



# Group Code of Conduct

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**PILLAR Corporation**

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## Motto and PILLAR CORE VALUES

### Motto

Quality First  
Cooperation and Harmony  
Steady Research

### PILLAR CORE VALUES

Integrity	To maintain integrity and uphold high ethical standards in your professional conduct.
Innovation	To embrace the challenge of innovation to help create a better future society.
Progress	To pursue continuous improvement and reform to drive real evolution.
Human Resources	To use business activities to develop individuals who possess high levels of expertise, leadership, as well as social skills.
Team	To build a team where the wisdom and abilities of diverse colleagues generate synergy.

# Group Code of Conduct

The Group Code of Conduct of PILLAR Corporation and its Group companies (“PILLAR GROUP”) stipulates important action guidelines to which officers and company employees (collectively, “employees”) shall adhere in the conduct of their daily business activities. Employees have the essential obligation to take the initiative in adhering to this Code of Conduct.

Upper management recognizes its role in the enforcement of this Code of Conduct and shall ensure that the parties concerned are thoroughly informed. At the same time, upper management shall develop internal systems and thoroughly implement corporate ethics while closely monitoring the views of those both inside and outside the Company. In the event of a violation of this Code of Conduct, upper management shall address the problem, investigate the cause, and prevent a recurrence. It shall also promptly release accurate information to the public and ensure accountability.

## I. Business Activities

### 1. Contributing to a more affluent society by developing and providing outstanding products and services

The objective of the PILLAR GROUP is to support the sustainability of society by accurately identifying the needs of society and using its fluid control technology to provide the products and services that meet these needs.

We view customer satisfaction as the starting point of our business activities, and we consider the foundation of the PILLAR GROUP to be the provision of products and services of value that are beneficial to society in terms of quality and cost.

In order to strengthen this foundation, we will always strive to create value by developing products and technologies grounded in innovative thinking. Our preconditions are that our products and services must be outstanding, be safe on their own, and must protect life, health, and property.

For this reason, we will develop, design, and manufacture products with due consideration for safety and the environment while making every effort to satisfy our customers.

( 1 ) Enhancing customer satisfaction

To improve customer satisfaction, our employees must always monitor the market, properly identify the needs of the market, and respond with agility.

Because the PILLAR GROUP does not offer products for the general public, employees must promptly identify customer needs with precision and proactively develop and offer new industry-leading products and services.

( 2 ) Publishing manuals to enhance our after-sales service and user support system

While it is important to identify emerging needs, it is also essential to provide after-purchase support for the products and services we offer. In order to ensure high levels of customer satisfaction, we will augment our sales with an improved system for providing follow-up service.

( 3 ) Complying with safety laws and regulations and guidelines

We will take full responsibility for safety during product research and development, design, manufacturing, and sales to prevent product defects from damaging the lives, health, and property of customers and community residents.

When relevant laws and regulations or public guidelines are established, we will ensure strict compliance with them.

( 4 ) Establishing and complying with voluntary safety standards

In fields where laws and regulations and public guidelines have not yet been established, we will formulate and adhere to voluntary standards for product safety (such as our Product Safety Design Implementation Guidelines and our Product Safety Labeling and Document Registration Procedures) in accordance with changing social conditions.

( 5 ) Publishing of easy-to-understand instruction manuals

Improper explanations in instruction manuals and insufficient explanations by sales representatives can contribute to preventable problems or unexpected accidents. At the same time, it is important to prevent accidents by providing appropriate warning labels where product usage entails risk.

We ensure that our customers can use our products safely and appropriately by providing easy-to-understand labeling on proper product handling as well as servicing instructions.

(6) Limiting the impact of disasters

Should a defect be discovered in the product, we will promptly report it to upper management and respond promptly to minimize the risk of damage or personal injury.

We will strive to reduce the potential for damage by promptly providing information to customers who use our products, disclosing information on product safety as necessary, and implementing measures such as recalls.

(7) Preventing the recurrence of accidents and malfunctions

If a product is shown to be defective, the problem could recur if the cause is not investigated and eliminated.

