Compliance” which is the embodiment of “Truth”**

“Truth” is the “strength” and the most important “value” of KITZ Group. This is clearly shown in the fact that, as you see in this Compliance Guidebook, the top principle within the KITZ Group “Action Guide”, which aims to realize “KITZ’ Statement of Corporate Mission”, is “Do it True”. Accordingly, the most immediate priority of our operation is to “promote compliance management” which in turn will cause our corporate missions to materialize.



**Makoto Kohno**  
**President & CEO**  
**KITZ Corporation**  
(Chairperson of C&C Control Committee)

**To weather the intense competition in stormy oceans called “Global Market”**

Business activities can be compared to a voyage in the ocean. A ship called “KITZ Group” is in the middle of the ocean known as the “Global Market”, and we are entering a sea change leading to the next generation. The universal philosophy that supports the voyage must be “Truth”, and the practical embodiment of this philosophy is compliance management. Any company that cannot develop fair business practices will lose the trust of the market and eventually be unable to survive the competition leading them to sink to the deep bottom of the ocean. In particular, in the recent compliance management context, we are requested to comply with the relevant laws and regulations as well as to meet the social expectations behind those laws and regulations. When it comes to “nurturing corporate integrity”, compliance management is of the greatest importance and is plain common sense in the world where companies that cannot implement compliance management in practice will be dumped and excluded.

**Consider the value of “sincerity, integrity, fairness and high transparency” to be our action guide like a compass, think of everything we are facing “as our own issue,” and behave and act on our own initiatives while disciplining ourselves.**

In the conventional way of thinking, the term “compliance” could have a passive meaning. In other words, individuals are “compelled” to comply with relevant laws, regulations and established rules whether or not they clearly understand the background or the implied meanings of them. However, individuals who have such a passive way of thinking cannot conquer the ocean of global business where people are required to make timely judgments in complex, multifaceted, uncertain and changing situations.

First and foremost, we would like you to consider the values of “sincerity, integrity, fairness and high transparency” as your action guide like a compass, and use them more than before when you think by yourself about such questions as “What is the morally correct conduct in this situation?” or

“What does society expect us to do in general?” Then, if you are still unable to make a confident decision in a situation, you should consult your supervisors or related sections. With the help of those people, we would like you to pluck up the courage to voice your concerns, think of an appropriate alternative, and be willing to break a deal or halt an action if necessary. We hope that you think of everything that you are facing “as your own issue” and that you foster these values and raise the awareness of importance of compliance throughout the KITZ Group, rather than being compelled by someone else or the company you joined to do so.

**Work as one unit to meet the expectations of the global community, and aim to be an organization that continues to flourish for a hundred years and more.**

The KITZ Group marked its 70th anniversary in 2021. We believe that compliance management is vitally necessary for us to celebrate our 100th anniversary in 30 years and pass the baton to our successors so that we can continue our business sustainably in the future. If each and every one of us chooses an appropriate yardstick and a right path to move forward and the KITZ Group continues to be assessed as a sincere organization, there is no doubt that the satisfaction level of our customers and other stakeholders will increase accordingly. Let us work as one unit to further promote our compliance management, meet the expectations of all stakeholders and overcome stormy oceans called the global market while working together with the global community.



## キッツ宣言

*KITZ' Statement of Corporate Mission*

わたしたちは、  
流体制御技術と材料開発で社会インフラを支え、  
ゆたかな地球環境と持続可能な未来を創造していきます

*We strive to build a robust global environment and  
sustainable future by supporting societal infrastructure  
through our advancements  
in fluid control technologies and materials.*

## 長期経営ビジョン

*Long-term Management Vision*

Beyond New Heights 2030

「流れ」を変える

*Change the 'Flow'*

## 行動指針

*Action Guide*

Do it **KITZ** Way

- Do it True (誠実・真実)
- Do it Now (スピード・タイムリー)
- Do it New (創造力・チャレンジ)

**KITZ**

## **Basic Policy and Slogan on Sustainability**

The KITZ Group has promoted sustainability management to realize "KITZ' Statement of Corporate Mission", which expresses the KITZ Group's corporate philosophy. Under the KITZ Group Long-term Management Vision for the period through 2030, which we plan to announce in 2022, all employees will work together in practicing sustainability management as the core of our management strategy. As the roadmap for doing so, the Basic Policy on Sustainability was formulated and approved by the Board of Directors in December 2021. The Slogan on Sustainability is a guidepost for all KITZ Group employees to realize the Basic Policy on Sustainability.

## **Basic Policy on Sustainability**

To realize "KITZ' Statement of Corporate Mission", which expresses the KITZ Group's corporate philosophy, we will work toward the following:

1. Strive to increase both corporate value and social value by delivering solutions to social challenges through our businesses
2. Be an enterprise that deserves society's trust, through realizing efficient, fair, and transparent, highly ethical corporate management
3. Build unshakeable relations of trust through dialogue with all stakeholders

## **Slogan on Sustainability**

Create the Future

The KITZ Group will act and take on challenge without fear or change and create a new future aimed at realizing recycling-based society which is friendly to the earth and people.

Preserve the Future

The KITZ Group will continuously protect the earth's finite resources and people's lives and will work to realize a society in which we can preserve things for the next generation.

# Introduction

## 1. Purpose of this Guidebook

This Guidebook contains the basic rules that all members of KITZ Group companies around the world (including directors, officers, employees (irrespective of employment types), and dispatched employees; collectively, "Members") are expected to practice from a compliance standpoint.

## 2. Scope of Application

The "KITZ Group Compliance Code of Conduct" and other statements contained in this Guidebook apply to all Members who work for KITZ Group companies around the world.

## 3. How to use this Guidebook

- (1) This Guidebook can be used as a textbook for compliance training by Legal department, as a guide for each KITZ Group company's departments to read together, or as a guide for each individual to read through, focusing on sections that may be particularly relevant to your own work.
- (2) The following are the key points for reading in each department and for each individual.
  - ① Please be sure to read the "Top Messages on Compliance" as it explains the significance and importance of compliance management in KITZ Group as viewed by the top management of KITZ Group.
  - ② "KITZ' Statement of Corporate Mission", "Action Guide" and "KITZ Group's Sustainability Commitment and Slogan" describe the values that the KITZ Group and each of its Members should share, the direction we should pursue, the action guidelines for that direction, and the position of compliance management. Please also read these sections.
  - ③ "Compliance Case Studies" section introduces the seemingly difficult topic of compliance through examples that are familiar to everyone.
  - ④ Please refer to the list of key points of "KITZ Group Compliance Code of Conduct" on page 11 and check the codes related to your own work with particular emphasis on **those parts in red**. If you are a manager, please make sure that you read the entire codes and not just the red sections so that you can fully understand KITZ Group compliance management.
  - ⑤ Please refer to the "Compliance Helpline" at the end of this Guidebook to ensure that you understand the existence of such contact points and to refer to it when you need to consult or report.

## 4. Notes

- ① All statements contained in this Guidebook are based on applicable laws and regulations currently (2022) in effect. The statements contained in this Guidebook are therefore subject to change due to an enactment or abolishment of laws and regulations in the future. Please also note that some statements contained in this Guidebook may be subject to different conclusions under law(s), regulation(s) and/or rule(s) in certain country(ies) and/or region(s) having different and/or additional legal or quasi legal requirement(s).
- ② This Guidebook will, as a rule, be published in an electronic data format. If you download this Guidebook, you will be required to delete the file when you leave a KITZ

Group company you have joined. If you exceptionally receive a hard copy of this Guidebook, you will be required to return the document to the human resources section of KITZ Corporation or the KITZ Group Company that you joined when you leave.

- ③ The copyright to this Guidebook shall remain vested in KITZ Corporation. (Copyright © 2022 KITZ Corporation. All Right Reserved.)

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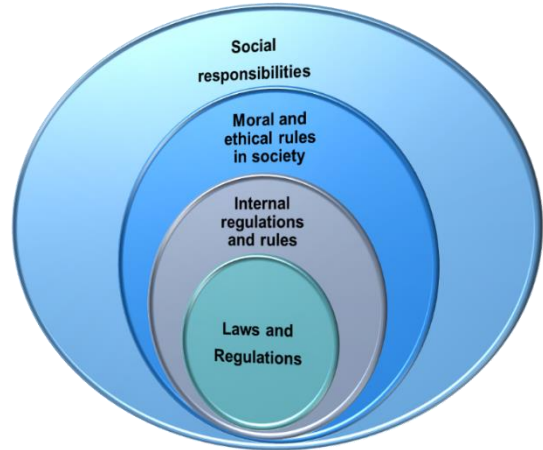
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## “Compliance” in KITZ Group

### Definition of “Compliance” as used by KITZ Group

“To comply with laws and regulations as well as internal regulations and rules, in addition to the moral and ethical rules of society; to meet the expectations from society; and to conduct corporate activities in a fair and equitable manner while establishing credibility and trust.”

If a company only complies with laws and regulations but breaches its internal rules or the moral rules of society, the company will be recognized as unfair, be reproached by society, and eventually dumped and excluded from the market.



