

Guidelines for Corporate Behavior

The steel industry in Japan, which is the base material industry, is required to carry out the mission of contributing to the improvement of people's lives and development of the Japanese economy and society, through constantly supplying steel products that are useful in wide-ranging applications to society. Based on this mission and a strong awareness that it is a member of society, Sanyo Special Steel has established a trusting relationship with society, through faithful and fair business operations.

Business corporations should widely contribute to society and are expected to create added values through fair competition and develop the economy and society through generation of jobs. Sanyo Special Steel aims to respect human rights inside and outside Japan, abide by the relevant laws and regulations and conform to and respect the spirit of international rules. We also aim to fulfill our social responsibilities regarding creation of a sustainable society, based on high ethical standards.

To fulfill these missions, Sanyo Special Steel has established the "Guidelines for Corporate Behavior" that specify the expected actions in detail.

- As a company belonging to the basic material industry, Sanyo Special Steel will make efforts to develop and supply high-quality special steel products constantly, to satisfy customers and consumers and to earn their trust.
- Sanyo Special Steel will ensure fair, transparent and free competition as well as fair trade. We will also maintain sound and proper relationship with political parties and the government.
- Sanyo Special Steel will make efforts to communicate with shareholders and society in general and disclose corporate information in a positive and fair manner. We will pay careful attention to protecting and administrating information including individual information and customer information.
- Sanyo Special Steel will respect the versatility, personality and individuality of employees to realize safe and comfortable workplaces with a relaxed and affluent atmosphere.
- Sanyo Special Steel will take the initiative in solving environmental issues, based on the notion that environmental measures should be implemented by the entire human race and are essential for the existence and activities of business corporations.
- Sanyo Special Steel will positively perform social contribution activities as a "sound corporation in society."
- Sanyo Special Steel will handle antisocial forces and groups which pose a threat to the social order and safety in a resolute manner and completely avoid having relationships with such forces and groups.
- Sanyo Special Steel will abide by the laws of each country and region and respect human rights and international rules in performing global business operations. We will also give consideration to cultures and customs in performing business management, aiming to contribute to the development of the relevant country and region.
- Top-level executives of Sanyo Special Steel will acknowledge that they are responsible for implementing the Guidelines and act as role models, while making efforts to ensure complete implementation of the guidelines by the group companies and business partners. The executives will also listen actively to the opinions of employees inside and outside the company and establish an internal control system to realize an effective system.
- In the event of actions being made that go against the Guidelines, top-level executives will clarify the intention to solve the problem with regards to people inside and outside the company and make efforts to identify the cause and prevent recurrence of the trouble. The executives will also provide information promptly and properly and explain the situation, clarify authority and responsibilities, and severely punish the persons involved, including themselves.

Code of Conduct

This Code of Conduct stipulates in concrete terms matters to be observed by Sanyo Special Steel and all of its officers and employees (including Counselors, Senior Advisors, Executive Officers, Executive Councilors, etc. Applies also to those who work on the basis of a commission contract or temporary staffing agreement) in each aspect of our business activities with regard to the ten items set out in the Guidelines for Corporate Behavior. For matters not prescribed in this Code of Conduct, actions should be taken in adherence with the spirit of the Code of Conduct and the Guidelines for Corporate Behavior.

I. In Business Activities

- Timely and appropriate provision of excellent products and services
We will contribute to the society through providing excellent products and services needed by the society in a timely and appropriate manner, and thereby gaining our customers' satisfaction and trust.
Recognizing that high quality and safety are the prerequisites for excellent products, we will make every effort to achieve them.
 - Accurate understanding of customer needs
We will constantly gather information as to what is demanded in the market and grasp the needs and "seeds" of our customers. By doing so, we aim to provide attractive products and services that meet our customers' requests in a timely and appropriate manner and thereby improve customer satisfaction.
 - Enhancement of customer support system
We will provide after-sales support of our products and services with sincerity, which would help us gain new orders, not to mention successive orders from existing customers. Each division will strengthen its customer support system and improve information materials on products and technologies.
 - Compliance with laws and regulations related to safety
We will pay attention to safety at all times throughout the stages from development of products to manufacturing, storage, sales and transportation, so that our customers can use our products without worry. To this end, we will strictly comply with laws, regulations, standards and work standards regarding product safety.
 - Preparation of easy-to-understand catalogues and specifications
We will take into consideration the ease of understanding in terms of indications and descriptions when preparing product catalogues and specification documents, so as to prevent any accidents that may occur from wrong usage of products or uses other than their designed use.
 - Response to accidents, etc.
When we learn of any product defects or accidents caused by product defects, we will take prompt and appropriate actions including informing relevant divisions, investigating all facts, and taking measures to prevent recurrence.
 - Prevention of accident recurrence
We will investigate the cause of product defects or the accidents caused by product defects. We will share information on such investigation among persons involved by appropriately compiling and utilizing its records and strive to prevent similar accidents in the future.
 - Protection of personal and customer information
We will pay the closest attention to personal and customer information during the entire process from collecting to using, storing and destroying, and ensure strict management of such information.

