

HITACHI TRANSPORT SYSTEM GROUP
H T S G r o u p C o d e o f C o n d u c t

FOR

HITACHI TRANSPORT SYSTEM VANTEC (THAILAND), LTD.

AND

SUBSIDIARY GROUPS COMPANY IN THAILAND

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Table of Contents

1.	Basic Policy on Conduct.....	- 3 -
2.	Compliance with Competition Law.....	- 6 -
3.	Prohibition of Bribery.....	- 8 -
4.	Conflict of Interest.....	- 9 -
5.	Environment.....	- 10 -
6.	Industrial Safety and Health.....	- 11 -
7.	Establishment of the Working Environment.....	- 12 -
8.	Insider Trading.....	- 13 -
9.	Information Security.....	- 14 -
10.	Intellectual Property Rights.....	- 15 -
11.	Privacy.....	- 17 -
12.	Compliance with Laws and Regulations Regarding Import and Export.....	- 19 -
13.	Political Contributions, Lobbying Activities.....	- 21 -
14.	Money Laundering.....	- 22 -
15.	Procurement.....	- 23 -
16.	Integrity of Records and Reports.....	- 24 -
17.	Document Management.....	- 25 -
18.	Handling of Company Assets.....	- 26 -
19.	Relationships with Customers.....	- 27 -
20.	Refusal of Relations with Anti-Social Forces (Japan only)	- 28 -
21.	Subcontract Act (Japan Only)	- 29 -
22.	Construction Business Act (Japan only)	- 31 -
23.	Worker Dispatching Act (Japan only)	- 32 -
24.	Internal Reporting.....	- 34 -
25.	Crisis Management.....	- 35 -
26.	Responsibility of Top Management.....	- 36 -

Introduction

Observance of laws and regulations is the basic requirement of compliance. However, observance of laws and regulations is the minimum requirement; in order to be accepted by the general public a company is expected to go beyond simple observance of laws and regulations and conduct business in accordance with social conventions. In other words, it is necessary to bring high ethical standards to the conduction of corporate activities.

Each one of us in the Hitachi Transport System Group needs to recognize that just one violation of laws and regulations we must comply with can mean the instant loss of the general public's confidence in the entire HTS Group, and as such it is imperative that we conduct business honestly and fairly.

This Code of Conduct specifies how each of us should act in the Group's corporate activities based on the "Conduct Policy" established to put the "Management Principles" and the "Management Vision" of the company into concrete shape.

You are requested to gain a good understanding of the content of the Code of Conduct and act in accordance with it so that the HTS Group can continue to enjoy the trust and confidence of the general public.

If you are unsure about what the right course of action is, ask yourself the following questions.

- Is the action legal?
- Does the action violate the Code of Conduct or corporate rules and regulations?
- If you take the action, can you talk about it confidently with third parties and competent authorities?
- If you take the action, can you talk about it confidently with family and friends?
- Would there be no problem if the action were to be reported in mass media?

Diagram 1: Conceptual Diagram of Compliance



1. Basic Policy on Conduct

The following conduct is required of every officer and employee of the HTS Group at all times.

(1) Respect for Human Rights

- 1) Do not discriminate based on gender, nationality, race, ethnicity, religion, creed or skin color, etc.
Respect the culture and customs of each country and each region, and show respect to human rights such as equality and dignity. Endeavor to act with sincerity and fairness.
- 2) Eradicate child labor, and do not force compulsory labor.
- 3) Stay out of any harassment in the workplace, and have zero tolerance for such harassment.
- 4) Endeavor to jointly resolve issues through authentic and constructive dialogue between management executives and employees base on international norms while acting in accordance with the laws, regulations and labor practices of each country and each region.
- 5) Understand the potential for human rights violations in advance, establish systems to prevent them, and conduct appropriate human rights due diligence according to the social background in countries and regions where business is conducted and the characteristics of businesses, products and services.

(*) Specific examples of prohibited conduct

- 1) Discriminatory recruitment and treatment of employees based on gender, nationality, race, ethnicity, religion, ideology, skin color, or other status.
- 2) Causing children under the age of 15 (under the age of 14 in developing countries) as defined by international conventions--in other words, children of the age prescribed by laws to have the right to receive compulsory education--perform the same work as adults.
- 3) Assigning children under the age of 18 any dangerous or harmful work that is injurious to health, safety, or morals, or that hinders sound mental and physical growth (for example, work that subjects the worker to physical or mental abuse; work performed in mines, underwater, or in dangerous high or enclosed places; work that involves use of dangerous machines; work that involves use of chemical substances or is performed in high-temperature or noisy workplaces; work that involves long working hours; night work; work that places unreasonable constraints on the worker, etc.).
- 4) Use of children under the age of 18 for purposes of forced or compulsory labor, bonded labor, work in the nature of serfdom, soldiering in conflicts (forced conscription), human trafficking, prostitution, pornography, or sale of illegal drugs, etc.
- 5) Compelling workers to work against their will by means of violence, intimidation, confinement, or other unjust restraint on mental or physical freedom.
- 6) Use of or engagement in sexually related language or acts (asking about sexual relationships, purposely spreading information of a sexual nature, etc.) or sexual behavior (forcing sexual relations, unnecessary physical touching, spreading of obscene pictures, etc.) against the will of the other person in a manner unpleasant or uncomfortable for that person, or to tolerate such language, acts or behavior.
- 7) Abuse of positions of authority beyond ordinary course of work to continually use or engage in language or acts that infringe a person's character or dignity, deteriorate work relationships, or cause anxiety over the possibility of losing one's employment, or to tolerate such situation.
- 8) Engaging in or tolerating any harassment against a female worker who is pregnant,

such as compelling to retire, withholding work assignment, or assigning unreasonably hard work.

