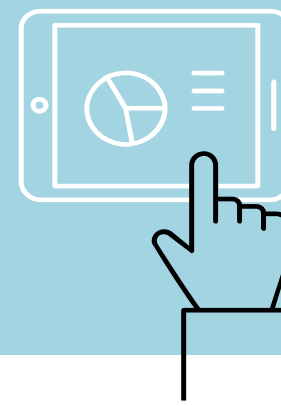
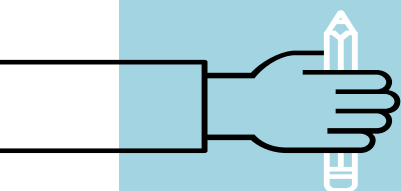


# FUKOKU Group Compliance Guidebook

FUKOKU Co., Ltd.



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# About FUKOKU Group Compliance Guidebook

## Message from the President

Since our founding in 1953, FUKOKU has practiced its corporate philosophy of “Contributing to people’s happiness through the creation of new value” under the rallying cry of “Yes, We Do! (Let’s Take on New Challenges Together!).” In April 2007, we compiled our Guidelines for Corporate Behavior to help us act in a manner appropriate to a global company. These guidelines have been revised as the FUKOKU Group Employee Code of Conduct, and we are now issuing a Compliance Guidebook to guide the actions of each employee.

You may feel that the content of this guidebook should be self-evident to any businessperson or adult member of society, but for FUKOKU to be able to continue its business while receiving the trust and empathy of society, it is of utmost importance for each and every employee to contribute to people’s happiness by actually doing all of those things that should be “obvious,” and to do so continuously and consistently.

No matter how good a company’s product may be, if its employees act in a way that runs contrary to the expectations of society, the company will not be trusted. We have been charged with upholding public trust in our company, and if each employee could draw upon these guidelines as the foundation of their actions, then we would be able to build up that trust.

The environment surrounding companies is changing year by year. Corporate activities are becoming increasingly globalized, and the personalities and values of people working within companies are diversifying. We must hold not only our action guidelines but also our actions up to the demands and expectations of society, adapting and developing them to keep pace with the changing times.

Each of you should read this guidebook carefully and familiarize yourselves with its contents. If you are unsure about your actions, talk to your supervisor, your specialized department, or the company’s consultation service. Your voices are important to the company, and the company respects the human rights of every single one of you.

Through the actions of each of us, we can build a company in which all employees can feel the joy of contributing to people’s happiness and take pride in working for FUKOKU. Let us work together toward that goal.

FUKOKU Co., Ltd.  
President & CEO Takashi Ogawa

## FUKOKU Group Compliance Initiatives (1/2)

### **Compliance**

“Compliance” is sometimes defined as the “observance of laws and regulations,” but it is actually broader than merely observing laws, regulations and internal company rules (such as employment regulations). One can also think of it as observing social norms and meeting the demands of society. Both as an employee of the FUKOKU Group and as an individual human being, it is important to be aware of social norms, including morals and manners, and to act accordingly.

### **The Risks of Compliance Violations**

- ◇ Compliance violations cause serious damage and loss to the company.
- ◇ Violations of laws and regulations can result in legal penalties for the company and its employees, including fines and prison sentences if a criminal case develops. In some cases, harm to customers and suppliers can lead to lawsuits and the payment of high sums in compensation.
- ◇ Being seen by society as a “compliance violator” has several negative impacts on a company, including the worsening of its image, the loss of public trust, falling share prices, and reduced business performance.