We will accumulate data on the causes of accidents and malfunctions and conduct investigations into them. We will focus on establishing a system suitable for disseminating product safety measures and supporting product planning and development.

## 2. Building and maintaining sound relationships with business partners and related companies

The PILLAR GROUP does not grant or seek unreasonable benefits in commercial transactions. We will strive to make the right decisions and act fairly and transparently so that our employees are not subject to misunderstandings or suffer damaged reputations in the eye of the public.

Moreover, we will not engage in illegal acts, pursue profits by unjust or illegal means, or act in a suspicious manner.

(1) Building relationships with purchasers

The convenience provided by the company must be in accordance with formal approval rules. We will refrain from providing customers with entertainment or gifts that exceed the scope of social expectations.

Moreover, we will never provide personal or arbitrary favors (discounts or rebates or the like) or commissions.

(2) Building relationships with suppliers

We will select our suppliers according to reasonable criteria such as price, quality, and delivery date. In addition, we will promptly decline entertainment and gifts from suppliers that go beyond the scope of existing social norms.

(3) Building relationships with affiliated companies and subcontractors

In dealings with affiliated companies and subcontractors, we will ensure that they do not differ unjustly in terms and conditions in keeping with fair and transparent competition with third parties.

Regarding entertainment and gifts, we will conduct ourselves within the scope of existing social norms.

### 3. Promoting free and fair competition

Competition law is aimed at ensuring the interests of general consumers and promoting the democratic and healthy development of the nation's economy by promoting fair and free competition. In particular, cartels of competitive companies that jointly constrain prices and quantities and engage in other corrupt tactics such as bid-rigging not only damage the company's honor, but also expose the company to administrative sanctions such as fines and criminal penalties as well as damages from civil cases involving resident lawsuits. Companies engaging in such violations risk losses that are immeasurable. The PILLAR GROUP pledges to pursue its business activities in compliance with the Antimonopoly Act of Japan as well as the competition laws of other countries.

Our Procurement Department also prohibits employees from requesting unfair transactions from suppliers using their superior positions according to the Subcontract Act, and we comply with the terms of this law as well.

(1) Complying with competition laws and related legislation

In order to comply with competition laws in Japan and other countries, the PILLAR GROUP will comply with the Rules for Compliance with Competition Laws, etc. stipulated separately.

In addition, purchasing managers and related parties pledge to learn the details of the Subcontract Act and comply with the Regulations for Compliance with the Subcontract Act stipulated separately in the execution of business activities. We will comply not only with the law but also with existing social norms and will not pursue profits by unjust or illegal means or act in a way that raises suspicions, such as engaging in back-scratching or colluding with politicians or government officials.



#### 4. Protection of intellectual property rights and confidential information

Intellectual property rights and confidential information includes copyrighted materials and industrial property rights such as patents, utility models, designs, trademarks, works of art, and computer software that are clearly protected under the law as intellectual property, as well as expertise, technical information and sales information treated as confidential by the PILLAR GROUP, and confidential information received from other companies. Employees will make every effort to protect the development and safeguard the PILLAR GROUP's intellectual property and will take great care not to unfairly infringe on the intellectual property rights of other companies.

##### (1) Handling information confidential to the PILLAR GROUP

Leakage of confidential information to the outside world may damage the profits and credibility of the PILLAR GROUP. Confidential information is not limited in form to documents, but also encompasses electronic media, commercial goods themselves, and oral communications. The PILLAR GROUP will closely monitor the management and handling of such confidential information.

##### (2) Handling the intellectual property rights of other companies

If we should come into possession of the confidential information of other companies that has been illegally obtained, we would be exposed to violations of laws and regulations related to protection of intellectual property as well as violations of the Unfair Competition Prevention Act and civil torts. The PILLAR GROUP thus remains fully aware of the need to protect the confidential information of other companies.

In addition, it is important to respect not only the confidential information of other companies, but also their intellectual property rights such as patents, copyrights, and trademark rights, as easy imitation of products hinders the proper development of the national economy. The PILLAR GROUP will never illegally obtain the confidential information of other companies and use or sell it for its own advantage or for the benefit of other companies or the governments of other nations.

