

Kyokuto Kaihatsu Group Code of Conduct

Department in Charge: CSR Department

Established: April 1, 2021

Revised: April 1, 2024

1. Basic stance toward our social responsibilities

Corporate activities of the Kyokuto Kaihatsu Group are supported by all stakeholders including our customers, suppliers, shareholders, local communities, and employees. In order to realize sustainable society, we respect, and sincerely respond to, these stakeholders' needs and expectations through our sound and ethical corporate activities in compliance with laws/regulations, social norms, international rules, our management philosophy, and our internal rules.

We will provide information required by stakeholders in timely, appropriate, and effective manners, and also endeavor to disclose such information fairly and transparently to fulfill our accountability:

- ① promoting corporate activities toward realization of sustainable society;
- ② respecting all kinds of human rights;
- ③ preventing and alleviating any harmful impacts from the Company;
- ④ endeavoring continuously to improve the corporate performances as well as the performance of our entire value chain;
- ⑤ promoting fair and transparent information disclosure; and
- ⑥ contributing to development of the Company and society through our continuous improvement efforts.

2. Basic stance toward our customers

The Kyokuto Kaihatsu Group regards our customers' safety and sense of security as our top priority and provides quality products and services. We will also endeavor to create new values through our incessant R&D initiatives to meet not only the customers' explicit needs and expectations but also those implicit in society, so that we can contribute to realization of sustainable society:

- ① ensuring that our customers can feel safe and secure in all aspects of product design, production, and after-sale services;
- ② providing universally user-friendly products;
- ③ preventing environmental pollution generated from manufacture, use, and disposal of products, including procurement of components, to reduce environmental loads; and

- ④ not being engaged/involved in any product uses that may end up in acts threatening social order, including conflicts and military struggles.

3. Basic stance toward human rights

For diverse stakeholders with different values and ways of thinking to cooperate with each other to create common value toward realization of a sustainable society, it is crucial to respect each other's differences: recognizing and accepting differences will lead to mutual understanding, and ultimately realize development and advancement of the entire society;

in all aspects of our business activities, the Kyokuto Kaihatsu Group respects internationally recognized norms concerning human rights, including “the Universal Declaration of Human Rights” and “the UN Guiding Principles on Business and Human Rights”:

- ① respecting basic human rights in all corporate activities, including recruitment and treatment of workers, and eliminating all discriminatory words and deeds toward socially vulnerable groups of people, including discrimination due to sexes, ages, family backgrounds, races, creeds, religions, social status, nationality, races, sexual preferences, sexual identity, and handicaps;
- ② acknowledging diverse individual senses of value and respecting privacy of each person;
- ③ prohibiting any kind of harassment;
- ④ prohibiting any kind of forced labor, without a worker's consent, etc.;
- ⑤ prohibiting any kind of child labor involving children younger than the legally prescribed minimum age of employment, established by each country/region;
- ⑥ incorporating due diligence systems for human rights and properly managing risks associated with human rights; and
- ⑦ endeavoring to establish systems that can prevent infringement on human rights; if any human-right violation occurs, taking prompt actions to correct and alleviate the situations through internal, external contact offices, etc.

4. Basic stance toward workers(*)

Abiding by the fundamental principle that protection of safety and health precedes everything else, the Kyokuto Kaihatsu Group strives to create a safe and healthy work environment for everyone working for the Group.

We also promote a work style based on the work-life balance by creating a workplace in which each person can work with self-initiative and a sense of fulfillment:

- ① promoting creation of safe, healthy, and rewarding working environments by

assessing and appropriately managing occupational health and safety risks and improvement opportunities;

- ② eliminating hazards and reducing occupational health and safety risks;
- ③ providing equal opportunities for autonomous career development and skill development of employees;
- ④ making fair and impartial evaluations;
- ⑤ promoting efforts toward work-life balance; and
- ⑥ collaborating with workers to resolve problems through constructive discussions.

(*) Workers here mean those working, or engaged in labor-related activities, under the management of the Kyokuto Kaihatsu Group.

5. Basic stance toward handling of environmental issues

The Kyokuto Kaihatsu Group's corporate activities, products, and services affect natural environment in many ways, as they use diverse resources and energy.