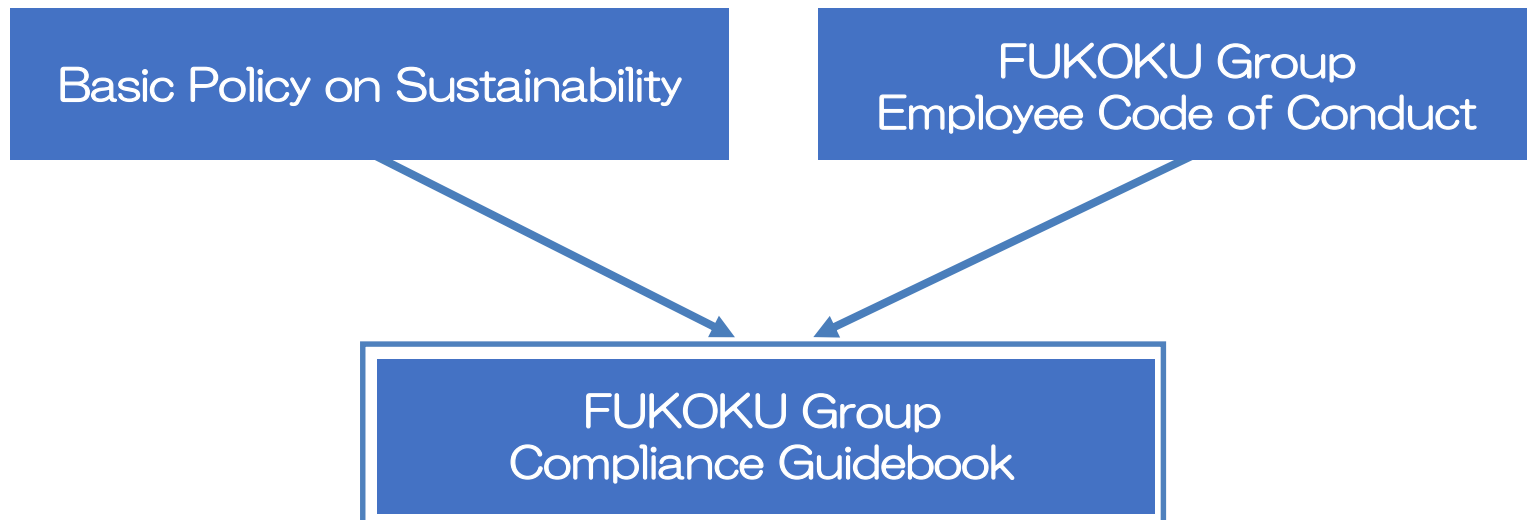
# About FUKOKU Group Compliance Guidebook

## FUKOKU Group Compliance Initiatives (2/2)

### **FUKOKU Group Compliance Guidebook**

This guidebook covers the most important compliance topics and is based on both the FUKOKU Group Basic Policy on Sustainability, which places great importance on compliance, and the FUKOKU Group Employee Code of Conduct. Each and every employee of the FUKOKU Group is encouraged to read, think about, and deepen his or her understanding of this guidebook.

- Are there any words that you continue to use or actions that you continue to carry out even though you know they are bad?
- Do you turn a blind eye to problems you have noticed?



# About FUKOKU Group Compliance Guidebook

## Basic Policy on Sustainability

The FUKOKU Group considers it a top management priority to contribute to the creation of a sustainable world by addressing the various issues facing the environment and society. Based on the following three pillars, the Group will realize its corporate philosophy of “challenging to create new value and contributing to a future full of dreams.”

### ( 1 ) Environmental considerations and compliance

We will value the environment and offer high-quality, long-lasting, energy-saving, and resource-conserving products and services. Our business activities will emphasize compliance, including compliance with the laws and regulations of each country we operate in, consideration for human rights, respect for the traditions and cultures of all nations, assurance of diversity, fair and healthy working conditions, and the protection of personal information.

### ( 2 ) Building mutual trust with stakeholders

We aim to become a trusted company. To this end, we will strive to disclose accurate and clear information. Furthermore, we will ascertain the expectations and demands of our customers, business partners, employees, shareholders, local communities, and other stakeholders through interactive dialogue, and work to fulfill these expectations and demands.