## II. Relationship between the Company and Its Employees

In order to promote the positive work-life balance of its employees, the PILLAR GROUP aims to adopt various employment styles, work styles, evaluation systems, and leave systems while, in response to changing values, allowing employees to demonstrate their individuality and seek self-fulfillment.

In order to foster a corporate culture in which employees can take on bold challenges, we will develop a personnel system and work environment in which employees can freely and openly demonstrate their creativity.

### 1. Respecting the talents, individuality, and personality of employees

In respecting diversity, the PILLAR GROUP values the personality, individuality, independence, and creativity of each of its employees and seeks to foster a corporate culture in which employees can feel a sense of fulfillment and achievement.

We also conduct objective and fair personnel evaluations and develop unique employees who can benefit from ample opportunity to work independently, acquire expertise, and demonstrate their creativity.

### 2. Respecting privacy

The PILLAR GROUP respects the privacy of each employee, strictly monitors the handling of personal information, and strives to manage this information appropriately.

### 3. Respecting human rights and equal opportunity

The PILLAR GROUP maintains a healthy work environment free from harassment and discrimination for reasons of gender, age, nationality, race, ethnicity, beliefs, religion, social status, disability, or place of birth. In addition, we will seek to inhibit all such forms of harassment by taking prompt and appropriate measures in the event of such a violation. Should an issue arise in this area, we will investigate it promptly and take decisive measures to assist the targeted party and prevent a recurrence.

#### (1) Prohibitions on child labor and forced labor

The PILLAR GROUP prohibits all forms of forced labor in all countries and regions as well as the child labor, the labor of individuals who are below the working age as stipulated by the laws and regulations of the relevant country or region.

#### (2) Respecting the rights to collective bargaining and freedom of association

The PILLAR GROUP will comply with the laws and regulations of all countries and

regions in which it conducts business and respects the freedom of association and collective bargaining rights of all.

(3) Providing unbiased opportunities for developing one's talents and displaying aptitudes

The PILLAR GROUP is working to enhance the value of its employees by providing fair opportunities for all employees to develop their skills and demonstrate their abilities so that the Company can continue to grow in a sustainable manner. We will provide training to all employees with a focus on position-based training aimed at improving the skills required for particular positions.

#### **4. Providing a safe and comfortable work environment**

The PILLAR GROUP places top priority on ensuring worker health and safety in all processes, including all business activities, as well as the use and disposal of products, parts, and materials and the like.

Therefore, we will adhere to our own standards as set out in internal rules and regulations and will comply with all relevant laws and regulations.

(1) Eliminating occupational accidents

The health and safety of our employees is irreplaceable. We will ensure the health and safety of all employees in our workplaces by taking steps to prevent injuries, health problems, diseases, and accidents as we seek to minimize occupational health and safety risks. In order to eliminate occupational accidents, we will comply with relevant laws and regulations as well as our own rules such as our Health and Safety Management Regulations and Work Guidelines.

We will identify unsafe behaviors and unsafe conditions by monitoring the safety of the workplace, eliminating potential risk factors linked to improvement activities, and using them as materials for safety training as we strive to create safe and comfortable workplaces.

(2) Environmental protection and disaster preparedness

Companies rooted in their local communities are responsible for complying with environmental laws and regulations. In order to protect the environments of our business establishments and our local communities, every one of our employees must comply with our own Environmental Manual and our environmental protection regulations while striving to consider the environment in every activity.

In order to prepare for disasters and minimize the spread of damage in the event of a disaster, we will formulate disaster preparedness regulations such as our Business Continuity Plan (BCP) and will strive to minimize the impact of a disaster by providing relevant training.

### III. Relationship between the Company and Society

#### 1. Legal compliance and notification of violations of laws and regulations

The PILLAR GROUP will comply with all relevant laws and regulations as well as social norms and pledge to engage in fair and sound corporate activities. In particular, each employee will be made fully aware that serious violations subject to disciplinary action can be directly linked to threats to the company's survival; consequently, we pledge never to engage in unlawful or corrupt activity.