## “Compliance” as defined by KITZ Group; To meet the expectations of our stakeholders



“Stakeholders” means interested persons or entities that will be affected by the corporate activities of a company. For example, stakeholders include customers, users, employees, shareholders and business partners. In our definition, “stakeholders” also includes local communities, administrative agencies, financial institutions, mass media, and the general public at large. If each of us “advances forward by choosing the right way using the right standard” and KITZ Group as a whole is recognized as a sincere corporate body, the level of satisfaction of all our customers and other stakeholders will increase accordingly.

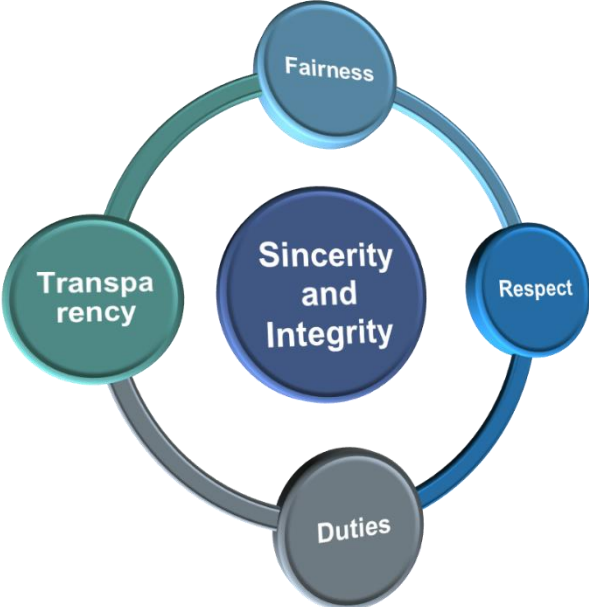


**“Compliance” as defined by KITZ Group**  
**Ask yourself when you are not able to draw a quick conclusion**

“If we can get this project, our sales and profits would increase, but are we obtaining the project in a fair way?”  
 When you cannot draw a quick conclusion from a compliance standpoint, please stop once and ask yourself from the five perspectives contained in the right figure:



**“Compliance” as defined by KITZ Group**  
**KITZ Group’s Compass for Action to be taken**



Suppose that you feel that “something is wrong with my action” after you have posed the question to yourself.  
 If this is the case, you are expected to think over the issue by yourself using KITZ’ compass in deciding upon the action to be taken.  
 After you have this question and answer in your mind, if you have ultimately reached a conclusion that “this point in my action or decision could be wrong”, you are expected to take an action, such as “consulting with your supervisor or related section personnel”, “finding the courage to voice your concern”, “thinking out an appropriate alternative”, and “break a handle or halt an action, if appropriate”.

## Think of a compliance issue as “your own issue” Case studies of familiar compliance issues

You may think that compliance issues or legal issues are difficult ones and nothing to do with you. However, there are compliance related risks present in many everyday situations that you will likely be faced with.

The following are examples of compliance-related issues that may be common in many countries or in KITZ Group companies. Note that these examples are fictitious scenarios in fictitious companies.

Imagine that you are the person in the following fictitious scenarios. As you read over the scenarios and think about the issues, think of the issues “your own issues” while also considering the following questions: **“What is the problem?”**, **“What viewpoint is vital in this situation?”**, **“If I face this situation, what should I do?”**. These are examples to help you clearly visualize and understand the compliance issues.

### <Ten Cases to Help you Think of Compliance Issues>

- [Case1] You failed to wear protective equipment.
- [Case2] You drew a conclusion that there was no problem because certain products meet industrial standards while they fail to meet internal standards.
- [Case3] You had a chat with a competitor’s personnel about the price increase of products.
- [Case4] Your company sold products made in Country C but held them out to be products made in Country D.
- [Case5] Your company moved certain machine tools to a factory of its subsidiary located in another country without fully examining relevant issues.
- [Case6] You sent a Christmas card and a gift to the purchasing personnel of your company’s customer.
- [Case7] You shared personal information that you received from users in a trade show, with group company(ies) located in any other country(ies).
- [Case8] You used photographs or drawings of a product contained in a webpage or catalogue of a competitor company.
- [Case9] You posted information that you obtained in the course of your work on a social media platform.
- [Case10] A group company committed a scandal.

#### **[Case1] You failed to wear protective equipment.**

You did not wear protective equipment specified by the company in accordance with the established procedures because it was very hot that day and you performed your job without protective equipment.

**What is the problem with this from a compliance perspective?**

Key point: **Complying with safety and sanitation regulations in your workplace could be the most familiar and important compliance-related issue you face.**

Explanation: Each one of us should comply with safety and sanitation regulations at the workplace and be sensitive to the signs of risk always during the performance of every day work duties so that we can prevent the occurrence of an accident or labor-related disaster. This could be the most familiar and important example of compliance-related issues for us. In other words, if you work without an accident or any compliance-related problems each day, you have successfully met the expectations of the company, your colleagues and, most importantly, your family.

Ref: Compliance Code of Conduct, Our Pledge: No. 4 (on page 14 and 15)

**[Case2] You drew a conclusion that there was no problem because certain products meet industrial standards while they fail to meet internal standards.**

Mr. A, who works on the production line of a steel material manufacturer, discovers that some of the manufactured steel in front of him fails to meet internal standards. However, he gives a tacit nod of approval and sends the steel material to the successive production line because, in part, he was under severe pressure from customers and the sales section of the company to meet the delivery deadline. He thought to himself: "The internal standards of the company are much stricter than the industrial standards"; "It's OK because the steel meets the industrial standards even though it fails to meet the internal standards", and "Neither our customers nor anyone in the company would notice that the steel does not meet our internal standards, and if I stop the production line, that would be bad for both the customers and the company."

**The steel materials meet industrial standards but fail to meet the internal standards. What is the problem with this?**

Key point: **"Compliance" as defined by KITZ Group requires us to comply with both internal rules and laws and regulations, as well as meet society's expectations and gain its trust!**

Explanation : "Compliance" as defined by KITZ Group means: "To comply with relevant laws and regulations as well as with internal regulations and rules, in addition to also complying with the moral and ethical rules in the society; to meet the society's expectations; and to establish credibility and trust by conducting corporate activities in a fair manner. In the case study above, although the products met industrial standards, if you disregard the internal standards established by the company, you would betray the expectations and trust of your customers, users and colleagues in the company. If you encounter such a situation, you should not reach a decision on the quality of the product only by yourself and you should instead "stop the work / call your supervisor or quality control section personnel and wait for their decision". Then, after engaging in discussions, you should make an appropriate decision in conformance with the internal regulations and rules.

Ref: Compliance Code of Conduct, Our Pledge No. 8 (on page 18)  
Our Pledge No. 10 (on page 19 and 20)  
Our Pledge No. 13 (on page 21 and 22)

**[Case3] You had a chat with a competitor’s personnel about the price increase of products.**

When Ms. B who is a sales section manager of a machine tool manufacturer happened to see a sales section manager of a competitor in a trade show, they had a chat regarding the possible price increase of products amid the difficult market conditions. Ms. B just wanted to see if she could get some details on the competitor’s pricing plans and she did not intend to do any act that could be deemed to be “cartel activity” or to make any promise to increase prices in concert.

**[Ms. B’s internal voice:] I did not intend to make a deal with the competitor about a coordinated price increase, and I believe that one of important tasks of a sale section manager is to obtain information on the competitor’s intentions. It is hard for me to believe that the above conduct could be considered a compliance problem.**

Key point: **You should in no event have a chat or conversation with a competitor regarding product prices, amount of supply, or anything of the like!**

Explanation: The act of increasing or making arrangements for product prices in concert with a competitor is prohibited by the anti-competition laws (or anti-trust laws) of many countries. Coordinating pricing in this way is akin to forming a “cartel” which constitutes an illegal act. You should refrain from committing actions (even having a chat) that may give an erroneous impression of price fixing or cause any similar misunderstanding.

Ref: Compliance Code of Conduct, Our Pledge No. 8 (on page 18)

**[Case4] Your company sold products made in Country C, but held them out to be products made in Country D.**

Your company was supposed to export products made in Country C to Country D for sale. Your company, however, received strong requests from distributors in Country D that the products be presented as products made in Country D rather than Country C because users in Country D tend to purchase products made in their own country. In order to make the products appear as if they were made in Country D, your company then conducted a simple assembly operation with the products in Country D (attaching exterior covers to the products), performed a shipment inspection and attached an inspection certificate to the products. Afterwards, your company sold and distributed the products as “products made in Country D”.

**We conducted assembly work, even if it was a simple one, and then performed an inspection. We fulfilled our customers’ requests. What is the problem with this?**

Key point: **You must correctly determine and display the place of origin based on the reality of the situation!**

Explanation: When you determine and then indicate and/or display the country of origin for products or parts, you must comply with laws, ordinances and regulations of the respective countries and localities relating to customs duties and the indication of country of origin.

Even if you are requested by distributors, the act of indicating that products which were substantially made in Country C as products made in Country D cannot be tolerated because doing so deceives the consumer.

By contrast, if it would be difficult to determine the country of origin based on the reality of the situation, for example, if main parts are manufactured within Country C while substantial fabrication and assembly operation using the parts were conducted in Country D, you should make a careful decision after investigating laws, ordinances and regulations of the relevant country or local community.