### ( 3 ) Fostering a corporate culture that promotes sustainability

Under the leadership of our top management, we will continue to educate and enlighten all Group employees on sustainability while marshaling the wisdom of each and every employee to take on the challenge of creating new value.

May 2022

FUKOKU Co., Ltd.

President & CEO Takashi Ogawa

# About FUKOKU Group Compliance Guidebook

## FUKOKU Group Employee Code of Conduct (1/2)

### **1. Supplying safe and high-quality products**

- 1) We will comply with applicable laws and safety regulations when we develop and manufacture our products.
- 2) We will supply safe and high-quality products in accordance with customers' needs.
- 3) We will rapidly take corrective actions and measures to prevent recurrence whenever a problem occurs.

### **2. Conducting sales and other corporate activities fairly and transparently**

- 1) We will establish a relationship of mutual trust with our customers, suppliers and other business partners.
- 2) We will conduct transactions fairly in accordance with applicable laws and regulations such as antitrust laws.
- 3) We will not be engaged in any acts of bribery. We will not give and/or receive any business entertainment, gifts, or anything beyond socially accepted common sense.

### **3. Prompt disclosure and communication of corporate information**

- 1) We will promptly and actively disclose our corporate information to shareholders and investors to enhance transparency of management.
- 2) We will promptly disclose the necessary corporate information to other stakeholders.
- 3) We will collect and manage the latest and most accurate information.

### **4. Creating a cheerful, safe and pleasant work environment.**

- 1) We will respect the individuality of every associate and promote everybody's creativity.
- 2) We will strongly prohibit discrimination and harassment.
- 3) We will comply with labor laws and regulations; our objective is to keep proper employee management as well as health and safety.
- 4) We will develop our personnel system with fair evaluations and treatments, creating an open and energetic corporate culture based on this system.
- 5) We will extend the above to our overseas operating sites and business partners, which may have different laws and/or social conditions.

## FUKOKU Group Employee Code of Conduct (2/2)

### **5. Taking actions for environmental protection**

- 1) We will comply with environmental protection laws and regulations and prevent environmental pollution.
- 2) We will actively commit to carrying out business activities with a low environmental impact.

### **6. Protection of intellectual property rights and confidentiality**

- 1) We will execute an adequate preliminary survey to avoid infringement of a third parties' intellectual property rights.
- 2) We acknowledge the company's management of confidential information from sales, engineering (including know-how and processes), and other areas, and our obligation to keep them in a strictly controlled condition.

### **7. Contributions to society**

- 1) Our company's objective is to coexist with and grow together with society.
- 2) We will actively engage in positive activities to contribute to our community.
- 3) We will properly perform our duty to pay taxes as a responsible taxpayer.
- 4) We will not have any relation with any antisocial organizations and will take a firm stand against them.

### **8. Considerations for international business activities**

- 1) We will import and export in accordance with applicable laws and regulations and under appropriate procedures.
- 2) We will comply with local laws and regulations and respect local culture when we conduct operations overseas.

### **9. Developing a compliance system**

- 1) We will develop a compliance system to ensure that corporate activities be conducted in accordance with this code of conduct.
- 2) We will promptly report a violation of this Code of Conduct to the corresponding consultation contact as soon as we identify the violation. We fully understand that retaliatory measures to the whistleblowers who report violations are prohibited and will protect them.



# 1. A safe and healthy working environment (1/2)

Preventing workplace accidents and ensuring employees health and safety in the workplace.

We strive to eliminate occupational accidents and create a comfortable workplace where people can work safely and healthily. Each and every employee will maintain a high awareness and knowledge of health and safety while ensuring that the rules of their work are being followed.

We also aim to reduce stress factors in the workplace and create a workplace environment in which each employee is free from excessive job-related anxiety and worry.

