

“Business Conduct Guidelines”

In carrying out corporate activities, we endeavor to respect human rights, to observe relevant laws, ordinances, and regulations as well as social standards, and to uplift the spirit of business ethics both in Japan and in the world. We also strive to maintain and improve an appropriate relationship with society as widely as possible, by taking part in the activities of external organizations in cooperation with them, and by making contributions to society, including global environmental protection activities. We aspire to coexist with society with an adequate awareness of corporate social responsibility as business people.

Establishment of “Business Conduct Guidelines”

The Business Conduct Guidelines originate from the “Company Policy”.

The “Company Policy” which manages NKK’s business activities is deeply rooted in the basic corporate philosophy, as follows: Based on the concept of its raison d’etre (significance of existence) as a manufacturing company, NKK will always provide the world with the most excellent products which customers worldwide purchase to pay for a feeling of security and trust incorporated in them, thereby contributing to society.

NKK carries out its business activities based on the “Company Policy”. Meanwhile, we have newly established the “Business Conduct Guidelines”, which serve as guidance for business conduct applicable to all members of our company (code of conduct). We hereby clarify our ideal figures and our social responsibilities, and all of us are determined to make continued efforts for achieving them.

With a full awareness of our mission as business people, we will address the creation of a system to comply with the Business Conduct Guidelines, and will constantly practice the code of conduct.

Scope of Application

The Business Conduct Guidelines apply to all directors, executive officers, and employees of Nippon Kodoshi Corporation.

Business Conduct Guidelines

Chapter 1: Efforts for Performance of Business Activities

We will follow the path of a technology development-oriented company,

which satisfies needs of the present age by the application of traditional technologies. We will make the utmost efforts to perform our daily operations, based on a strong belief that the following is the task assigned to ourselves involved in manufacturing, and is the social contribution which can be made only by ourselves: We will seek new products and high added values, and will provide customers with the world's most excellent products by the discovery of the things that meet the world's future technological needs, and by constant self-reinvention and enhancement of capacity building.

When pursuing business activities, we will adhere to the fundamental position of a manufacturer that we will steadily perform all of what we should do as a matter of course to meet customers' expectations.

1) Efforts for technical development

We will make continued efforts to win consumers' satisfaction and trust, by way of developing and offering products which are beneficial to society. We will also make strategic efforts for the creation of NKK's intellectual properties, acquisition and protection of their rights, and the application of them in order to maximize NKK's corporate values.

2) Efforts for ensuring safety and for maintaining and improving quality

When developing and offering products, we will share a common understanding that ensuring safety and maintaining and improving quality are essential to the attainment of customers' continued satisfaction and trust. Based on this belief, every one of us will address production activities.

3) Efforts for maintaining and upgrading stable supply

Our manufacturing products have a high market share both in Japan and in the world, and so against all possible risks we will take every measure to maintain and upgrade the current stable supply system from the global point of view, including the stable procurement of raw materials, dispersion of plants and offices into suitable locations, reorganization of internal control systems, and other efforts.

Chapter 2: Relationship between society and ourselves

Today's global environmental problems are shared by the entire human race, and have significant impacts on continued corporate existence and activities,

and so we will make aggressive efforts to promote such activities as intended for leaving and passing a better global environment onto the next generation, in view of collaboration with administrative agencies, NPOs, and local communities. We also make efforts to pursue fair and transparent corporate activities, to maintain and improve an appropriate relationship with society as widely as possible.

1) Coexistence and co-prosperity with customers

In pursuit of achieving NKK's sustainable growth and development, we will do our best, in all sincerity and in good faith, to maintain and improve a fair and stable relationship with customers.

We will respect the intellectual property rights of other companies. We will also make efforts to abide by relevant laws, ordinances, and regulations, and to understand and apply them whenever necessary.

2) Social contribution activities

We are well aware that it is our obligation as a good corporate citizen to actively engage in creating a better society. With this awareness and as part of our corporate activities, we will make efforts for global environmental protection based on relevant environmental policies, control manuals, and other criteria. We will also endeavor to establish communication with society, including local communities, as widely as possible, and to find out social needs and problems. Accordingly, we will make voluntary efforts to take many measures for the satisfaction of social needs, and for the substantial resolution of social problems.

In addition, we will strive to address environmental protection as far as we can do so in our individual daily lives as a private citizen.

3) Information disclosure

Since we assume a social responsibility to shareholders and investors, as well as to customers and local communities, we are aware that it is our responsibility to establish communication with them widely as an open corporation. Based on this awareness, we will make efforts to release information to them in as many ways as possible.

To increase the transparency of our corporation, we will disclose in a timely manner not only statutory information (legally required information), but also such information as we consider necessary for users at our discretion.

Chapter 3: Relationship between NKK and its employees

Based on the understanding that a company and its employees are important partners in the promotion of corporate activities and in the creation of new corporate values, we have a high regard for dialogues between NKK and its employees.

In the present day, with growing diversity in individual values, it is important that NKK will do its best to respect the characters and personalities of its employees, and to manage a personnel system in which employees enjoy the amenities of life. Meanwhile, it is vital for employees to make proactive efforts for their repeated reinventions in response to social changes. We believe that continued efforts by both parties will only make it possible to achieve NKK's sustainable growth and development.

Above all, as a manufacturer, we will make efforts to ensure a safe and employee-friendly working environment in cooperation between NKK and its employees.

1) Respect for human rights

We respect fundamental human rights, diverse values, personalities, characters, and the privacy of individuals, and give employees by no means any discriminatory treatment due to their nationality, gender, beliefs, or social standing. We will immediately take appropriate measures against any such offensive actions and words as deemed to violate the code of conduct.

2) Efforts for occupational safety and health measures

We will strive to ensure an employee-friendly and comfortable working environment conducive to employees' health and safety, by way of constant and positive activities carried out by the organization for the management of occupation safety and health. We will also make efforts to implement measures for mental healthcare at workplaces, in pursuit of maintaining and improving employees' overall health, both physically and mentally.

Supplementary rules

We will revise the "Business Conduct Guidelines" whenever necessary, to appropriately respond to enactments or amendments of applicable laws, ordinances, and other regulations, and to changes in social conditions. For

any acts outside the provisions of the Business Conduct Guidelines, we will behave in compliance with public order and morals.

If any incident or misconduct arises, we will address such problem as follows:

- 1) We will immediately clarify and reveal facts.
- 2) We will investigate and find out the main cause, and take measures to prevent a recurrence.
- 3) We will cope with the matter in good faith, regardless of where the responsibility lies.

If employees behave in violation of the “Business Conduct Guidelines”, either intentionally or by gross negligence, and if the Employment Regulation is applicable to such behavior, then disciplinary measures will be taken against such behavior pursuant to the employment regulation. If directors or executive officers perform such acts as offensive to the “Business Conduct Guidelines”, then disciplinary measures will be taken against such acts in light of the company law and other applicable laws, ordinances, and regulations.

NIPPON KODOSHI CORPORATION

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