Ref: Compliance Code of Conduct, Our Pledge No. 8 (on page 18)

**[Case5] Your company moved certain machine tools to a factory of its subsidiary located in another country without fully examining relevant issues.**

Your company sold certain machine tools (specialized automatic processing machines) that your company had used in a factory located in Country E, to a subsidiary of your company located in Country F as part of production unification initiatives, and your company physically moved the machine tools to a factory located in Country F.

**This is just a transfer of machine tools within the same company group. What is a problem with this?**

Key point: **Such a transfer of a machine tool from one country to another may be subject to security regulations or export-import trade control!**

Explanation: If the relevant machine tools are special tools that can be used to partially manufacture weapons, there may be cases where such transfer may be subject to approval or notification requirements under security regulations or export-import trade controls of the relevant country. Please also note that any items or information other than products and technical information may be subject to such security regulations or export-import trade controls.

Ref : Compliance Code of Conduct, Our Pledge No. 12 (on page 21)

**[Case6] You sent a Christmas card and a gift to the purchasing personnel of your company's customer.**

Mr. G, sales manager of an equipment manufacturer, has long and conventionally sent a Christmas card and a gift to the purchasing manager of a semi-governmental company of gas (i.e., a customer which is a partially state-owned enterprise). Mr. G has inherited this practice from his predecessor because the predecessor said that competing companies seem to have conducted the same practice.

**Mr. G, Sales Manager, would like to continue this business practice because competitors have done so. What is a problem with this?**

Key point: **You must be careful not to contravene bribery regulations when you want to give a gift to or entertain public officials!**

Explanation: When you give a gift (namely, a gift of money or goods) to public officials or entertain

them, you must carefully determine whether the gift is appropriate in advance and follow the necessary internal procedures or report to supervisors on this matter even if the amount of the gift is minor and within the scope of general courtesy. Especially, in the above instance, if a gift be sent to a purchasing manager of a public corporation who could have the status of a public official, then the above gift could be subject to bribery regulations. Even if a person who will receive the gift is a private customer rather than a public official, such conduct may still be subject to bribery regulations in some countries or under local regulations.

Ref: Compliance Code of Conduct, Our pledge No. 6 (on page 17)

**[Case7] You shared personal information that you received from users in a trade show, with group company(ies) located in any other country(ies).**

You received personal information and email addresses contained in the business cards that you received from many users at a trade show held in a European country. You then shared that information with group companies around the world, and such information was used for sending direct-mails and for other marketing and sales purposes.

**I made efforts to obtain such user information. What is the problem with this?**

Key point: **Any use of personal information for any purpose other than the original purpose for which we obtained it, any transfer of such information to another country, or any use of such information in another country may be subject to strict regulations and penalties!**

Explanation: You cannot use any personal information on any person for marketing or sales including the purpose of the direct mail, unless you have explained the purpose to such person. Starting with the implementation of the General Data Protection Regulation (“GDPR”) in EU, many countries around the world have established rules regarding the transfer or the use of personal information outside the country or region of origin. A breach of such regulations or rules may be subject to extraordinary penalties.

Ref: Compliance Code of Conduct, Our pledge No. 18 (on page 24)

**[Case8] You used photographs or drawings of a product contained in a webpage or catalogue of a competitor company.**

Ms. H, who works at the marketing section of a machine tool manufacturer, used photographs and drawings of a program contained the webpage or catalogue of a competitor company without permission to create presentation materials.

**Ms. H thought that every company does this to each other. What is the problem with this?**

Key point: **You are not permitted to use any copyright work of others without consent!**

Explanation: The act of using the copyright work of others (such as photographs or drawings) without consent constitutes an infringement on their copyright. In particular, if such

use of the competitor's copyright work is discovered, such competitor company may attack your credibility for the unauthorized use and bring a lawsuit against you and the company.

Ref: Compliance Code of Conduct, Our pledge No. 17 (on page 23 and 24)

**【Case 9】 You posted information that you obtained in the course of your work, on a social media platform.**

Mr. I who works at a prototype creation section of a raw materials manufacturer is currently in charge of the production of space-use heat-resistant raw materials for the Aviation and Space Agency of certain country. One day, he excitedly posted on his personal social media account: "Today, we visited a facility of the Aviation and Space Agency of certain country and were exceptionally permitted to enter the building used for conducting rocket experiments. Our prototype was examined there in front of the Agency researchers; and this gave me a profound feeling of pride for my company and myself". In doing so, he would like to share his excitement with his private friends.

**He did so out of his sense of pride rather than out of malice. What is the problem with this?**

Key point: **You must not post about anything that you see or hear during the course of your job on social media!**

Explanation: Customer information may be subject to the contractual confidentiality obligation with the customer. Even in the absence of such contract, Mr. I is subject to confidentiality obligation regarding information he obtains during his job under the rules of employment or similar regulations.

Ref: Compliance Code of Conduct, Our pledge No. 18 (on page 24)

**【Case10】 A group company committed a scandal.**

The "Voyage Group" which is a company group of automobile parts manufacturers has built trust from the market by having supplied high-quality parts under the common "Voyage brand". However, it was revealed that J-Company, one of the Voyage Group companies, has fabricated test data. Because of this, K-Company and L-Company, both are members of the Voyage Group, subject to the cancellation of the orders from its customers (namely, various automobile manufacturers).

**Members who work at K-Company and L-Company within the Voyage Group put their heads into their hands, saying "The company that committed the scandal is J-Company; we have worked with sincerity; why us?" Why did many customers cancel the orders to K-Company and L-Company?**

Key point: **Group companies are in one boat, which share the same destiny! Group companies act in concert when float or sink!**

Explanation: Even if one company within a corporate group commits a scandal, the community or market may reprimand the corporate group as the whole, and the creditworthiness of the total corporate group decreases as a result of the scandal. If the corporate group uses a common brand, the possibility will be high. All Members of the KITZ Group must understand that the “group companies are in one boat, which share the same destiny” and must take heed not to have this ship sink in the water as a result of any dangerous act (namely, a compliance violation) by one group company, one section or one of the Members (as a crew of the boat).

Ref: Compliance Code of Conduct, Our pledge No. 2 (on page 13)



## Our pledges as members of the global community KITZ Group Compliance Code of Conduct

The “KITZ’ Statement of Corporate Mission” is the corporate mission statement that indicates the foundation for the operation of KITZ Group. The “Action Guide” shows the desirable way for Members to do certain things.

**“KITZ Group Compliance Code of Conduct” establishes the code of conduct (our common pledges) which applies to all Members of KITZ Group based on the principles of “Sincerity, Integrity, Fairness and High Transparency”.**

When we take action, we will do so in line with the code of conduct while being keenly aware of our responsibilities as the members of the global community and will meet the expectations of all stakeholders including our customers.

### <Our 20 Pledges>

1. We will think and act independently while being keenly aware of our responsibilities as the members of the global community.
2. We will be keenly aware of our responsibilities as the Members of a KITZ Group company.
3. We will respect the human rights of every individual, prevent any acts of harassment, and not encourage or use forced labor or child labor.
4. We will create and maintain a healthy and secure workplace.
5. We will protect the environment on the earth.
6. We will not commit any act of bribery or other corrupt acts.
7. We will keep a due and proper relationship with the political or administrative matters.
8. We will sincerely respond to our customers and conduct our sales activities in an appropriate manner.
9. We will conduct appropriate research and development activities.
10. We will manufacture our products in an honest way.
11. We will respond fairly to our business partners.
12. We will properly comply with the import-export, security, and trade control laws and regulations.
13. We will take a due care to ensure the safety of our products.
14. We will not have any relationship with organized crime groups or other anti-social forces.
15. We will comply with conflict-of-interest rules; we will dedicate ourselves to performing our respective duties; and we will protect company property.
16. We will not engage in any insider transactions.
17. We will protect our intellectual property rights.
18. We will protect confidential information and personal information; and we will properly use social media.
19. We will use our systems and information equipment in a proper way.
20. We will conduct accounting and tax processes, prepare and maintain documents and disclose information in a proper way.

<List of key points to be checked in the Compliance Code of Conduct by job category>

(Mark : ◎⇒Very Important, ○⇒Important)

Our Pledge	Production Division	Technology Division	CS Division	Sales Division	Administration Division	IT Division
1. We will think and act independently while being keenly aware of our responsibilities as the members of the global community.	◎	◎	◎	◎	◎	◎
2. We will be keenly aware of our responsibilities as the Members of a KITZ Group company.	◎	◎	◎	◎	◎	◎
3. We will respect the human rights of every individual, prevent any acts of harassment, and not encourage or use forced labor or child labor.	◎	◎	◎	◎	◎	◎
4. We will create and maintain a healthy and secure workplace.	◎	◎	◎	◎	◎	◎
5. We will protect the environment on the earth.	◎				○	
6. We will not commit any act of bribery or other corrupt acts.	◎	○	○	◎	○	○
7. We will keep a due and proper relationship with the political or administrative matters.					◎	
8. We will sincerely respond to our customers and conduct our sales activities in an appropriate manner.				◎		
9. We will conduct appropriate research and development activities.	○	◎	○			
10. We will manufacture our products in an honest way.	◎	◎	○			
11. We will respond fairly to our business partners.	◎	○	○	◎	○	○
12. We will properly comply with the import-export, security, and trade control laws and regulations.	◎			○	○	
13. We will take a due care to ensure the safety of our products.	◎	◎	◎	○		
14. We will not have any relationship with organized crime groups or other anti-social forces.	◎	◎	◎	◎	◎	◎
15. We will comply with conflict-of-interest rules; we will dedicate ourselves to performing our respective duties; and we will protect company	◎	◎	◎	◎	◎	◎
16. We will not engage in any insider transactions.	○	○	○	○	◎	○
17. We will protect our intellectual property rights.	◎	◎			○	
18. We will protect confidential information and personal information; and we will properly use social media.	◎	◎	◎	◎	◎	◎
19. We will use our systems and information equipment in a proper way.	○	○	○	○	○	◎
20. We will conduct accounting and tax processes, prepare and maintain documents and disclose information in a proper way.					◎	

## Our Pledge No. 1:

We will think and act independently while being keenly aware of our responsibilities as the members of the global community.