## Essential Points

- We will ensure the management of health and safety in the workplace and health and safety education.
- We will understand internal rules (such as work processes) and comply with established processes, procedures, and standards.
- We will ensure that any work requiring legal qualifications is performed by qualified personnel.
- We will report minor incidents immediately, making improvements and taking countermeasures to prevent accidents to oneself and coworkers.
- We will treat something as “disordered” if it is “different from how things normally work,” and to respond accordingly. For example, if a machine makes unusual sounds, smells, does not work, and so on, take the three actions of a) stopping the machine, b) calling a supervisor, and c) waiting for instructions.
- We will strive to eliminate overwork and achieve a work-life balance for employees.
- Alcohol or drugs that could affect safety will not be consumed prior to work.

# 1. A safe and healthy working environment (2/2)

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## Inappropriate Cases

- ◇ An employee disabled safety devices in order to speed up work.
- ◇ Injuries occurred because the prescribed protective equipment (protective goggles, cut-resistant gloves, etc.) was not used.
- ◇ People were working in forced, unnatural postures or in dangerous positions.
- ◇ Items were piled up in an unstable way.

## 2. Respect for human rights and diversity (1/3)

We respect the human rights of all people, do not discriminate on the basis of gender, nationality, or other factors, and treat people fairly.

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### (1) Respect for human rights and diversity

We respect the human rights of all people and value the diversity of our employees, treating each other with respect.

We aim to eradicate discrimination on the basis of gender, nationality, culture, religion, physical disability, and other characteristics. We evaluate each individual and allocate positions according to each employee's ability and performance.

#### Essential Points

- We are careful not to accept anything bearing any relationship to child labor, human trafficking, or forced labor in any form.
- We respect the diversity of our employees and strive to create a workplace where each employee can demonstrate his or her abilities.
- In hiring, evaluation, and work allocation, we will not make unfair evaluations based on the personal values and prejudices of evaluators that have nothing to do with ability, performance, or aptitude.

## 2. Respect for human rights and diversity (2/3)

### (2) Preventing harassment

We will never engage in harassment.

We will always speak and act with respect, not only to those within the company, but to all those with whom we interact through our work.

※By “harassment” we primarily refer to aggressive pressure and bullying. It is an unjustified infringement of personal dignity and a violation of human rights.

※The appropriate supervision of work does not constitute harassment.

However, when work supervision becomes overbearing or aggressive in language or behavior, it may go beyond the scope of supervision.

#### Essential Points

- We acknowledge the reality that many of those who are guilty of harassment are unaware that their own words and actions constitute harassment.
- We understand that viewpoints such as “if I don’t yell, they won’t improve,” “they deserved it for doing things wrong,” and “everybody does it” are not justifications for words and actions that constitute harassment.
- We should stay in constant communication with each other, not treat others with indifference, and proactively approach each other when we see someone in need of help.

## 2. Respect for human rights and diversity (3/3)

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### Inappropriate Cases

- ◇ Giving different work assignments and employment conditions, etc. based on race, religion, nationality, gender.
- ◇ Loudly reprimanding someone in front of everyone for a minor mistake.
- ◇ Criticizing someone in a way that put them down as a human being.
- ◇ Making fun of someone on the topic of sex and sexuality.
- ◇ Persistently asking about family and private matters, asking questions such as “Why aren’t you married?”
- ◇ Assigning quotas that were impossible to achieve.
- ◇ Deliberately not assigning someone any work.

# 3. Harmony with the global environment (1/2)

Each of us will act to protect the planet from environmental destruction.

Harmony with the environment is essential to contribute to people's well-being. In addition to complying with environmental laws and regulations, we will take responsibility for the entire process of product development, raw material procurement, manufacturing, sales, and disposal, and actively engage in environmental conservation with the aim of minimizing environmental impact and promoting environmental contribution activities.

## Essential Points

### ● Energy Conservation

We are working to manage and reduce our energy use to ensure energy is used without waste and to reduce our CO2 emissions.

### ● Water Resources

We are working to manage and reduce our water use (tap water, groundwater, industrial water) to ensure it is used without waste.

