

Foster Group Code of Conduct for Staffs

This “Foster Group Code of Conduct for Staff” or “Code of Conduct” specifies a basic internal code to be complied with by all of directors, officers and employees of Foster Group (hereafter collectively called “Foster Group Directors and Staffs” or “we”) based on the provisions and spirit of the “Company Creed” and the “Corporate Action Guideline”.

Foster Group explicitly declares for itself that it complies with this Code of Conduct as a company and requests all of Foster Group Directors and Staffs to read this Code of Conduct deeply, understand and abide by the same.

I. General Provisions

1. Scope of Application of this Code of Conduct

This Code of Conduct applies to all of Directors and Staffs of Foster Electric Co., Ltd. and its subsidiary companies and also applies correspondingly to persons who engage in their jobs based on part-time working agreements or temporary working agreements. Process for communicating clear and accurate information about Foster Group's policies, practices, expectations and performance to employees, suppliers and customers.

2. Compliance with Laws and Norm

Foster Group Directors and Staffs shall rank compliance to laws and orders, as a top priority to all the norm, pay respect to social norm and bear in our mind to engage in the corporate activity with good sense while paying due respect to interest of all of the stakeholders.

- (1) Foster Group Directors and Staffs comply with laws and orders in Japan and in foreign countries as well as with relative rules and regulations of the Company.
- (2) Foster Group Directors and Staffs fully recognize corporate ethics required to the Company and behave themselves with good sense and responsibility as members of society.

II. Relationship with Clients, Customers/Suppliers and Competitors

3. Quality and Safety of Products

- (1) When we engage in manufacturing, development, import, safekeeping, sales, transportation, export, maintenance or repair, etc. of products, Foster Group Directors and Staffs always take notice of quality and safety, fully understand and comply with laws, orders and various standards that relate to quality and safety of products and aim at higher level of safety.
- (2) When we obtain any information that relate to quality and safety of products, Foster Group Directors and Staffs confirm facts immediately. And, if any problem exists, we inform concerned divisions and sections of such problem and take appropriate response.

4. Compliance of the “Anti-Monopoly Law” (Law relating to Prohibition of Private Monopoly and Methods of Preserving Fair Trade)

Under any circumstance, Foster Group Directors and Staffs do not engage in any act that constitutes the violation of the Anti-Monopoly Law such as cartel, bid-rigging, maintenance of resale prices, or abuse of dominant bargaining position and participates in fair and free competition with other companies.

- (1) We do not engage in unreasonable trade restraint, including negotiation on or conclusion of agreements for price, quantity or production facility or collusive bidding among persons in the same business or in the industry organization.
- (2) We do not engage in any act that constitutes unfair business practices, including refusal of transaction with specific business persons (discount shop owners, etc.) or with newly participating vendors or restraint of sales price at clients to which the Foster Group sells products.

5. Proper Trade with Suppliers that Deliver their Products to the Foster Group and Compliance with the “Law for Subcontractors” (Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters)

In case of transaction with suppliers, Foster Group Directors and Staffs respond to them with good sense and integrity and treat them equally and fairly.

- (1) When Foster Group Directors and Staffs select suppliers from among more than one suppliers, we determine the best supplier by comparing and evaluating various conditions including quality, price, delivery date, technological capability for development or stable supply.
- (2) Regardless of whether we have influence, in our position, on the selection or evaluation of suppliers, Foster Group Directors and Staffs do not exercise power of influence that gives favorable treatment to any specific supplier.
- (3) When we entrust manufacturing or repair to subcontractors, Foster Group Directors and Staffs perform contracts and transaction by understanding the Law for Subcontractors fully and paying attention not to engage in any act such as delayed payment of charges.

6. Prevention of Unfair Competition

- (1) By any reason, Foster Group Directors and Staffs do not obtain nor use trade secret of other companies by illegal means such as theft.
- (2) Foster Group Directors and Staffs do not obtain nor use trade secret of other companies knowing that such trade secret are, or could be, obtained by illegal means.

7. Entertainment and Gift

- (1) Foster Group Directors and Staffs do not provide any entertainment and gift to any public official or any person who is in a similar position.
- (2) When we provide entertainment and gift to clients, Foster Group Directors and Staffs will comply with the applicable laws and regulations and social norm, and will not provide any benefits in violation of these nor will offer any illicit benefits, including, but not limited to, private or arbitrary rebate or commission whatsoever.