**We will be keenly aware of our responsibilities as the members of the global community and think and act on an independent basis and with the principles of sincerity and integrity in all business aspects, and we will be a company trusted by all stakeholders including our customers.**

### (Our Pledges)

- ① We will comply with laws and regulations, our internal regulations and rules as well as the moral and ethical principles of the communities in which we operate. We will meet the expectations of the global community and operate fair corporate activities through which we can receive trust from the society at large.
- ② With moral and ethical sincerity, we will think “What is expected of us?” and “Is the conduct ethical?” We will act with integrity and will use the ethical principles of fairness and high transparency as our compass.
- ③ We will not pursue our sales or other interests if any conduct would be in breach of the pledges made in (1) and (2) above. We will not allow or permit anyone to conduct themselves in breach of the above pledges even if the individual or individuals claim that such actions are for “the benefit of the company” or that they are “instructed by their supervisor” or make any other similar claims.
- ④ If we cannot make a confident decision in a given situation, we will behave and act on our own initiatives in a disciplined manner, and we will have a consultation with our respective supervisor or related section personnel. We will find the courage to voice our concerns, be able to think of an appropriate alternative, and be willing to break a deal or halt an action and cure the problem, if appropriate.
- ⑤ We will grow out of the “seeing the world from our own country’s viewpoint” and will instead “see the world at large and understand that our own country is a part of the world”, so that we can work as one to live together in the global community.
- ⑥ We will comply with laws, regulations and rules in each country or region when we conduct our business activities there. In addition, we will contribute to society and develop the economy in the country or region while also respecting the peoples, cultures, local practices and history.
- ⑦ At each business office in each country, we will be keenly aware of our responsibilities as members of the local community and contribute to society and the development of the economy.

## Our Pledge No. 2: We will be keenly aware of our responsibilities as the Members of a KITZ Group company.

**Each of us will be keenly aware of our responsibilities as a Member of KITZ Group and perform our duties as directors, officers, managers and employees, respectively.**

### (Our Pledges)

- ① Every single day, each of us will engage in the respective job on our own initiatives and with an independent spirit. We will perform all of our tasks, even small ones, conscientiously and will continue, without any fear of failure, creating and making changes and transformations.
- ② We will be keenly aware of our responsibilities as members of a community sharing the same destiny under the common signboard of the “KITZ Brand”, and we will remember that any scandal caused by any KITZ Group companies, or any member of a KITZ Group company, has the possibility to damage the reputation of KITZ Group as the whole.
- ③ Directors and officers will, on their own initiatives at the head of the company or organization they join, make efforts to promote the compliance management, strengthen corporate governance and promote risk management initiatives so as to ensure that the company or the organization can operate in a swift, effective, sound, highly transparent and sustainable manner. If any compliance related issue arises, the directors and officers will determine the appropriate steps that need to be taken to resolve the issue.
- ④ Managers will take the initiative in fully understanding KITZ Group compliance management and provide guidance to their junior staffs and if any compliance related issue arises, managers will resolve to address the issue in conformance with the company’s policies. Managers will encourage their junior staffs to participate in a variety of compliance training sessions held by the company.
- ⑤ Employees will, on their own initiatives, participate in the variety of compliance training sessions held by the company to deepen their understanding of compliance issues. If they have a question in mind regarding any particular case or cases, they will, on their own initiative, consult with their supervisor or related section personnel.
- ⑥ In our own private lives outside of the company, we will do everything we can to not deface the common “KITZ Brand” signboard.
- ⑦ While driving a car, irrespective of whether for business or personal use, we will always comply with the traffic laws and regulations and drive carefully and safely respecting the lives of the other individuals on the road or roadside. We will not: (a) dangerously or unsafely drive a car such as by drink-driving / drunk-driving, use a mobile phone while driving, commit speeding violations, running red-lights which may cause damage to life or property or injure people; nor will we (b) cause trouble to other people such as by parking unlawfully. We will also not cause any other person to do any of the above.

### **Our Pledge No. 3:**

**We will respect the human rights of every individual, prevent any act of harassment, and not encourage or use forced labor or child labor.**

**We will respect the human rights of every individual and will not conduct any harassing or discriminating acts. We will not encourage or use forced labor or child labor.**

#### **(Our Pledges)**

- ① We will treat everyone with respect within or outside of the company.
- ② We will respect the human rights, character, and privacy of all individuals and acknowledge that every individual has worth and value.
- ③ We will not conduct any discriminating act, utter any discriminating words or conduct any violent acts (including violent acts using words or which otherwise inflict mental distress) based upon reasons of race, nationality, sex, sexual orientation, gender identity, gender expression, religion, creed, handicap, disease, age, official position or anything similar.
- ④ Irrespective of whether within or outside the company, we will never conduct any harassing acts of any nature, such as “sexual harassment” and “power harassment”, with the understanding that such conduct will cause damage to the dignity of the counterparty.
- ⑤ We will not use forced labor or child labor and will not engage in any transactions with any company which, directly or indirectly, is involved in such activities.

### **Our Pledge No. 4:**

**We will create and maintain a healthy and secure workplace.**

**We will create and maintain a healthy and secure workplace, and, under such circumstances, each of us will grow together with the company / organization and with our colleagues with eagerness and pride. In this way, we will improve the values of human resources, which constitute the core of the corporate value.**

#### **(Our Pledges)**

- ① We will make efforts to create and maintain a “well-ventilated (or good atmosphere) workplace” where supervisors, junior staff and colleagues are free to discuss all topics.
- ② We will make efforts to maintain our mental and physical health every single day, and everyone (including supervisors, junior staff and colleagues) will pay attention to and talk with each other, and give assistance to each other so as to reduce each other’s sufferings and troubles.
- ③ We will comply with labor-related laws and regulations and ensure our labor management practices are in compliance with same.
- ④ We will comply with safety and sanitation-related laws and regulations and promote the creation and maintenance of a safe and sanitary workplace.
- ⑤ In the workplace, we will comply with laws and regulations as well as internal safety rules. Each of us will always be sensitive to the signs of risk during the performance of our everyday work, and any risk discovered will be dealt with by us as a united force.

- We will further take steps to prevent any accident or labor-related disaster from occurring.
- ⑥ In the workplace, we will comply with sanitation management rules and make efforts to prevent the spread of any infectious or contagious disease such as new types of influenza or new types of corona viruses.
  - ⑦ We will comply with internal rules such as those indicated in the relevant manuals regarding the measures to be taken in case of a disaster, a fire or natural disaster. In addition, each of us will, each day, be vigilant in preventing accidents or disasters.
  - ⑧ We will create and maintain a workplace where the autonomy and creativity of the Members are highly valued, and we will respect the values and character of the Members to maximize their personal abilities and to produce good results.
  - ⑨ We will objectively and fairly evaluate Members based on their capabilities and performance, and we will create and maintain a friendly workplace where trust will be fostered between the company, the personnel conducting the evaluation and the personnel subject to the evaluation.
  - ⑩ We will respect the work form of each Member taking account of major events in his/her personal life. We will establish internal systems that properly address the above.
  - ⑪ We all fully understand that harassment of any type in the workplace has the possibility to hurt the dignity of workplace colleagues and to worsen the workplace environment. None of us will commit any act of harassment, nor will we cause or allow junior staff or colleagues to do so, and will not allow supervisors or anyone else to do so.
  - ⑫ Directors, officers and managers will create and maintain a fair and decent workplace environment where no harassment or discrimination occurs. If such an act is uncovered, directors, officers and managers will immediately take appropriate steps to give relief to the victims and to prevent such harassment or discrimination from occurring in the future. The privacy of the victims and those providing information about harassment or discrimination will be protected.
  - ⑬ We will, as a rule, abolish the practice of empty formalities, and we will not exchange gifts between Members of KITZ Group companies and we will not exchange anything similar to gifts.
  - ⑭ If a Member comes to know of any actual or threatened act which is in breach of laws or regulations, or in any other compliance violation, then he/she will not leave the matter as it is nor will he/she conceal such an actual or threatened act, and will instead consult with his/her supervisor or related section personnel, or report to the company on the matter using the Compliance Helpline, etc., to ensure that such matter can be resolved early. The company and we will not treat any Member unfavorably for whistle-blowing except in cases of malicious reporting.