### ● Chemical Management

We are striving to manage our use of chemicals to ensure they are used without waste and to reduce the quantities used.

### ● 3R (Reduce, Reuse, Recycle)

We are engaged in the separation and recycling of industrial waste products. We are also working to curb the generation of industrial waste.

### ● Pollution Prevention

To prevent air and water pollution, foul odors, and other forms of pollution, we will take responsible measures to prevent pollution throughout the entire process from the development of our products to the procurement of raw materials, manufacturing, sales, and disposal.

# 3. Harmony with the global environment (2/2)

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## More specifically...

- ◇ Reducing quantities of materials used by making our products smaller and lighter. Extending the service life of our products.
- ◇ Disposing wastewater in strict compliance with laws, regulations, and standards and re-using water used in production.
- ◇ Promoting paperless operations.
- ◇ Reducing Volatile Organic Compounds (VOC) emissions through measures to prevent volatilization of adhesives and paints.
- ◇ Conducting thorough voluntary inspections to prevent leaks of chlorofluorocarbons (CFCs).
- ◇ Promoting the reuse of pallets, shipping cartons, etc. used for transportation.

## 4. Adhering to customer contracts

We do not make changes to designs or processes without customer approval.

We are obliged to produce and deliver products based on the contracts we enter into with our customers.

Any design or process change made without the customer's approval is considered a breach of contract for failing to fulfill its obligations. We will never engage in any practices that could damage the quality or credibility of the company.

### Essential Points

- When making changes to designs or processes, we will not only follow our internal procedures, but also refer to the customer's criteria and request the customer's permission to make said changes.
- If the customer has no criteria, we will determine whether a request is required based on our internal criteria (in particular, judgments will be made based on the internal criteria that address the contract, acknowledgment, and trust with the customer).

### Inappropriate Cases

- ◇ Changing the materials, source of materials, or production location of the materials without obtaining prior approval from the customer.
- ◇ Fearing delivery deadlines would not be met due to increased orders, production was carried out at another factory that had not yet been approved.
- ◇ When initiating a new product, Production Part Approval Process (PPAP) data was created for a different product type or production process and submitted to the customer.
- ◇ When submitting PPAP, past data was appropriated.
- ◇ Molds were renewed without first obtaining customer approval.
- ◇ Although the product did not conform to the performance evaluation standards required by the customer, a false inspection certificate was prepared and delivered, claiming that it conformed to the same standards.



## 5. Compliance with import and export laws and regulations (1/3)

We will follow correct declaration and labeling procedures at customs clearance.

We will comply with all applicable laws and regulations when importing or exporting. In particular, from the perspective of maintaining international peace and security, we will maintain a firm understanding of and comply with **arms export controls** regulating the export of arms and goods or technology usable for military purposes. From the perspective of applying customs policies, etc., we will likewise maintain a firm understanding of and comply with **rules of origin**.

Furthermore, we will work to ensure that our products bear no relation to conflict minerals in their procurement, import, and export.

- ※ “Arms export controls” refer to the rules regulating the export of weaponry for the maintenance of international peace and security.
- ※ “Rules of origin” refer to rules for determining the origin (country) of a product.
- ※ Conflict minerals are four types of minerals – gold, tantalum, tin, and tungsten – produced in the Democratic Republic of Congo and neighboring areas that may be a source of funding for armed groups that have perpetrated serious human rights abuses.

# 5. Compliance with import and export laws and regulations (2/3)

## Essential Points (1/2)

### (1) Arms export controls

- We will not take out of the country any goods, technology, etc. (※) regulated by the Foreign Exchange and Foreign Trade Act or other applicable domestic or foreign laws and regulations without obtaining an export license. Even when dealing with unrestricted cargo, we will not do business with countries or companies that are subject to restrictions.
  - ※ This includes materials that can be converted to military use and machine tools that can be numerically controlled.
- When carrying work-related products, materials, jigs and tools, etc. as hand luggage on overseas business trips, we will be sure to consult with logistics management departments in advance.
- Export regulations vary from country to country (e.g., U.S. export control regulations) and are subject to constant change, so we will check with the relevant authorities as we proceed.