- (3) When we receive entertainment and gift from customers, Foster Group Directors and Staffs will comply with the applicable laws and regulations and social norm, and will not offer or receive any benefits in violation of these. Should we be offered such benefits, we must reject or return the same in a timely manner.

8. Prohibition on Bribes to Foreign Officials

Foster Group Directors and Staffs do not provide any benefit including money or something like that nor give any commitment or offer for such benefit to government officials, or staffs of local public bodies, in foreign countries in an attempt to get illegal sales-related benefit or in exchange for business-related interest given.

9. Proper Publicity and Advertisement

Foster Group Directors and Staffs do not use any expression that defames or abuses, or any term that result in social discrimination of, other persons when we carry out publicity and advertisement activity.

And, when Foster Group Directors and Staffs carry out comparative advertisement, we confirm that such advertisement is supported by facts and that it is complete and correct and does not lead to misunderstanding at the time when the comparison is made.

10. Responsible sourcing of minerals

We will confirm in the most reasonable way that tantalum, tin, tungsten, and gold are not being used as a source of finance to any armed forces that are causing serious violation of human rights within Democratic Republic of the Congo and its neighboring countries, and will disclose such way of confirmation as necessary.

11. Disclosure of information

Information regarding our company's labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. We will not falsify any records, and will maintain records relating to our supply chains in a proper manner.

III. Relationship with Shareholders and Investors

12. Ensuring rights and equality of shareholders

We will respect all the shareholders' rights and equality, and create an environment where the shareholders can effectively exercise their rights.

13. Constructive dialogue with shareholders and investors

In order to enhance the sustainable growth and the mid-to-long term value of the Company, we will hold a constructive dialogue with shareholders and investors. We disclose details of financial affairs of this Company and management information including status of business activity timely and accurately as well as informing them of the management philosophy or management policy of this Company, and honestly receiving their opinion or criticism in return.

14. Prohibition of Insider Trading

When we know “internal information” of any group company or customers during the course of performing our jobs, Foster Group Directors and Staffs do not sell or purchase stocks or bonds of such company until such information is officially announced. When we purchase or sell stocks of this Company or of a company with which this Company has business relation, Foster Group Directors and Staffs confirm in advance whether or not “internal information” is contained.

Such acts are not permissible even if other persons, such as family members, friends or customers are involved as an intermediary, or no personal interest is sought, and Foster Group Directors and Staffs do not engage in such acts.

IV. Relationship with Society

15. Compliance with Business Laws

Foster Group Directors and Staffs comply with relevant business laws relating to products or services that the Company deals with and execute formalities, such as acquisition of approvals or license and registration, in a reliable manner.

16. Rules on Acts of Contribution and Political Donation

- (1) When we execute various donations or contributions, Foster Group Directors and Staffs comply with relevant laws and order, implement in proper ways and receive an approval in accordance with internal regulations in advance.
- (2) Foster Group Directors and Staffs strictly refrain from giving bribery, offer of benefit or illegal political donations, as a matter of course, or any act that could lead to misunderstanding as corruptive relations with politics and administration and endeavor to build sound and transparent relationship.

17. Preservation and Protection of Environment

- (1) When we engage in research, development, manufacturing, sales, repair and disposition of products, Foster Group Directors and Staffs fully recognize at any time the importance of the protection of environment, comply with treaties or laws and orders concerning the environment and implement manufacturing of products that pay due consideration to environment. And, based on the concept of enlarged manufacturer’s liability, Foster Group Directors and Staffs endeavor to control generation of wastes during all phases of life cycle of products.
- (2) Foster Group Directors and Staffs make efforts to enhance environment consciousness and actively participate in environment protection activity such as purchase of recycled goods or conservation of paper resources by making progress of paper-less movement.
- (3) All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- (4) Waste of all types, including water, energy, and greenhouse gas, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

- (5) Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.
- (6) Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal. We will prevent illegal discharge and spills from entering storm drains.
- (7) Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.
- (8) Foster Group are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.

18. Contribution to Society

As “Good Corporate Citizen”, Foster Group Directors and Staffs actively participate in the social contribution activity and contribute to the development of the society. We continuously execute the social contribution activity such as sponsorship of culture and art, cooperation to regional community, participation in volunteer activity or contribution to international society and perform the role as a corporate citizen.