- Healthy and favorable relationship with our buyers and suppliers
We will conduct sales and purchases with integrity, fairness and equitability in our business transactions both in and outside of Japan. We will not offer or demand any unreasonable benefits in the course of business transactions.
 - Relationship with buyers
We will limit the offer of entertainment and gifts to our buyers within the socially acceptable and minimum necessary level. We will not offer personal or arbitrary discounts, commissions, or any other benefits, even if it is to gain an order. Maintaining healthy and favorable relationship with our buyers and suppliers, we will abide by our corporate rules on internal approval.
 - Relationship with suppliers
We will select suppliers with fairness and equitability, basing on reasonable criteria such as price, quality, delivery, and after-sales services. When choosing a new partner, we inquire into the candidate's credit standing and other matters, in addition to applying the above criteria and with fairness and equitability. We will, whenever possible, decline any offer of entertainment or gifts from our suppliers. When it is not practicable to decline, we will make a report to our superior and never leave the boundary of socially acceptable practice.
 - Relationship with subsidiaries and affiliates
We deal with our subsidiaries and affiliates with good common sense and integrity. We do not impose on them any conditions unreasonably different from the terms of business that we apply to a third party in a fair and free competition. We will, whenever possible, refrain from offering or accepting entertainment or gifts to and from our subsidiaries or affiliates. When it is necessary to offer or accept such entertainment, etc., we will make a report to our superior and keep it within the socially acceptable and minimum necessary level.
 - Relationship with the government, public offices, local authorities and other public organizations
We will not offer any benefits to foreign or domestic government officials or their equivalents in relation to their execution of duties.
- Promotion of fair and free competition
The aim of the Antimonopoly Act is to maintain and promote fair and free competition, and thereby secure the interest of consumers and promote the democratic and wholesome development of the national economy. The Subcontract Act aims to ensure fair transactions between main subcontracting entrepreneurs and subcontractors. By complying with these laws and related regulations, we will work to maintain and promote fair and free competition.
 - Compliance with Antimonopoly Act
We will not engage in cartels, bid-rigging, maintenance of resale prices, abuse of superior bargaining position, or any other act in violation of the Antimonopoly Act, and compete fairly and freely with other companies.
 - We will not engage in any unreasonable restraint of trade, such as consulting or making agreements on prices, quantities, or production facilities, or committing bid-rigging, among firms in the same industry or in industrial associations.
 - We will not engage in any act that constitute unfair trade practices, such as refusing to deal with specific firms (discount distributors, etc.) or new entrants, or posing restriction on the buyer's selling prices, in concert with firms in the same industry or industrial associations.
 - Compliance with the Subcontract Act

We do not use our superior bargaining position against our partners in manufacturing contracts or repair contracts to request of them any unfair trade practices or to delay our payments, or any other similar acts.

- Protection of intellectual property rights
Intellectual property rights are the rights by which inventions, devices, manufacturing know-how, literary works and other creations of the mind, as well as trademarks and other identification marks of business, are protected by law. These include the industrial property rights covering patents, utility models, trademarks, etc., copyrights on artwork, computer program, etc., as well as trade secrets (technical or business information useful for business activities, such as manufacturing or marketing methods, that are kept secret and that are not publicly known).
 - Treatment of Sanyo Special Steel's intellectual property rights
We recognize that the intellectual property rights of Sanyo Special Steel are important assets of the company, and will strive to properly exploit and preserve such rights.
 - Regarding inventions arising from manufacturing and development activities, we will file patent application without delay and take other measures to preserve our intellectual property rights.
 - Recognizing that leakage of intellectual property rights and trade secrets will harm the company's interest and credibility, we will clearly demarcate confidential information from the rest and make such classified management of information clear to third parties.
 - Treatment of other firms' intellectual property rights
We will comply with the laws and regulations related to intellectual properties and the Unfair Competition Prevention Act, and respect the intellectual property rights owned by other firms as they were our own.
 - We will not for any reason obtain trade secrets owned by other firms through theft or other illegal means, or exploit such secrets. Moreover, we will never obtain or exploit them knowing that they have been, or may have been, obtained through illegal means.
 - Even when we have rightly acquired information owned by other firms, we will not implement any technologies published in the patent gazette without permission, make a copy of purchased computer software without permission, or conduct any other act that infringes on the intellectual property rights of other firms.
 - We will conclude appropriate agreement before we exploit intellectual property rights of other firms, and will not abuse them.