We believe that environmental protection is a corporate responsibility and an important management issue, and will, in all of our business situations, voluntarily and energetically promote activities aimed at passing on a better global environment to the future generations:

- ① actively addressing environmental issues and pursuing a recycling-oriented society;
- ② aiming at development of technologies conducive to global environmental conservation;
- ③ making proper arrangements for pollution prevention, contamination avoidance, and energy conservation;
- ④ striving to reduce environmental impacts throughout entire product lifecycles;
- ⑤ striving to implement proper management of chemical substances and other environmentally hazardous materials used in business activities;
- ⑥ striving to maintain a sustainable global environment in consideration of biodiversity; and
- ⑦ identifying, and responding to, risks and opportunities from climate change.

6. Basic stance toward fair and lawful corporate activities

The Kyokuto Kaihatsu Group complies with laws, regulations, and corporate ethics in all our business activities, both domestically or overseas, and responds fairly and equitably to all needs of the stakeholders. Furthermore, as a member of society, we strive to be always trusted by society through fair corporate activities:

- ① observing social norms and corporate ethics;
- ② complying with all relevant laws and regulations, including antitrust laws,

import-export laws, and competition-related laws;

- ③ abiding by rules established by relevant industries and local communities;
- ④ complying with internal regulations;
- ⑤ prohibiting provision of entertainment and gifts to public officials (including semi-public officials) and maintaining sound relations with them;
- ⑥ not making illegal political donations;
- ⑦ eliminating all relations with anti-social forces and rejecting all unfair demands and illicit transactions;
- ⑧ respecting intellectual property rights of others, including patents, copyrights, and trademarks; and
- ⑨ making efforts to correct any violations as soon as possible, and taking strict measures.

7. Basic stance toward tax matters

The Kyokuto Kaihatsu Group conducts its accounting operations in accordance with generally accepted accounting principles, understands tax laws and regulations of each country, and processes tax-related work in accordance with laws/regulations and international standards:

- ① complying with accounting standards and tax laws applicable in each country and properly disclosing the Group's tax-related affairs and business activities;
- ② making efforts to improve efficiency of our tax-related work by utilizing available tax benefits;
- ③ employing external experts, including tax accountants to respond properly to differences in opinions and simultaneously minimize taxation-related risks;
- ④ not engaging in tax avoidance without economically justifiable reasons, including transferring profits to light-taxation countries and tax-haven regions; and
- ⑤ using prices based on the arm's length principle for international transactions between Group companies.

8. Basic stance toward preservation of corporate assets

The Kyokuto Kaihatsu Group conducts corporate activities by utilizing not only its own assets but also various tangible and intangible assets that it retains through contracts with customers, suppliers, and business partners. The Kyokuto Kaihatsu Group strives to protect these various assets from external attacks and threats, including natural disasters, as well as damages, losses, and leakages in our daily operations:

- ① actively and effectively utilizing company assets;

- ② using company assets only for business execution and justifiable causes, and prohibiting any unauthorized uses; and
- ③ managing corporate assets properly so as not to erode their values.

9. Basic stance toward information management

Leakage of personal information, customer information, technical information, management information, information about other companies, etc. obtained through business activities, to external parties, whether intentionally or negligently, will cause substantial harm to the relevant stakeholders. The Kyokuto Kaihatsu Group endeavors to manage information properly while assuming all conceivable situations:

- ① recognizing the importance of personal information, complying with laws and regulations applicable to its management for collection, use, and disposal, and handling it properly;
- ② prohibiting activities intended only to bring personal gains, including insider trading based on publicly undisclosed information obtained through job-related circumstances; and
- ③ recognizing the importance of intellectual properties, and striving to protect and utilize them.

10. Basic stance as a corporate citizen

Each company must play a role as a member of society. Recognizing its role as a public entity, the Kyokuto Kaihatsu Group actively engages in social contribution activities as a good corporate citizen, and fosters a corporate culture that values those activities. We will also actively engage in activities to deepen mutual understanding and build trust with society in order to achieve harmonious coexistence with society:

- ① respecting various historical and cultural implications and customs of society;
- ② promoting activities that contribute to cultural and economic development of society; and
- ③ striving to develop harmonious coexistence with local communities.

Any revision of these provisions in whole or in part shall be decided at the Management Meeting.

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