Moreover, should an employee become aware of an illegal activity such as a violation of laws and regulations, internal regulation, or various other rules, that employee is required to report the violation to the Whistleblowing Desk (internal or external) as specified under the Whistleblowing Regulations.

The PILLAR GROUP will treat whistleblowers with fairness and respect and will ensure their anonymity to the greatest extent possible. Unless the whistleblower has engaged in wrongdoing, we will not dismiss the employee or subject the employee to any other disadvantageous treatment in response to the whistleblowing.

We will comply with the following laws and regulations as well as all import- and export-related laws.

(1) The Foreign Exchange and Foreign Trade Act

Sales representatives and those involved in export operations are made fully aware of the international situation in order to ensure compliance with List Rules, Catch-all Controls, and other import/export laws and regulations and with Security Export Control Regulations.

(2) The Financial Instruments and Exchange Act

We will comply with all insider trading and management of internal information regulations and will never engage in the purchase or sale of shares using important company information that may affect investors' investment decisions before it is publicly disclosed. We also pledge not to divulge such information to third parties.

(3) The Political Funds Control Law and Public Offices Election Act

We will comply with the Political Funds Control Law and the Public Offices Election Law, and we will ensure fairness and honesty with respect to our corporate political activities.

(4) Laws and regulations concerning bribery and corruption

In relation to dealings with officials of government agencies and local governments and the like, the PILLAR GROUP will respect and comply with the laws and regulations of Japan and other countries and regions, including the National Public Service Ethics Act

and National Public Service Ethics Code, as well as the Foreign Corrupt Practices Act of the U.S.A.

## **2. Dealing with anti-social forces**

The PILLAR GROUP strongly recognizes its corporate social responsibility and pledges never to enter into any relationship with anti-social forces. Should we receive an unreasonable request, we will resolutely reject it.

## **3. Information Disclosure**

The PILLAR GROUP will disclose material information to stakeholders in an appropriate and timely manner, such as information related to management, finances, environmental protection, society at large, and its social contribution with the exception of confidential information and information that is contractually excluded.

We will strive to maintain and develop sound relationships with stakeholders through open and fair communication with society at all costs.

## **4. Proper Accounting**

The PILLAR GROUP complies with laws and regulations and internal rules related to accounting and will provide appropriate accounting and accounting reports.

Moreover, we will record accounting information in a timely and accurate manner and will never issue inaccurate accounting reports intended to present a false impression.

# **IV. The Company's Stance on Global Environmental Issues as a Good Corporate Citizen**

## **1. Preserving the global environment**

The PILLAR GROUP recognizes that implementing measures to minimize global warming, control environmental pollution, ensure the efficient use of water, and conserve the environment in other ways are the most important issues of relevance to all human beings. We will therefore actively implement environmental initiatives as an essential condition of our corporate operations. For this reason, the PILLAR GROUP pledges to reduce its CO2 emissions.

We are also focused on developing products and technologies that contribute to global environmental protection while diligently seeking to reduce our electricity consumption, improve our energy efficiency, reduce waste emissions, and reuse and recycle by establishing an in-house environmental management system under our Decarbonization

and Global Environment Committee.

Furthermore, in addition to our product development efforts, we will improve our energy efficiency across all our operations and will work to reduce environmental impacts through the effective use of resources, waste reduction, pollution prevention, and biodiversity conservation.

## 2. Issues related to good corporate citizenship

The PILLAR GROUP recognizes that its success is grounded in its business activities and the deep relationship it has forged with local communities through its employees.

Aware that its social functions in the form of providing products and services, submitting taxes, providing employment, and other functions can only be made possible through the sound development of local communities, the PILLAR GROUP will work closely with them and will actively engage in volunteer activities and other such exchanges.

(Supplementary Provision)

1. The establishment, revision, and abolition of the Group Code of Conduct shall be undertaken only under a resolution of the Board of Directors of PILLAR Corporation
2. Adopted on April 1, 2003  
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