### (2) Rules of origin

- We will not engage in any act that falsifies the conditions of the rules of origin in order to obtain preferential tax rates under economic partnership agreements and free trade agreements.
- We will always provide sufficient information on the origin of the goods to the customs authorities of the partner country who will determine the application of the preferential tax rate, and we will do so before applicable deadlines.
- When changing the price or raw materials for products to be exported, we will check whether the conditions of the rules of origin in the articles and annexes of the respective agreements still apply after such changes.

# 5. Compliance with import and export laws and regulations (3/3)

## Essential Points (2/2)

### (3) Conflict minerals

- We will investigate suppliers and other parties to ensure that our products do not contain conflict minerals. We will not procure parts or materials that may contribute to human rights abuses.

## Inappropriate Cases

### (1) Arms export controls

- ◇ The parts we purchased were not classified as restricted cargo but became restricted cargo due to modifications. However, we exported the products without realizing it.
- ◇ We shipped items by EMS, DHL, or other international courier services without checking the trade control regulations of the partner country.
- ◇ We purchased equipment for use in the company through an overseas internet auction without checking import regulations.

### (2) Rules of origin

- ◇ The risk of additional and penalty taxes was incurred because the original certificate of origin was used even though the manufacturing plant was moved overseas and a preferential tax rate was applied.
- ◇ We used the original certificate of origin for exports and received preferential tax rates, even though the rules of origin were no longer satisfied due to having changed the materials to reduce costs and lowering transaction prices.

### (3) Conflict minerals

- ◇ We purchased materials knowing that they contained gold, tantalum, tin, and tungsten, and did not check whether they constituted conflict minerals or not.

# 6. Prohibition of conflicts of interest (1/2)

We will not engage in any conduct that conflicts with the interests of the company, such as seeking personal gain or using the company's assets or information (conflicts of interest).

## (1) Conflicts of interest

In addition to clearly distinguishing between work duties and private activities, we will never engage in any conduct that would compromise the interests of the company for their own or a third party's benefit.

### Essential Points

- We will not take advantage of our work positions to benefit ourselves or a third party.
- Company property (product inventory, production facilities, information systems, furniture, etc.) shall be used appropriately for business purposes and shall not be used for personal purposes.
- We will not download files containing confidential information for private purposes.

### Inappropriate Cases

- ◇ An employee used company equipment, company cars, cell phones, computers, and copy machines, etc. for personal purposes.
- ◇ An employee padded the bills for transportation and other expenses for business trips and invoiced the company for the expenses.
- ◇ An employee subcontracted a manufacturer run by a relative to produce parts under conditions that deviated from what would be considered rational.

# 6. Prohibition of conflicts of interest (2/2)

## (2) Insider trading

“Insider trading” refers to the buying and selling of publicly listed stocks based on undisclosed information available only to insiders. It is not only a conflict of interest, but also a serious crime that can result in criminal penalties. Such inside information must never be provided to third parties, including family members.

### Essential Points

- If an employee becomes aware of a material fact about a company or another company, he or she must not buy or sell shares or other securities of that company before the information is publicly announced.
- If an employee becomes aware of undisclosed material facts about the company or other companies, he or she must not communicate such facts to family, friends or third parties.

### Inappropriate Cases

- ◇ An employee learned of a business tie-up with another company before it was announced and purchased shares in anticipation of a rise in the share price.
- ◇ An employee learned some inside information about the company’s performance for the current fiscal year and told a friend, “You should sell your shares while you still can because there will be a disclosure about the company’s performance next week.”

# 7. Appropriate management of confidential and personal information (1/2)

Confidential information must be managed properly and must not be used for purposes other than those previously specified. In order to protect privacy, personal information must be properly managed in accordance with laws.