II. In relation with the Society

- Ethical and legal compliance
As a member of the society, we will conduct business activities based on social norms, social common sense, and, not to mention, laws and regulations. In particular, we will comply with laws and regulations in our business with regard to matters below, the violation of which would cause serious consequences.
 - Security Export Control
 - We will not engage in exports of arms, weapons, or any relevant technologies that would disturb the maintenance of world peace and security.
 - With regard to export transactions, we will check the buyer's corporate profile and business activities, and confirm, based on our internal regulations, that the products or technologies to be exported will not be used in development or manufacturing of weapons of mass destruction. As for export transactions and service transactions of products and services that are controlled under relevant laws and regulations, we will take necessary steps pursuant to relevant laws and regulations.
 - Prohibition of insider trading
When we come to learn any insider information of Sanyo Special Steel, its subsidiaries, affiliates, or business partners while performing our work, we will not buy or sell stock of those companies until such information is officially made public. When buying or selling our own shares, we will confirm in advance whether or not we are in possession of any insider information.
 - Treatment of acts of endowment and political contributions
 - When making political contributions or endowments to various organizations, we will comply with the Public Offices Election Act, the Political Funds Control Act, and other relevant laws and regulations, and follow legitimate procedures.
 - We will obtain approval based on our internal regulations prior to making political contributions or endowments.
 - We will strictly avoid any act that may be mistaken to constitute collusion with politics or public administration, or, not to mention, bribery, offer of illegal profit, or illegal political contribution.

- Avoidance of relationship with anti-social forces
We will stay out of any relationship whatsoever with individuals or organizations that adversely affect social order or impair sound corporate activities. Moreover, we will take a firm stand against such antisocial forces without fear.
 - To ensure that we do not get involved in any unlawful or antisocial behavior, we will hold basic knowledge of the law, social common sense and a sense of justice, and act according to good common sense at all times.
 - We will stand firm against antisocial forces and refuse to have any relationship whatsoever with such forces. In addition, if we receive any unreasonable demands from antisocial forces or the like, we will face it with a firm attitude and will not try to settle the situation by offering money or through provision of other unreasonable benefits.
 - We do not make use of antisocial forces in order to gain benefit for the company or ourselves.
 - We will not engage in any transaction whatsoever with antisocial forces or with any business partners that are associated with antisocial forces.

- Disclosure of corporate information
 - We will disclose corporate information to our shareholders, investors, customers, business partners, the local community and others in a timely and appropriate manner and strive to communicate with the society at all times and improve the transparency of our management. We will also pay careful attention to protecting and administrating information including personal information and customer information.
 - When disclosing financial statements and other corporate information, we will make every effort to streamline and enhance appropriate internal control that secure the reliability of such information.

- Environmental conservation and protection
Recognizing that we are drawing various benefits from the earth including resources, energy and other factors needed in our business activities, we will make every effort to preserve the global environment in a better possible condition.

- We will strive to produce environmentally friendly products, control waste generation, and ensure proper waste disposal, while fully recognizing the importance of environmental protection and complying with conventions, laws and regulations related to the environment at all times.
- We will work to improve our environmental consciousness and actively participate in environmental protection activities for energy conservation and recycling, among others.

- Social contribution
As a corporate citizen, we will serve our social role through business activities and also actively participate in social contribution activities including support of culture and art, cooperation with local communities, volunteer activities, among others, and thereby contribute to social development.

III. In relation with employees

- Respect of personality and individuality
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We will pay respect to the personality and individuality of each and every person, and aim to foster personnel for expertise, creativity and independence.
 - Respect of human rights and prohibition of discriminatory acts
We will respect the human rights of each and every person, and do not discriminate anyone for their nationality, race, religion, gender, age, or disabilities of any type, or any act that may lead to unjust discrimination.
 - Privacy protection
We will respect the privacy of each and every person, and make every effort towards proper management of personal information.
 - Prohibition of harassment
We will achieve a fair and positive workplace that do not tolerate harassments.
 - We will not commit unnecessary physical contact, sexual jokes, teasing, or any other act that constitutes sexual harassment.
 - We will not commit bullying, defamation, intimidation, or any other act that constitutes power harassment.
- Safe and healthy working environment
We will strive to secure a safe, worker-friendly, and sound workplace as well as our mental and physical health.
 - Safety and health in workplace
We will place the highest priority on securing safety and health, comply with the laws, regulations and rules related to occupational safety and health, and endeavor to maintain a safe and healthy work environment. Also, in performing work, we will train our sensitivity to predict hazard and to sense harm before it occurs, and react to them systematically.
 - Compliance with laws and regulations related to labor
We will comply with laws and regulations related to labor and strive to maintain and improve a safe, worker-friendly, and healthy work environment.
 - Disaster prevention
To prevent a disaster and stop the spread of damage, we will endeavor to predict and gauge the scale of hazards that are forecast to occur in the future, discuss countermeasures, develop manuals, and thereby maintain and improve our disaster prevention management system.

- Prohibition of acts that impair the company's interest
As corporate workers, we will perform our work with high ethical standards, not to mention in compliance with internal rules.
 - Compliance with working regulations
We will abide by matters set out in our working regulations and carry out duties while maintaining order in the workplace. We will not commit any unjust or dishonest act.
 - Proper use of corporate assets
We will not make unjust use of corporate assets or mix private interest with the interest of the company. We will not use corporate assets or expenses for personal purposes.
 - Proper use of information systems
We will closely protect IDs and passwords and watch out for theft, manipulation, and breach of information, and, needless to say, we will not use the company's information systems for personal purposes.
 - Prohibition of conflict of interest
We will give priority to the interest of the company and will not commit any act that constitutes conflict of interest with the company.

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