## Our Pledge No. 5: We will protect the environment on the earth.

**In order to contribute realizing a decarbonized society, we will make efforts to promote the saving of natural resources and energy based on the keen understanding that a company has the social obligations to, on its own initiative, protect the global environment, and reduce the environmental impact in all our business operations by, for example, developing and providing environmentally friendly products and services, reducing or reusing waste products, and protecting the environment.**

### (Our Pledges)

- ① We will comply with environment-related laws and regulations (for the preventing of pollution, treatment of waste products, management of chemical products, and energy conservation), international environmental standards such as environment management systems (EMS) and our own environmental policies, and we will, on our own initiatives, make efforts to preserve the environment.
- ② We will strengthen our business ventures related to environmentally conscious products and services, and we will provide such products and services to the society at large and to our customers.
- ③ We will make efforts to purchase low-environment-impact supplies.
- ④ We will, on our own initiatives, promote energy efficiency, as well as save, reuse and recycle natural resources in all our business activities to help prevent global warming, and will efficiently utilize natural resources.
- ⑤ We will make efforts to develop a manufacturing process through which the amount of waste products or the like will decrease, and we will develop a process to lower the environmental impact from the treatment of waste products. We will also be responsible for the final disposal of waste products while complying with related laws and regulations.
- ⑥ We will make efforts to reduce the emissions of chemical materials and greenhouse gases.
- ⑦ We will conduct the environmental audit on a regular basis and will immediately cure any non-conformance and will take measures to prevent the recurrence of such.
- ⑧ We will disclose information regarding our efforts and activities related to the protection of the environment in a proper manner.

## Our Pledge No. 6: We will not commit any act of bribery or other corrupt acts.

**We will comply with the laws and regulations of each country regarding the prohibition of bribery and we will strictly exclude any bribery or corruption.**

### (Our Pledges)

- ① We will not, directly or indirectly, give or receive a bribe or make any commitment or offer to do so.
- ② We will not give a gift (namely, a gift of money or goods) to public officials nor entertain them for the purpose of receiving specific favors. Even if the purpose is not intended for improper gain and the amount of the gift or the entertainment is minor and within the scope of general courtesy, we will comply with the laws and regulations of each country, carefully determine whether the gift or the entertainment is appropriate in advance and follow the necessary internal procedures or report to supervisors on this matter.
- ③ We understand that a gift or an entertainment given to business partners in addition to public officials could be restricted under certain local law(s) and/or regulation(s) in any country or region, and we will comply with such law(s) and regulation(s) as well. When we give a gift to business partners or entertain them, they will be moderate and within those allowed under the social rules, and we will carefully determine whether the gift or the entertainment is appropriate in advance and follow the necessary internal procedures or report to supervisors on this matter.
- ④ When we give money or goods as a farewell gift, congratulatory gift, condolence gift or anything similar, we will comply with the laws and regulations of each country and the gift will be moderate and one allowed under the local practice or social rules to avoid a misunderstanding that such gift is a form of bribery.
- ⑤ We will request that any individuals or entities acting on behalf of a KITZ Group company or our business partners comply with laws and regulations regarding the prohibition of bribery.

## Our Pledge No. 7: We will keep a due and proper relationship with the political or administrative matters.

**We, as a corporate body, will be open and fair regarding political or administrative matters and will always strive to maintain openness and high transparency regarding political or administrative matters.**

### (Our Pledges)

- ① Political activities (e.g. political contribution, lobbying activity, etc.,) conducted by KITZ Group companies must be in accordance with the laws and regulations of each country and relevant internal regulations and procedures.
- ② No KITZ Group company will, in connection with an electoral campaign, force Members to express his/her support of a certain politician; attend a speaking engagement at a company; or give assistance to the electoral campaign.



## **Our Pledge No. 8: We will sincerely respond to our customers and conduct our sales activities in an appropriate manner.**

**We will always comply with laws and regulations related to our business transactions and will provide our products and services by conducting sales activities fairly. In addition, we will, with sincerity, listen to the voices of our consumers, users and distributors of our products, and we will deal with them in good faith.**

### **(Our Pledges)**

- ① Each of us will always take action strictly based on the customer or user's point of view.
- ② We will conduct our sales activities fairly while complying with relevant economy-related laws and regulations such as anti-monopoly/anti-trust laws, and we will never engage in any illegal activity such as price fixing, bid-rigging, or placing restraints on resale prices.
- ③ We will comply with applicable laws, regulations and rules established by the authorities in connection with public sector business transactions. In particular, we will not interfere with the bidding process, make arrangements for accepting orders, entertain or give gifts to the related authorities or officials, or divulge or disclose to any third party any confidential information that we may obtain from the related authorities or officers.
- ④ We will not obtain any third party's trade secrets in an illegal manner and we will not spread any incorrect or false information that may damage the business reputation of a competitor.
- ⑤ We will not offer an arbitrary discount, rebate or commission or something similar without following the proper internal payment procedures.
- ⑥ In connection with our advertising activities, we will not use any words or expressions that may defame or libel any third party (including competitors) or which may have a socially discriminatory meaning; and we will not emphasize the superiority of our products by creating a document that compares the performance of our products or services with that of a competitors in an inappropriate way or without objective substantiation.
- ⑦ We will comply with applicable customs laws and any applicable laws and regulations of each country or region in connection with the determination and indication of the country of origin of products and parts, and we will display the correct country of origin.
- ⑧ We will always strive to understand the customers' and users' needs and to conceive useful products and services for our customers and users, and supply such products and services in a timely manner and at an appropriate price.
- ⑨ We will conduct business transactions with all customers in a fair and impartial manner and under the proper terms and conditions.
- ⑩ We will always listen to the voices of our customers and carefully consider their requests, consultation, complaints and opinions with sincerity, and will endeavor to meet their expectations as much as possible.
- ⑪ We believe that information based on our customers' opinions, needs and complains, etc., is useful for our business activities, and when we receive such information, we will promptly relay that information to the related development section, quality assurance section or other related sections and will take proper measures.

## **Our Pledge No. 9: We will conduct appropriate research and development activities**

**In conducting our research and development activities, we will comply with the moral codes of our technical personnel under which technical personnel must dedicate themselves to conducting fair and correct research and development activities. We will also comply with moral codes related to research, development and testing as well as comply with all laws and regulations applicable to same. We will, always, have due consideration for the safety of our personnel and for the preservation of the environment; study, from every possible angle, the way in which our customers use our products and services; and create products and services useful for the society at large.**

### **(Our Pledges)**

- ① We will always listen to the voices of the market and, on our own initiative, take action to correctly and swiftly understand our customers' needs.
- ② We will research and analyze our products' usefulness and safety from various angles. We would, for example, consider the manner in which our products are implemented or environment under which our products are used.
- ③ We will conduct our research and development activities fairly and accurately, while complying with all applicable laws, ordinances, regulations, standards, guidelines, etc.
- ④ We will develop our products and services with the aim of improving the safety of our consumers.
- ⑤ We will develop products and services that may contribute to the preservation of the environment, or which may save natural resources and energy.
- ⑥ When we act jointly or work together with a research and development third-party partner, we will perform our contractual obligations in good faith and duly consider both parties' interests.
- ⑦ We will do our due diligence to best to ensure that we do not infringe on any third party's rights such as intellectual property rights.
- ⑧ We will protect the know-how that we develop by establishing our legal rights.
- ⑨ We will correctly record and display the experiment data of our products and raw materials.
- ⑩ We will create product specifications and handling manuals that pay due heed to the appropriate wording and layout of caution / warning messages and ensure that they are easy to understand and read.
- ⑪ We will make efforts to transmit our technologies and techniques to the next generation.

## **Our Pledge No. 10: We will manufacture our products in an honest way.**

**We will comply with laws and regulations related to manufacturing and will manufacture high-quality products that satisfy our customers. In addition, we will make ceaseless efforts to bring about technological innovation and improve our technological strength and streamline our technology infrastructure, and we will make efforts to transmit our accumulated technologies and techniques to the next generation.**

### (Our Pledges)

- ① We will make efforts to improve production efficiency and reduce costs, and we will construct a system to manufacture products in a timely manner and at a reasonable cost.
- ② We will comply with all related laws, ordinances and regulations related to manufacture and quality control of products.
- ③ We will not ship any products that are not in conformity with the specifications or quality of the products specified by our customers or any products that are not in conformity with the official and our internal standards.
- ④ We will not overlook any irregularity discovered in the manufacturing process.
- ⑤ We will make efforts to bring about technological innovation and improve our technological strength and streamline our technology infrastructures.
- ⑥ We will assign the highest priority to the safety of our workers.
- ⑦ We will comply with the specifications and quality indicated in supply contracts with our customers.
- ⑧ We will make efforts to transmit our technologies and techniques to the next generation.