Confidential information belonging to the company and disclosed to the company by other companies must be properly managed. It must not be used for any purposes other than those previously specified. Furthermore, confidential information must not be disclosed to third parties, nor to anyone other than company employees and executives who have been given authorized access to such information.

We will take every precaution in handling personal information, given that personal information is subject to legal protection.

## Essential Points

### ● Handling confidential information

- ① Confidential information shall be managed properly in accordance with internal company regulations and agreements with other companies concerning confidential information.
- ② Both during and after our employment with the company, we must not divulge or use for private purposes any confidential information obtained during our employment.

### ● The protection of personal information

- ① We will comply with each country's laws on the protection and use of personal information, as well as with internal company regulations.
- ② When personal information is obtained, the person concerned must be notified of the purposes of its use.
- ③ The personal information must not be used for any purposes other than those notified to the person concerned.
- ④ The provision of personal information to third parties is subject to the laws of each country and internal company regulations.

# 7. Appropriate management of confidential and personal information (2/2)

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## More specifically...

- ◇ Confidential information such as diagrams received from business partners shall be strictly managed in accordance with confidentiality agreements concluded with the suppliers.
- ◇ Files containing confidential or personal information must not be stored on a local network that can be accessed from anywhere.
- ◇ Documents containing confidential or personal information must not be left unattended on a desk.
- ◇ Personal information such as telephone numbers and addresses must not be disclosed without the consent of the individual concerned, even within the workplace.
- ◇ Matters involving confidential company information may not be discussed in public places such as inside trains, buses, and restaurants. In addition, such information must not be made available to third parties, such as by being posted to social media.
- ◇ When taking computers outside the company for business purposes only, security measures must be taken, as well as measures to prevent the computers from being lost or stolen.

## 8. Protection of intellectual property (1/2)

- We recognize that intellectual property is a company asset and must be protected appropriately.

Intellectual property rights such as patent rights (inventions), utility model rights (plans), design rights (designs), copyrights (written works), and trademark rights (product and service names) are becoming increasingly important as a source of competitiveness.

We recognize that intellectual property is an important asset of the company, and we will protect it appropriately, taking sufficient care not to infringe on the intellectual property rights of other companies.

### Essential Points

- We will promptly report to the company any inventions created during our work and endeavor to protect and exercise the rights of such inventions.
- Technical information must not be disclosed prior to the filing of a patent application.
- Whenever we intend to manufacture or sell a new product, we will thoroughly check in advance to ensure that we do not infringe on the intellectual property rights of others.
- Unlike patents, copyrights are protected without the need for an application. Therefore, when drafting documentation, we will not quote the works of others without approval from the source.
- If we become aware of any infringement or threatened infringement of our intellectual property rights by other companies, we will promptly report it to the intellectual property department.
- Computer and other software shall be used appropriately in accordance with the license agreement.
- The copyrights of all documents, files, reports, etc. obtained or created in the course of work belong to the company and will not be released to outside parties without the company's permission.



# 8. Protection of intellectual property (2/2)

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## Inappropriate Cases

- ◇The company applied for a patent based on technical information obtained from a customer, claiming the invention as its own.
- ◇When preparing presentation materials for external use, text and diagrams were copied from another company's website.
- ◇New product or technical information was announced externally before a patent application was filed.
- ◇Articles about the company were copied without the copyright holder's permission and distributed internally and to business partners.
- ◇Computer software was used, copied, or installed without obtaining a license or exceeding the scope of the license.

# 9. Fair competition (1/2)

- We will vigorously engage in corporate activities while complying with competition laws and based on free and fair competition.

We will comply with competition laws and other laws and regulations and engage in fair competition with our competitors.

We will not form cartels with other companies in the same industry, nor will we engage in any activities that unfairly restrict competition.

※Competition is essential for the development of the company, but it must be fair. Competition laws exist around the world to prevent unfair behavior with the goal of maintaining and promoting a state of fair and free competition. Violations can result in serious penalties not only for the company, but also for the individuals involved.

