

CODE OF CONDUCT

NAKAGAWA CORPORATION

[Company's Motto]

1. Creation

We will strive to create new products, technologies, services and customers.

2. Harmony

We will strive to make our Company to be the one embracing and respecting harmony not only internally, but also externally with the society at large.

3. Diligence

We will strive to perform and provide our services diligently not only to our customers, but also to the society at large.

[Basic Guidelines]

1. Providing safe and high-quality products

We shall strive to maintain high ethical standards, observe laws and regulations as well as social norms, and provide safe, high-quality and excellent products aligned to customer needs.

2. Ensuring fair and transparent business transactions

We shall strive to respect free and fair competition, comply with applicable laws and regulations as well as internal rules, and maintain appropriate relationships with people assuming political or administrative responsibility. We shall be engaged in business transactions under appropriate terms and conditions in pursuit of fair business practices, and shall never accept personal benefits, nor shall have contact with any anti-social forces.

3. Associating with local communities and the international society

As a good corporate citizen wishing to share time with other participants in local communities and the international society, we shall strive to build the relationship of trust with our stakeholders, contribute to the development of local communities and the international society and to the creation of an affluent living environment through our engagement in business activities. By doing so, we shall endeavor to contribute to achieving a sustainable society.

4. Respect for human rights

We shall respect and comply with international covenants, norms, etc. on human rights. We therefore will hold seminars for officers and employees to have better understanding and recognition of human rights issue. We shall never commit discriminatory treatments of certain people and shall make sure to provide equal employment opportunities. Further, we shall ensure that all participants in our supply chain will conduct business, paying sufficient attention to human rights protection. We shall never tolerate any child labor, forced labor or punishment.

5. Respect for diversity and improvement of job satisfaction

We shall help improve capabilities of officers and employees and assist their carrier development, paying respect to their personality and diversity. We shall make decisions on transfer, promotion, appraisal and treatment of personnel based on a non-discriminatory and fair standards of judgment, so as to nurture a vital and fun-to-work corporate culture.

6. Protection of Company assets and information

We shall maintain Company assets, whether tangible or non-tangible, properly in accordance with internal rules, and use the assets only for purposes aligned with the Company business. We shall also record, save and maintain Company information properly and make utmost efforts to protect such collected information from unauthorized disclosure.

7. Contribution to achieving a sustainable society

Based on our understanding that global environment preservation is a crucial issue to our business, we shall perform our business activities, taking into consideration the climate change, and protection of biodiversity and water resources, among others. By doing so, we shall strive to contribute to achieving a sustainable society. We will therefore try to reduce the environmental burden in our supply-chain processes from development, production, sale of products up to disposal thereof, besides abiding by environmental laws & regulations and preventing pollution.

8. Dialogues with stakeholders

We highly value dialogues with our stakeholders such as customers, suppliers and other business partners, shareholders, representatives of local communities, and employees of the Company. We shall attempt to respond sincerely to their opinions, and disclose required information in a timely manner in order to fulfill our accountability.

9. Dealing with social issues of concern

Towards creation of a sustainable society, we shall deal with "Three Crucial Issues" actively that were identified through dialogues with various stakeholders.

< Three Crucial Issues >

Critical Issue 1

Efficient use of products, raw materials and energy

Critical Issue 2

Encouraging women, young people and elderly people to participate actively in various activities inside and outside the Company

Critical Issue 3

Making ethical consumption (*) choices in cooperation with our customers, suppliers and other business partners

(*) Ethical consumption means buying products that could contribute to solving certain environmental and social problems, and not buying products that could not make such contribution.

[Behavior Standards]

1. Compliance

- (1) We shall give highest priority to complying with laws & regulations and social norms when conducting our business activities, whereas we shall strive to establish sound corporate governance when engaged in our management activities.
- (2) We shall never make illegal political donations, nor shall offer gifts, entertainment or any other monetary benefits to public servants and those who have similar positions in Japan or abroad. We shall keep a proper and reasonable distance from those who are involved in politics or administration.
- (3) We shall not have any contact with anti-social forces, whether groups, organizations, individuals or otherwise, who would threaten the social order and safety of civilian life. We shall categorically stand firm against pressure from anti-social forces and refuse any relations with them.
- (4) We shall not use any Company assets, whether tangible or non-tangible, such as products, facilities, equipment or information, with the aim of gaining personal benefits.
- (5) We shall not attempt to obtain any third party's intellectual property right and such information as trade secret and know-how by any unfair or illegal means. We shall never use such intellectual property and/or information without consent of the third party.
- (6) We shall abide by tax laws of countries and/or regions where we conduct our business, and pay taxes properly in light of the spirit of law. We shall also properly process the

accounts and make financial reports so as to ensure transparency and credibility in this process. Further, we shall disclose our operational figures and tax payment status timely and properly in accordance with the laws & regulations of countries and/or regions where we conduct our business.

2. Relations with suppliers and other business partners

- (1) We shall conduct business with our suppliers and other business partners in accordance with relevant laws such as the Anti-Monopoly Act and internal rules. We shall never be engaged in any act of abusing dominant bargaining position or any act in violation of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. We shall also propose our terms and conditions of transactions clearly to our suppliers and other business partners, and purchase necessary products, materials and so on of proper quality at a proper price and under the proper delivery date condition. By doing so, we intend to build mutually beneficial relationships with them.
- (2) We shall choose our suppliers and other business partners upon conducting fair evaluation on their compliance with laws & regulations and social norms, and their measures for safety assurance, quality control, environment preservation, as well as their pricing and delivery due dates.
- (3) We shall pay sufficient attention to our suppliers and other business partners regarding their compliance with laws & regulations and how much they care about issues of human rights protection and environmental conservation. We shall endeavor to fulfill our social responsibility in cooperation with our suppliers and other business partners.
- (4) We shall never accept any personal benefits from our suppliers and other business partners, nor shall ever offer any gifts and/or entertainment to them with the aim of gaining any unfair benefits.
- (5) As members of the international society, we shall fully understand laws & regulations and rules prevailing in countries or regions where we conduct our business, and strictly follow the laws & regulations applicable to import/export of our products, In particular, we shall exercise utmost caution when we target such country, region, or organizations or individuals that are subject to an international economic or trade sanction.