## Our Pledge No. 11: We will respond fairly to our business partners.

**We recognize that our raw materials and parts suppliers, subcontractors, maintenance companies, shipping companies and many other suppliers are important business partners and we will build a relationship of trust with them through impartial and fair business transactions.**

### (Our Pledges)

- ① In purchasing products, parts, materials and equipment, we will comply with laws and regulations and not conduct any act which may unduly disadvantage our business partners, to conduct trade fairly.
- ② In conducting business transactions, we will treat all suppliers in good faith and with sincerity and in a fair and impartial manner.
- ③ When we decide upon a supplier, we will choose the most appropriate supplier after conducting a fair comparison and estimation of several suppliers based on our established criteria such as the quality, price, service, delivery deadline, stability of supply, environmental and safety considerations, as well as the ability to develop technological strength and the soundness of the business operation.
- ④ In selecting or evaluating suppliers, we will not exercise any leverage to give an advantage or disadvantage to a particular supplier(s).
- ⑤ We will recognize that, like our suppliers, maintenance companies, distribution companies and many other suppliers are important business partners and we will build relationships of trust with them through impartial and fair business transactions.
- ⑥ If we are offered entertainment or a gift from a supplier, we will only accept the same if it is within the scope of social common sense and healthy commercial practice as we recognize the possibility that this could put us a position that may compromise our judgement or influence our decision in the selection of suppliers or determination of prices

in the future. In addition, if such entertainment or gift is beyond social common sense, or if a Member is unable to draw a quick conclusion, he/she will consult with his/her supervisor and refuse to accept or return the same without delay.

## **Our Pledge No. 12: We will properly comply with the import-export, security and trade control laws and regulations.**

**We will comply with laws and regulations related to the international and domestic transportation of goods, as well as comply with foreign currency exchange and security trade control regulations in relation to our distribution in addition to regulations dealing with the export and import of products and other goods. Further, we will adopt more efficient and low-cost distribution methods.**

### **(Our Pledges)**

- ① We will strive to choose distribution methods that environmentally friendly and energy efficient.
- ② We will ensure efficient means of distribution.
- ③ In connection with importing and exporting, we will comply with the laws, ordinances, regulations and guidelines related to foreign currency exchange and security trade control and will follow the required procedures.
- ④ We will be mindful of regulations to which we are not a direct party, such as financial regulations relating to conflict zones (e.g. OFAC regulations) and mineral trading regulations relating to conflict zones (Dodd-Frank regulations), and will endeavor to take appropriate measures.

## **Pledge No. 13: We will take a due care to ensure the safety of our products.**

**We have made the safety of our products and services a top priority because we, as a manufacturer, believe that we have a social responsibility to pursue the safety of our products.**

### **(Our Pledges)**

- ① We will comply with laws, regulations and guidelines in all the processes we are involved in, including the development, design, manufacture, sale and distribution of our products and services.
- ② We will establish and comply with our own standards if no laws, regulations or guidelines have been established by the competent authorities or regulatory bodies.
- ③ We will pursue the goal of safety in all processes including development, design, manufacture, sale and distribution, so as not to cause damage to the life or body of individuals due to a defect in our products or services.
- ④ We will, always, listen to the voices of the market, the customers and the users and will,

on our own initiative, improve our products and services to increase their safety.

- ⑤ In order to prevent any accident due to any misuse of a product, we will prepare and display operation manuals and warnings of our products in an easy to understood manner so that users can correctly understand the content.
- ⑥ Should a defect in a product be discovered, we will promptly make the necessary information disclosure and take other steps necessary to mitigate the damage. In order not to repeat the same or similar incident, we will try to determine the cause of the incident and take the necessary steps to prevent the recurrence of such incident, including making improvements to the product.

**Our Pledge No. 14:  
We will not have any relationship with organized crime groups or anti-social forces.**

**We will reject any relationship with any organized crime groups or anti-social forces (collectively “anti-social forces”) that bring threats to the order of the community and the sound business operation of companies. We will not: have any relationship with any groups engaged in any illegal or anti-social activities; surrender to their threats or menace; accept any demand by such anti-social forces.**

**(Our Pledges)**

- ① We will refuse any involvement with any anti-social forces, and we will not surrender to their threats or menace.
- ② We will not purchase anything from any anti-social force; we will not support any anti-social forces’ activities; we will not provide any anti-social forces with our services; we will not give or offer any anti-social forces money or goods; neither will we give or offer any anti-social forces any other benefit which may promote their activities.
- ③ We will closely cooperate with the local communities, police and other administrative agencies in excluding anti-social forces from any of our business activities.

**Our Pledge No. 15:  
We will comply with the conflict-of-interest rules; we will dedicate ourselves to performing our respective duties; and we will protect company property.**

**In performing our respective duties, we will, always, think about the interests of the company and will not engage in any activities that may be contrary to the interests of the company and contribute to the interests of ourselves as Members. During working hours, we will dedicate ourselves to performing our respective duties assigned by the company; we will always think about the true interests of the company; and we will not commit any act that could lead to a loss or damage to the company’s reputation, property or interests.**

### (Our Pledges)

- ① We will devote ourselves to our duties and will not engage in any activity that could lead to a conflict of interest between the company and ourselves as Members.
- ② We will not use our position or authority within the company, or information obtained in the course of our duties to benefit ourselves or any third party.
- ③ We will not take part in any activity that may compete with the company's business activities without the permission of the company.
- ④ We must properly protect and use the properties (both tangible or intangible) and funds of the company to achieve the company's business purposes, and we will not mix private and public matters by, for example, misappropriating the company's properties or funds for a private purpose.
- ⑤ Within KITZ Group companies, we will not solicit anyone to join a political or religious body or request anyone to cast a vote for a political party or political candidate or conduct any other political or religious activities without the company's permission.

### Our Pledge No. 16: We will not engage in any insider transactions.

**If we come to know of any undisclosed material facts of the company or its business partners, etc., that may affect an investment decision, we will not purchase or sell any shares of stock, etc., issued by the company, business partners or any other relevant companies (the so-called "insider transactions") and will not divulge such information to any third-party including family members.**

### Our Pledge No. 17: We will protect our intellectual property rights.

**We will encourage development of innovative technologies, know-how, products, raw materials, services and business models, and we will protect such innovations and be sure to acquire and exploit the relevant intellectual property or similar rights. We will, in addition, not infringe on any right (such as intellectual property rights) owned by any third party during the process of our business operations.**

### (Our Pledges)

- ① We understand that intellectual property rights are important assets of the company and will make efforts to acquire and exploit intellectual property rights in an appropriate manner and to monetize the intellectual property rights so established.
- ② We will not engage in activities to develop, manufacture or distribute any product which would infringe on any third party's intellectual property rights.
- ③ We will take decisive measures against any third party's infringement on any patent rights, design rights, trademark rights, copyrights or any other intellectual property rights owned by any of the KITZ Group companies.
- ④ We will not copy, use or share any computer software application that we have purchased

without the proper authorization of the copyright holder.

- ⑤ We will not make any unauthorized reproduction, reprint or quotation of any copyrighted work in such a manner that may infringe on the rights of the copyright owner.

**Our Pledge No. 18:**  
**We will protect confidential information and personal information; and we will properly use social media.**

**We will strictly take custody of and manage any information that the company treats as confidential (including trade secrets, technical know-how, and other material confidential information and personal information) and any third-party's confidential information and personal information that we may obtain or come to know during the operation of our business activities. Without due permission, we will not disclose or divulge such information to any third party or any employee who does not need to know same, and we will not use same for any purpose other than the original purpose for which we obtained it.**

**(Our Pledges)**

- ① We will strictly manage and keep the company's information confidential, whether currently employed or after retirement, and will not divulge such information to any third party and will not use such information improperly.
- ② The Company will not improperly obtain from a Member confidential information which the Member is contractually bound to keep confidential including the confidential information of a company the Member previously worked at.
- ③ We will collect and use personal information in an appropriate way and in accordance with the laws and regulations of each country. We will strictly manage any collected personal information in accordance with the laws and regulations of each country and in accordance with our internal regulations, and we will not needlessly divulge such personal information to any third party outside of or within the company.
- ④ If we obtain any confidential information of a customer or business partner under a contract or in any other legitimate manner, we will properly manage such information as confidential and will not divulge the same to any third party outside of the company in an improper manner and will not use the same for any purpose other than the permitted purpose.
- ⑤ If we use any forms of social media, privately or otherwise, we will not divulge any information that we may have obtained during our business activities or any personal information or the like and we will not post or send any information which may cause anyone to misunderstand the company. We will, further, not post or send any information that may defame or slander a competitor or any other third party. When we use social media for business purposes, such as advertisement and marketing, we will follow the necessary internal procedures and use the same in a proper manner, in addition to complying with those provided in the above sentence.

**Our Pledge No. 19:**  
**We will use our systems and information equipment in a proper way.**

**We will protect and properly use any system used by the company to achieve its business purposes. We will not use such systems for any purpose other than the purposes permitted by the company and will not hack the computer system, destroy, alter or change any data in the system or use any computer software on the system without permission.**

**(Our Pledges)**

- ① We will only use the information equipment (such as personal computers, tablets, information storage media, mobile phones) which was loaned to us or specified by the company to perform the work for the company, and we will not use or connect any personal-use information equipment without permission of the company.
- ② We will not use any information equipment of the company for private use or for any purpose outside of the work for the company.
- ③ We will use any information equipment used for the work for the company in a proper way in accordance with internal rules.