19. Shutting-off of Relation with Anti-society Forces

- (1) In order not to be involved in illegal acts or anti-society activity, Foster Group Directors and Staffs have basic legal knowledge, social common sense and mind of justice and make efforts to behave ourselves with good sense at any time.
- (2) Foster Group Directors and Staffs respond to anti-society forces definitely and have no connections. Further, even if we receive any unreasonable demand, we deal with them with strict attitude and do not intend to settle by giving them money.
- (3) Foster Group Directors and Staffs do not make use of anti-society forces to obtain interest of the Company or for ourselves.
- (4) Foster Group Directors and Staffs do not engage in any transaction with anti-society forces or with customers that are connected with anti-society forces.

20. Security Trade Control

- (1) Foster Group Directors and Staffs do not export any weapon, arms and related goods or technology that could be hazardous of international peace and security.
- (2) Foster Group Directors and Staffs fully confirms outline and details of business of customers in respect of all of export transactions and make sure that exported shipment and technology will not be utilized for the development and manufacturing of mass destruction weapon.
- (3) With respect to export transaction and service provision transaction for shipment or technology that are regulated by relevant laws and orders, Foster Group Directors and Staffs carefully study whether or not such transaction is allowable taking international situation, etc. into consideration and take necessary steps in accordance with relevant laws and orders.

21. Compliance with Relevant Laws and Orders for Export and Import

- (1) At the time of export and import of merchandise, Foster Group Directors and Staffs go through proper customs formalities for export and import in accordance with relevant laws and orders.
- (2) Complying with laws and orders, Foster Group Directors and Staffs do not export the export contrabands and do not import the import contrabands.

22. Understanding of Different Culture and Diversity

In the Foster Group that develops business activity in diversified and global environment, Foster Group Directors and Staffs perform our jobs by understanding the difference of culture, manners and customs in various regions and by paying due respect to such difference.

V. Relationship with Staff

23. Respect to Human Rights and No Discrimination

Foster Group Directors and Staffs make efforts to maintain sound workplace environment at any time, pay respect to human rights of each staff and do not engage in any act that leads to discrimination.

- (1) Foster Group Directors and Staffs do not engage in any act of unreasonable discrimination based on birth, nationality, race, origin, creed, religion, gender, age, disability of various kinds, taste, academic career, color, sexual orientation, gender identity disorder, pregnancy, political affiliation, union membership, marital status, ethnicity.
- (2) Foster Group Directors and Staffs do not engage in any act of infringement of human rights by means of violence, boos, defamation, slander, forcible working by threat, bondage (including debt bondage), human trafficking, or bullying.
- (3) All works will be voluntary, and employees shall be free to leave upon reasonable notice, subject to an employment agreement in writing prepared in a first local language. Employees shall not be required to hand over government-issued identification, passports or work permits to Foster Group or Labor Agent as a condition of employment.
- (4) Employees or potential employees should not be subjected to medical tests that could be used in a discriminatory way other than personal distribution or security commitment. You will not be billed for any recruiting agency related cost and expense.

24. Sexual Harassment

- (1) Foster Group Directors and Staffs do not engage in any act of sexual harassment or any act that could be misunderstood by others as sexual harassment.
- (2) Foster Group Directors and Staffs do not engage in any sexual speech or act that are offensive to the other person and prevent other persons from engaging in such acts.

25. Protection of Personal Information and Privacy

With respect to personal information and privacy of Foster Group Directors and Staffs or of persons outside the Company that become known to Foster Group Directors and Staffs during the course of work, we use them only for the work and control them strictly. And, Foster Group Directors and Staffs control them strictly so that we are not divulged to outside the Company, in compliance with the relevant privacy and information security act.

26. Safety and Health of Workplace

Foster Group Directors and Staffs give priority to the security of safety and health, endeavor to maintain safe and healthy workplace environment, understand laws and orders concerning work-related safety and health and comply with them.

- (1) Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. If any work-related disaster arises under any circumstance, Foster Group Directors and Staffs strive to carry out prescribed procedures such as an immediate report in order to minimize and prevent recurrence of the accident in a reliable manner.
- (2) Employee exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training, and posting a notice within the premises. Where hazards cannot be adequately controlled by these means, employees are to be provided with appropriate, well-maintained, personal protective equipment. And employees shall not be disciplined for raising safety concerns.
- (3) Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to: a) encourage employee reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and e) facilitate return of employees to work.
- (4) Employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, employee health is to be protected by appropriate personal protective equipment programs.
- (5) Employee exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.
- (6) Production and other machinery is to be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees.