## Essential Points (1/2)

(1) Compliance with competition laws

- We will not engage in so-called cartels in which multiple companies collude to set common prices and production volumes. Such decisions should be made independently by each company.
- We will avoid activities that could raise suspicion of cartel-like behavior, such as having dinner meetings with other companies in the same industry.
  - ※If there are meetings where contact with other companies in the same industry is unavoidable, be sure to follow the company rules.
- We will consider cartels to be illegal not only within home country but in all countries.
- We will remain fully aware that fines (sanctions) for violations of competition laws can be so severe that they can bankrupt companies. We also recognize that individual perpetrators may be liable to criminal and civil prosecution.

# 9. Fair competition (2/2)

## Essential Points (2/2)

### (2) Prohibition of unfair competition

- We will not obtain confidential information of competitors by unfair means or use information that may have been obtained by unfair means.
- We will not display misleading documentation or data to deceive customers about the origin, quality, contents, or manufacturing method of our products.

## Inappropriate Cases

### (1) Compliance with competition laws

- ◇ We colluded with competitors to set and raise product prices together.
- ◇ To prevent a drop in contract prices, companies within the same industry colluded to take turns taking orders from each other and jointly bid for the contract.
- ◇ We met with a competitor to exchange information regarding a competing product.
- ◇ We ran into a competitor by chance and answered carelessly when asked about the status of a price increase or reduction being negotiated with a customer.

### (2) Prohibition of unfair competition

- ◇ We illegitimately obtained confidential information consisting of design drawings from employees of another company and used the designs to manufacture the products.
- ◇ We falsely labeled products manufactured overseas as “Made in Japan.”
- ◇ We discredited a competitor or its product with unfounded accusations.

# 10. Honest transactions and prohibiting bribery (1/2)

We neither offer nor accept bribes.

We do not exchange entertainment or gifts with suppliers or clients beyond accepted common sense.

We will not give, offer, promise, or accept, either directly or indirectly, any bribe to any number of people. Entertainment and gifts shall be provided in accordance with the laws of each country and internal company regulations. We will not offer or accept excessive entertainment or expensive gifts that could influence professional judgment.

※If payment of some form is necessary to avoid harm to life, body, or liberty (for example through assault, threats, or confinement), personal safety should take the highest priority.

## Essential Points

- We will not give, offer, promise, or accept, either directly or indirectly, any bribe to any number of people, including, but not limited to, public officials.
  - ※Bribe is money or goods given for an improper purpose, such as to obtain an arrangement for one's own benefit, and bribery is the giving and receiving of a bribe. In recent years, laws and regulations concerning bribery have been tightened worldwide, and investigations are becoming stricter. In some countries, it is considered a crime to offer benefits to executives and employees of private companies.
- “Payments to grease the wheels,” (Facilitation Payment) which are small payments to public officials to expedite official procedures, are no exceptions. They are also bribes and will not be tolerated.
- When making donations, contributions, and the like, we will comply with the laws of each country and our internal regulations.
- When giving gifts or entertainment to customers or business partners, we will follow company rules and procedures.

# 10. Honest transactions and prohibiting bribery (2/2)

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## Inappropriate Cases

- ◇ To ensure a smooth approvals process for the permits and licenses required by our business, we took the public official in charge of permits and licenses out for food and drinks and asked him to take our case into consideration.
- ◇ A supplier offered to deliver a product at a price significantly higher than the market price, for which we received a rebate.
- ◇ A certain amount of money was given in cash to local consultants affiliated with the company overseas for the cost of obtaining the necessary permits and licenses.
- ◇ We received a computer and a personal service account from a service vendor who was one of the candidates to become a partner.

# Issue:Compliance Committee

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Supervision

Human Resources Dept./Internal Audit Dept.

Cooperation

FUKOKU Group Each company

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