**Our Pledge No. 20:**  
**We will conduct accounting and tax processes, prepare and maintain documents and disclose information in a proper way.**

**We will duly record, maintain and manage our business records whether in form of paper documents or in any other format such as electronic media. We will maintain corporate high transparency and duly disclose necessary information in a timely manner to ensure that KITZ Group's corporate activities are understood by the society at large. We will correctly and properly disclose the company's financial and operational information to our shareholders and investors in conformance with applicable laws and regulations.**

**(Our Pledges)**

- ① We will duly record any events or background information which may have affected the making of our final decisions.
- ② We will not unduly alter, conceal or delete any documents or computer data.
- ③ We will duly manage documents and computer data so as not to lose or destroy same. We will keep custody of the same for the period and in the manner as specified by applicable laws and regulations and the company's document custody regulations or dispose of the same after the specified time period expires.
- ④ We will disclose in a timely and appropriate manner information that is genuinely needed by the community, except for trade secrets and information which we are obliged to treat as confidential under a contract.
- ⑤ We will give full consideration to the environment and safety conditions during the operation of a business office, and we will, on our own initiative, disclose the information necessary for the business activities.
- ⑥ Through our public relation department, we will, on our own initiative, disclose accurate



information regarding our business activities which is indispensable to our customers, business partners, employees, shareholders, investors and local communities, etc., to improve our brand values.

- ⑦ We will develop our sincere public relations activities based on objective facts.
- ⑧ We will ensure that all of our advertisements are based on facts. In our advertisements, we will not use any expression that may imply social discrimination, be slanderous or defamatory or use any expression that may cause damage to an individual or use any expression relating to politics or religion.
- ⑨ If anyone other than personnel working in the public relation department contacts any media or securities analyst, or someone in a similar position, and discloses corporate information to such individual or entity, such person must obtain advanced approval from the head of the public relation department.
- ⑩ We will disclose accurate and appropriate corporate information and conduct proactive investor relations (IR) activities to deepen our shareholders' and investors' understanding of our business operations.



## C & C Control Committee

### **[Regarding C&C Control Committee]**

The Board of Directors of each KITZ Group company has established a Crisis & Compliance (“C&C”) Control Committee. The C&C Control Committee is an organization which: decides on a policy to manage any operational risk (or potential risk) from a breach of laws or regulations or any other compliance violation or occurrence of major disaster or the like (“risk management”); and duly and speedily responds to such crisis once they occur, in order to minimize any influence to the community and the management of the company.

### **[C&C Control Committee’s Efforts to Promote Compliance]**

In accordance with C&C Control Committee Regulations, the C&C Control Committee in each KITZ Group company: deliberates on the following agenda items regarding the promotion of compliance; establishes necessary policies; implements specific measures; and makes recommendations:

- ① Establish the basic policy for the improvement and operation of the compliance promotion programs;
- ② Establish the basic policy on the preparation and improvement of the Compliance Guidebook;
- ③ Establish the basic policy on the implementation of compliance education;
- ④ Take measures to address cases of compliance violation (including researching the facts, investigating the cause; determining measures to help prevent a recurrence of the incident and implement such measures; review of the measures previously taken);
- ⑤ Establish, amend or abolish any internal regulations or rules established for the promotion of compliance; and
- ⑥ Address any other matters necessary for the promotion of compliance.

### **[Members of KITZ C&C Control Committee and Members of C&C Control Committee of each KITZ Group company]**

In accordance with C&C Control Committee Regulations, the C&C Control Committee of KITZ and each other KITZ Group company consists of the President & CEO (as the Chairperson) of the company and several other members.

## Compliance Helpline

“Compliance Helpline” is a whistle-blowing system established by the respective C&C Control Committee of KITZ and other KITZ Group companies in order to promote compliance management. If you find any act that constitutes a compliance violation and you find it difficult to consult with your supervisor or related section personnel, you are encouraged to notify the following Compliance Helpline of the case or consult with the Compliance Helpline.

Compliance Helpline (Whistle-blowing system)	
Eligibility	<p>All employees working at a KITZ Group company:</p> <ul style="list-style-type: none"> <li>① irrespective of the form of employment and including dispatched workers.</li> <li>② subject to any difference and/or exception due to any specific employment contract forms or any specific legal requirement under the labor-related laws and regulations in each country.</li> </ul>
You are encouraged to notify if you find or come to know:	<ul style="list-style-type: none"> <li>① An act of another employee constitutes a breach of applicable laws or regulations;</li> <li>② An act of another employee constitutes a breach of any material provision of any internal regulations;</li> <li>③ An act of another employee constitutes any other compliance violation;</li> <li>④ Any act mentioned in ①, ② or ③ may occur;</li> <li>⑤ You are not confident whether an act of another employee applies to any of ①, ② or ③; or</li> <li>⑥ You would like to consult regarding any matter mentioned in ①, ② ③, ④ or ⑤.</li> </ul>
Notified to:	<ul style="list-style-type: none"> <li>① KITZ</li> <li>② Each KITZ Group company</li> <li>③ Legal Practitioners</li> </ul>

## **[Regarding the protection of whistle-blower (prohibition of disadvantageous treatment; confidentiality) ]**

### **1. (Prohibition of disadvantageous treatment to the whistle-blower)**

**No whistle-blower will receive any disadvantageous treatment** for a reason that he/she notified or consulted with the Compliance Helpline in good faith.

### **2. (If a whistle-blower receives any disadvantageous treatment from other employees)**

If a whistle-blower receives any disadvantageous treatment from any other employee for the reason that he/she notified or consulted with the Compliance Helpline, he/she may again notify or consult with the Compliance Helpline.

### **3. (Order to stop any disadvantageous treatment)**

When C&C Control Committee of KITZ or KITZ Group company determines that a whistle-blower received disadvantageous treatment, the C&C Control Committee will issue an order to the employee who did such an act to immediately stop so doing. If the whistle-blower incurs damage due to such disadvantageous treatment, the C&C Control Committee will take steps so that the whistle-blower recovers the damage.

### **4. (Confidentiality regarding a whistle-blower)**

All personnel who are involved in any whistle-blowing must treat as confidential: the name of the whistle-blower, the department that the whistle blower belongs to, information which would identify him/her, the details of the facts so notified, the results of the investigation, and any other information related to the whistle-blowing and the party receiving the whistle blower's report will **take all steps to protect the privacy of the whistle-blower**. The whistle-blower must treat as confidential: the details of the facts so notified, the investigation results, the measures taken and any other information he/she obtained from the Compliance Helpline and must not, as a rule, disclose such information to any third party.

## **[Steps to be taken]**

If an individual ("whistle-blower") discovers a compliance violation and notifies or consults with the Compliance Helpline, then the following steps will be taken:

### **1. (Anonymity)**

**As a rule, the whistle-blower must disclose the name of the company that he/she works for, his/her name and department in which he/she works** when he/she makes a whistle-blower report. Please note that, if strongly requested, the Compliance Helpline will accept the notification or consultation under anonymity, however, in such case, it may be difficult for the C&C Control Committee of KITZ or a KITZ Group company to investigate the case, take remedial measures, or notify the whistle-blower of the investigation results.

### **2. (Treatment of notified facts and consultation)**

If the C&C Control Committee of KITZ and a KITZ Group company receives a notification or consultation from a whistle-blower, the Committee will investigate the facts based on the notification. If the investigation reveals a compliance violation, the Committee **will take the necessary steps to cure the violation, mitigate the loss and prevent a recurrence of the incident or the like**. Within one year after such steps are taken to cure the violation, the Committee will investigate as to whether such violation has occurred again and, if necessary, will take steps to prevent the recurrence of such incident.

### 3. (Notification to the whistle-blower)

If C&C Control Committee of KITZ and a KITZ Group company finds it necessary to provide the whistle-blower with notice, the Committee **will notify the whistle-blower** of the investigation results, steps taken and any other information in a manner specified by the whistle-blower through the Compliance Helpline.



- ① Concrete facts related to a compliance violation
- ② The name and department of the individual who is believed to have committed a compliance violation (“Violation”), and the department within which the Violation occurs
- ③ The reason as how the whistle-blower came to know of the Violation
- ④ Any other information regarding the Violation
- ⑤ (If the whistle-blower discloses his/her name) The manner in which they wish to receive notification from the Committee regarding the investigation results



- ① **(Compliance Helpline of KITZ or a KITZ Group company)**  
The Compliance Helpline of KITZ or a KITZ Group company will promptly report the content of the whistle-blower report received to the C&C Control Committee of KITZ or a KITZ Group company, as the case may be.
- ② **(Compliance Helpline of Legal Practitioners)**  
The Compliance Helpline of Legal Practitioners will promptly report the content of the whistle-blower report received, to the KITZ Compliance Helpline.