- (7) Employees are to be provided with ready access to clean toilet facilities, canteen with suitable drinking and eating environment. If the employee dormitories are provided by Foster Group or a labor agent, they are maintained clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, and reasonable personal space along with reasonable entry and exit privileges.

27. Compliance with Labor-related Laws

Foster Group Directors and Staffs comply with labor-related laws and endeavor to maintain comfortable and healthy workplace environment.

- (1) In order to ensure that working conditions stay within the limit set forth in the “Labor Standards Law” or other relevant statutory or regulatory requirements enforced in each country, Foster Group Directors and Staffs strictly control working days and working hours.
- (2) Foster Group Directors and Staffs do not force labor that compels excessive working or over-time working and so on. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Employees shall be allowed at least one day off per seven-day week.
- (3) Managers take into consideration the condition of physical and mental health of subordinates at any time.
- (4) Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. For wages to be paid in consideration for such programs, where the applicable local laws and regulations are not available, we will pay the same wages as those which are paid to other new and inexperienced workers engaged in the same or similar work. Employees under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young employees.
- (5) Compensation paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Deductions from wages which act against labor-related laws shall not be permitted. The basis on which employees are being paid is to be provided in a timely manner via payment stub or similar documentation.
- (6) Foster Group are to respect the rights of employees to associate freely, join or not join labor unions, seek representation, join employees councils in accordance with local laws. Employees shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

28. Structure for administration and operation of this Code of Conduct

In order to comply with the applicable laws and regulations pertinent to our business, products and the client’s requirements as well as this Code of Conduct, and identify and mitigate business risks in connection with this Code of Conduct, we will:

- (1) declare as a group company that we will comply with the relevant policies to ensure we are socially and environmentally responsible, and commit to continuous improvement.
- (2) define accountability and responsibility on structure of administration and operation, and relevant program implementation, by designating the responsible officer and the representative of the Company, to confirm the effectiveness of the system on a regular basis.
- (3) retain process to identify, collect and understand the information, in terms of laws and client requirements, including requirements in this Code of Conduct, applicable laws, regulations and client requirements.
- (4) maintain process to identify risks pertinent to legal compliance, environment, health and safety, and labor practice in the field related to business operation. Priority will be placed on identified risks, after relative evaluation, to ensure compliance with the applicable laws and regulations, and will be controlled in an appropriate manner.
- (5) set purpose, targets, and action plans to improve social and environmental responsibility, and assess on a regular basis to attain targets.
- (6) provide training to employees to understand policies covered by this Code of Conduct, procedures, targets for improvement, and conformity to legal and regulatory requirements.
- (7) maintain process to communicate with employees, suppliers, and clients on policies, implementation, expectation and results in respect of this Code of Conduct.
- (8) access employee's understanding and obtain feedbacks for an improvement in terms of implementation and conditions covered by this Code of Conduct.
- (9) perform periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of this Code of Conduct and client contractual requirements related to social and environmental responsibility.
- (10) possess the process to timely correct inadequacy identified by internal or external assessments, audits, investigations or reviews.
- (11) protect confidentiality and personal information when creating and maintaining documents and records by ensuring regulatory compliance and conformity to company requirements.
- (12) inform suppliers on code of conduct for supplier's responsibility to observe their compliance and progress.

VI. Relationship between Company and Company Assets

29. Compliance with the Office Regulations

Foster Group Directors and Staffs comply with the Office Regulations at any time.

- (1) Foster Group Directors and Staffs do not engage in any prohibited act specified in the Office Regulations and so on.
- (2) Foster Group Directors and Staffs do not engage in any unauthorized act or act of bad faith that is against the Office Regulations and so on.

30. Proper Accounting

When entry into accounting books or slips is made, Foster Group Directors and Staffs enter accurately in accordance with relevant laws and orders or internal regulations. Foster Group Directors and Staffs do not make any fraudulent or false entry nor build any off-balance-sheet asset.

31. No Conflict of Interest

Foster Group Directors and Staffs make efforts not to be involved in activity that may cause conflict of interest with the Company.

- (1) Foster Group Directors and Staffs do not work, as staffs or consultants, etc., for rival companies or customers nor have any monetary relation.
- (2) Foster Group Directors and Staffs do not run any business as customers of the Company.

32. Prohibition on Political or Religious Activity During Working Hours or at Office

Foster Group Directors and Staffs do not engage in any of the following political or religious activity during working hours or at office.