3. Relations with shareholders

- (1) We shall strive to make full use of Company assets and maximize the shareholder value in order to respond to confidence they have placed on us. We will return our profits appropriately to shareholders as our profits grow.
- (2) We shall endeavor to process the accounts properly, and keep correct records of relevant information, and store and maintain the information properly. We shall also

disclose such information properly at a proper timing, if necessary, in accordance with applicable laws & regulations and rules, etc.

- (3) We highly value dialogues with our shareholders as we wish to make sustainable growth and improve our corporate value in a mid- to long-term period. We will make full use of shareholders' opinions in operating our Company.

4. Relations with local communities and the international society

- (1) We shall pay close attention to living environment of the local community where we do business, and strive to solve traffic, noise, odor or other problems there.
- (2) We shall respect the culture, social practices, etc. of the country and/or region where we do business, and offer our products aligned with characteristics unique to the country and/or region.
- (3) We shall endeavor to contribute to the development of the country and/or region, by introducing our technology and knowhow to the business we conduct there and by employing local peoples, among others.

5. Relationship between the Company and officers and/or employees

- (1) Not only the management of the Company but also officers and employees working for the Company shall mutually respect their human rights, diversity and personality. The management and officers and/or employees shall never commit nor shall allow any unjustifiable act of discrimination on the grounds of their social status, nationality, race, family origin, creed, age, gender, sexual orientation (*), gender identity (*), mental or physical disorder, and shall strive to create a harassment and discrimination-free work environment.

(*) Sexual orientation is a part of each individual's fundamental identity referring to the person's emotional, romantic, and sexual attraction to individuals of a particular gender (male or female).

(*) Gender identity means the personal sense of one's own gender.

- (2) The management and officers and/or employees shall not commit nor shall allow any act of harassment, such as 'power harassment' (meaning harassment by a supervisor), sexual harassment, and/or 'maternity harassment' (meaning maternity discrimination), which would hurt the dignity of individuals on the grounds of their gender, authority or position in the workplace.
- (3) The management shall implement necessary measures for ensuring the occupational health and safety and preventing any occupational accidents from occurring. The management shall also strive to promote a work-life balance of officers and employees.
- (4) In order to enable officers and employees to work in good mental and physical health,

the management shall pay due attention to their health conditions, take necessary measures for preventing infections and mental health disorders in advance, and provide educational seminars and support to help improve their health.

- (5) The management shall strive to provide officers and employees with ample opportunities to participate in educational seminars aimed at improving their aptitude and motivation. The management will make decisions on employment, transfer, promotion, etc. by making fair judgement on their ability and achievements.
- (6) The management shall acknowledge the workers' rights such as the right of unionization based on the prevailing international rules and norms, and shall strive to improve the work environment through dialogues with employees.
- (7) The management shall exercise utmost caution in dealing with such privacy information as HR information of officers and employees so that their privacy would never be unfairly invaded.
- (8) Officers and employees shall draw a sharp line between their public and private life, and shall never receive inappropriate gifts, entertainment and/or monetary benefits such as commissions, rebates, etc. by using their positions of power. Also, officers and employees of the Company shall not have contact with officers, employees and/or advisors of another company engaged in the business competing with the business of the Company, unless otherwise approved by the Company.
- (9) Officers and employees well acknowledge that business relations built by them and information known to them in the course of ordinary business shall belong to the Company even after their retirement. Officers and employees shall never use such business relations and information, without permission of the Company.
- (10) When disseminating information via social media platforms, officers and employees, even when doing so as an individual, shall never commit acts damaging reputation and assets of the Company.

6. Preservation of the global environment

- (1) We shall strive to contribute to creating an ethical society, not only by ensuring quality and safety of our products and service, but also by attempting to offer products that are manufactured and distributed with the intention to reduce the environmental burden, also taking into consideration the producers' human rights. We shall take interest in the work environment and social activities of our suppliers and other business partners, and cooperate with them in their attempt to improve the work environment, social activities, etc.
- (2) With the aim of achieving a circular society where limited resources would be used and recycled effectively, we shall endeavor to reduce waste and promote effective recycling and then use of recycled materials.
- (3) We shall attempt to heighten awareness of officers and employees in order to have each of them understand the importance of preserving the global environment, and have them endeavor to reduce the environmental burden in their daily life.

7. Responsible minerals management

With regard to minerals which are important raw materials, now the world is very concerned that the minerals mined in conflict affected and high-risk areas could provide the source of funds to the groups who could be engaged in or trigger such unfair acts or conflicts as forced labor, child labor and other forms of human rights infringement, environmental destruction and money laundering, among others. Further, the world is also concerned that the use of such minerals could accelerate the groups' engagement in such unfair acts.

As we find this issue to be one of our social responsibility, we will make sure that the process of our minerals procurement, for use them in our products, involves no such conflicts or unfair acts (in other words, being conflict-free). For this purpose, we will investigate and confirm that minerals are procured from suppliers who are not involved in such unfair acts. We will take responsibility in engaging in our minerals management.

October 1, 2019

Shigeki Nakagawa
Representative Director and President
NAKAGAWA CORPORATION