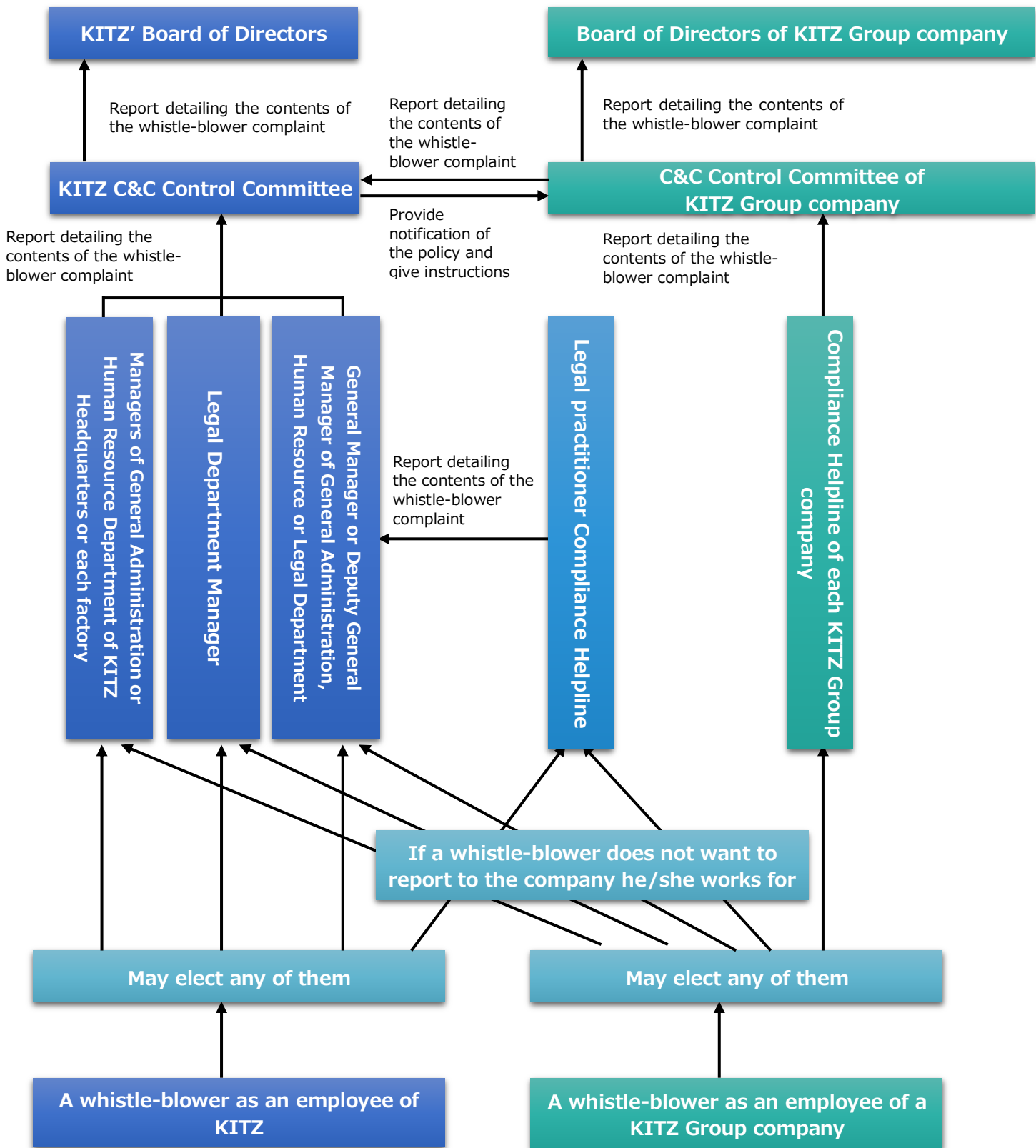


- ① The C&C Control Committee of KITZ or a KITZ Group company will investigate the facts based on the whistle-blower report (personnel nominated by the Chairperson of each C&C Control Committee (namely, President & CEO) will investigate the facts.)
- ② C&C Control Committee of KITZ or a KITZ Group company will cure the Violation and take the steps required to prevent the recurrence of such incident.
- ③ If the C&C Control Committee of KITZ or a KITZ Group company deems it necessary, then it will notify the whistle-blower of the investigation results and steps taken in the manner specified by the whistle-blower through the Compliance Helpline.

### 4. (Disciplinary Action)

Members who committed a violation of compliance and/or any rule of the Compliance Helpline may be subject to disciplinary action in accordance with the company’s relevant regulations and rules, and/or may also be subject to punishment in accordance with relevant laws and regulations, in light of the nature and circumstances of the violation .

**[Overview of Compliance Helpline of KITZ Group]**



# “Questions & Answers” about Compliance Helpline



Q-1

What type of notification or consultation will be accepted by the Compliance Helpline?

A-1

The Compliance Helpline of the KITZ Group will accept your notification or consultation:

- ① If you saw or heard about an act which was in breach of laws or regulations;
- ② If you saw or heard of an act of which was in breach of any material internal regulations.
- ③ If you saw or heard about an act which was (or threatening to be) in compliance violation.

Q-2

There are several Compliance Helplines. Can I report to or consult with any Compliance Helpline?

A-2

You may contact whichever Compliance Helpline you prefer.

As a general rule, an employee of the KITZ Group company is supposed to report to or consult with the Compliance Helpline of the company they belong to. However, the employee may choose KITZ’s Compliance Helpline if the person feels it would be difficult to report to or consult with the Compliance Helpline of the company the person belongs to or if the person is unable to do so for any reason, then the person may use the KITZ’s Compliance Helpline. However please be sure to report to or consult with KITZ’s Compliance Helpline and Legal practitioner Compliance Helpline in either Japanese or English, and report to or consult with Compliance Helpline of each KITZ Group company in the language(s) specified by the company.

Q-3

When I report to or consult with the Compliance Helpline, am I required to disclose my name?

A-3

When you report to or consult with the Compliance Helpline, you will be, as a rule, required to disclose the name of the company you work for, your name (as a whistle blower), and the department you belong to, to facilitate the investigation of the facts and steps to be taken. If a whistle blower strongly requests, the Compliance Helpline may receive the report and consultation under anonymity, however, it may be difficult for the company to fully investigate the facts, take steps, and notify the whistle-blower of the investigation results.

Q-4

When I report to or consult with the Compliance Helpline, is there a risk that any third party may come to know that I made the report? Is there a risk that I would be disadvantaged because I did so?

A-4

Any information disclosed to the Compliance Helpline will only be disclosed to a minimum number of personnel who are required to investigate the facts and take steps to address the breach, and the party receiving the whistle blower's report will take all possible steps to protect the privacy of the whistle-blower. Any disadvantageous treatment for the reason that an individual reported to or consulted with the Compliance Helpline is prohibited, and any person who breaches this prohibition will be subject to disciplinary sanction.

Q-5

When I report to or consult with the Compliance Helpline, what should I report?

A-5

When you report to or consult with the Compliance Helpline, you are supposed to disclose the following information to facilitate the investigation of the facts and steps to be taken.

- ① Detailed facts of the compliance violation ("Violation")
- ② The name of the person who committed the Violation and the name of the department he/she belongs to or the name of the department in which the Violation occurred
- ③ How did you come to know the Violation?
- ④ Any other information regarding the Violation

If you disclose your name when you report to or consult with the Compliance Helpline, the manner you would like to receive communications from the Compliance Helpline regarding the investigation results.



**Q**<sup>-6</sup>

**If I report to or consult with the Compliance Helpline, please let me know the procedures to be taken.**

**A**<sup>-6</sup>

When you report to or consult with the Compliance Helpline, the following procedures will in general be taken, but subject to change on a case-by-case basis. Please be of note that in all cases, the consideration will be given to **the privacy of the whistle-blower and any disadvantageous treatment will be prohibited.**

A notification is accepted:	<ul style="list-style-type: none"><li>◆ <b>(KITZ Compliance Helpline or Compliance Helpline of a KITZ Group company)</b> The detailed information so notified will be promptly reported to the C&amp;C Control Committee of the company.</li><li>◆ <b>(Legal Practitioner Compliance Helpline)</b> The detailed information so notified will be promptly reported to KITZ Compliance Helpline.</li></ul>
Investigation will be conducted:	<ul style="list-style-type: none"><li>◆ C&amp;C Control Committee of the relevant company will consider the reported information and determine whether an investigation should be conducted and whether any steps should be taken in response to the reported information.</li><li>◆ Personnel appointed by the Chairperson (namely, President &amp; CEO) of the C&amp;C Control Committee of the relevant company will investigate the facts regarding the reported information</li><li>◆ The investigator will promptly investigate the facts in an appropriate manner to ensure that the whistle-blower cannot be identified</li><li>◆ Any employee who is subject to the investigation is prohibited from concealing or distorting the facts or from making a false response or concealing evidence or committing any other illegitimate acts or omissions.</li></ul>
Steps to be taken:	<ul style="list-style-type: none"><li>◆ If the C&amp;C Control Committee of the relevant company determines that there is a compliance violation as a result of the investigation, the Committee will take any remedial steps it sees fit</li><li>◆ After such remedial steps are taken, the C&amp;C Control Committee of the relevant company will take further steps to prevent the recurrence of the incident, if necessary</li></ul>
Notification to the whistle-blower	<ul style="list-style-type: none"><li>◆ The C&amp;C Control Committee of the relevant company will, if deemed necessary, notify the whistle-blower of the investigation results and the steps taken, etc., in a manner specified by the whistle-blower and through the Compliance Helpline. Please note that if the whistle-blower reports to or consults with the Compliance Helpline anonymously, the Committee may be unable to notify the whistle-blower of such information.</li></ul>

**KITZ**  
KITZ CORPORATION



**KITZ Valves,  
link to the future.**