- (1) During working hours or at office, Foster Group Directors and Staffs do not engage in activities such as solicitation for political organizations, casting votes or request of votes at the time of election or election campaign and so on.
- (2) During working hours or at office, Foster Group Directors and Staffs do not engage in activities such as solicitation for religious organizations, forcible imposition of creed, request for donation or distribution of soliciting pamphlets.

33. Control of Trade Secret

Foster Group Directors and Staffs control trade secret properly and do not disclose nor divulge them to any person outside the Company without obtaining prior consent of the Company.

- (1) Foster Group Directors and Staffs control trade secret of the Company and of other companies strictly and do not divulge to outside the Company nor make use of them for any purpose other than those related to the Company business.
- (2) When we disclose trade secret of the Company to any person outside the Company, Foster Group Directors and Staffs prepare to prevent unexpected divulge by means of concluding a confidentiality agreement or otherwise.
- (3) Foster Group Directors and Staffs do not steal trade secret of other companies nor make use of them for any purpose other than those permitted by the company in question.
- (4) Even after our retirement from the Company, Foster Group Directors and Staffs do not divulge trade secret of the Company or those obtained from persons outside the Company nor make use of them for any purpose.

34. Proper Use of Company Assets

- (1) Foster Group Directors and Staffs recognize that it is necessary for assets of the Company to be used efficiently and to be kept in the condition available for use at any time and treat them properly so as to avoid destruction or theft regardless of whether they are tangible.

- (2) Foster Group Directors and Staffs do not use assets nor cost of the Company for any personal purpose.

35. Proper Use of Information System

- (1) Foster Group Directors and Staffs use the information system of the Company only for the Company business and do not use them for any personal purpose.
- (2) Foster Group Directors and Staffs strictly control our ID or password relating to the information system of the Company and prevent our divulge to outside the Company.
- (3) Foster Group Directors and Staffs do not steal and use ID or password of others nor break into computer system of other persons.

36. Protection of Intellectual Property Rights

Intellectual property rights of the Company are important assets of the Company, and Foster Group Directors and Staffs use them properly and make efforts to preserve such rights.

- (1) With respect to invention as the result of activities of manufacturing or development, Foster Group Directors and Staffs make efforts to preserve the intellectual property rights of the Company by applying for patent promptly or otherwise.
- (2) Foster Group Directors and Staffs do not engage in any act that infringes intellectual property rights of other persons, such as copying of computer software of other persons without obtaining consent of such person.
- (3) Foster Group Directors and Staffs use the intellectual property rights of customers by concluding a proper contract and do not use them in an unauthorized manner.

VII. Supplementary Provisions

37. Contact for Consultation, Declaration and Notification

- (1) With respect to any act that violates, or could violate, this Code of Conduct, Foster Group Directors and Staffs immediately report, regardless of whether we find or engage in the same for themselves, to the manager or the division manager or to any member of the Compliance Committee or the “Compliance Hot Line” (which is a contact for notification) that is separately specified.

With respect to sexual harassment, the “Sexual Harassment Helpline” (which is a contact for consultation) is established separately in addition to the above-mentioned contact within the department in-charge of human resources.

- (2) Foster Group Directors and Staffs arrange so that a person who reports will not suffer any disadvantage by reason of reporting.

38. Question for Contents or Interpretation

If any question arises in connection with the contents or interpretation of this Code of Conduct, the contact for inquiry is the secretariat of the Compliance Committee that is separately specified or the department in-charge of legal affairs.

39. Penalty

Any person who engage in any act that violates this Code of Conduct, or any person who causes the violation of this Code of Conduct to be left undone, are disposed of or punished in accordance with the Office Regulations or other internal regulations.

40. Compliance Committee

The Compliance Committee is established separately in Foster Electric Company, Limited for purposes of deliberation, planning or making fully understood of important matters to ensure that corporate activity or behavior of staffs based on the spirit of compliance and corporate ethics are completely implemented.

41. Written Oath of Directors and Staffs

At the hiring or when we receive this Code of Conduct and the Company decides to do so, Foster Group Directors and Staffs make signature to a “Foster Group Code of Conduct Written Oath” that is separately specified and submit the same to the Company.

42. Revision and Abolishment of this Code of Conduct

The establishment, revision or abolishment of this Code of Conduct shall be deliberated and obtain the resolution at the Board of Directors of Foster Electric Co., Ltd. and shall be reported at the meeting of Group Companies or otherwise.