- 9) Engaging in or tolerating any harassment (continual verbal abuse or abusive behavior) that are injurious to the other person.
- 10) Discriminating a person on the basis of gender and annoying that person by using or engaging in any language or act that emphasizes stereotypical male and female roles.
- 11) Impeding the freedom of association of workers and the exercise of the right to collective bargaining.

<Provisions 2), 3), 4), 5), 11) above are included in conventions of the ILO (International Labour Organization).>

In the event a human rights violation occurs, promptly rectify it and provide redress through the appropriate procedures inside and outside the company.

(2) Compliance with Laws, Regulations, and Rules

- 1) In the execution of business by the company and its employees, comply with the provisions and spirit of laws and regulations that are applicable in the countries in which business activities are conducted.
- 2) Endeavor to fully respect international norms expected of a global company in countries and regions where the establishment and enforcement of laws may be inadequate.
- 3) Comply with the rules and regulations established by the company.

(*) Specific Examples of Prohibited Conduct

- 1) Engaging in any business that requires authorization from competent authorities without obtaining such authorization.
- 2) Engaging in acts that are prohibited in the conduct of business.
- 3) Engaging in any business that requires personal qualification when you do not hold such qualification.
- 4) Engaging in acts that violate the company's work regulations and rules.
- 5) Forming an agreement with other companies that is not in accord with the company's approved standards and procedures.

(3) Focus on the Importance of Our Relationship with Society

In the business continuity efforts, it is necessary for a company to maintain good relationships with diverse stakeholders including employees, customers, business connections, suppliers, shareholders, local communities, and municipal governments and central administrative organs it is involved with in the course of company management.

To achieve this, a company must, of course, pay taxes and comply with laws and regulations, and also provide safe and reliable services, respect human rights, promote fair business activities, strive for increasingly sound corporate governance, undertake activities to protect the environment, and address local community issues. Company management must not pursue only business profit; companies are also expected to fulfill their corporate social responsibility (CSR).

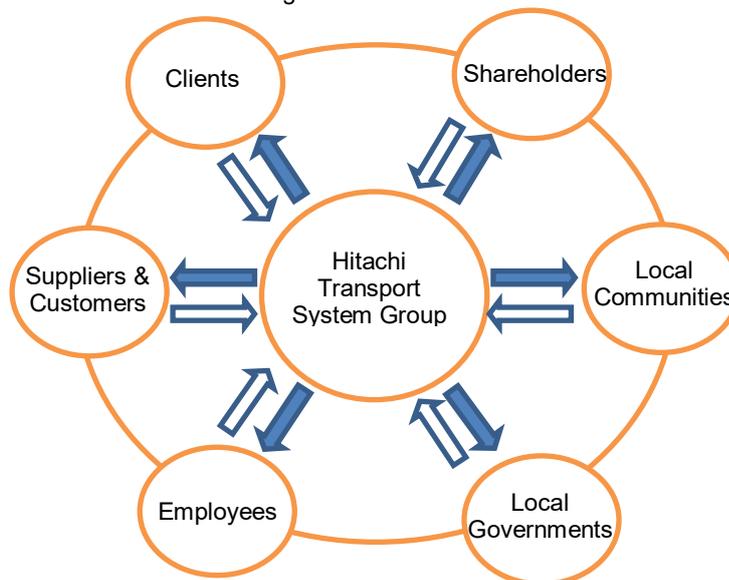
Companies that conscientiously practice CSR are trusted by the public, and their employees can approach their work with a sense of purpose and mission, confident that they are meeting the expectations of the public, and proudly introduce the company they

work for and the work they do to their own family.

The business activities of the HTS Group must be carried out with a continuing emphasis on the importance of our relationship with society.

Furthermore, along with endeavoring to develop technologies and provide services that contribute to the advancement of society, it is also necessary to endeavor to correctly recognize and utilize operations and the impact these technologies and services have on society.

Diagram 2: Stakeholders Correlation Diagram



* Respect for the Corporate Brand

The source of a company's brand power and the key for enhancing it is that every person working for the company engages in business activities with pride and a sense of unity. If the company does not comply with laws and regulations and fulfill its responsibility to society, its employees naturally will not be able to take pride in the company. When employees can be proud of their company, working there is a pleasure and this attitude on the part of each employee is conveyed to the company's business connections and other stakeholders and further enhances the corporate brand.

With the awareness that each of us underpins the corporate brand, let's move forward to further enhance the HTS Group brand and continue to be a company that all of us can take pride in.

2. Compliance with Competition Law

Laws formulated with the objective of achieving free and fair competition in the marketplace are generally called competition laws. In response to economic globalization and market-oriented economic reform, enactment of competition law is moving forward and the number of countries and regions with a competition law is increasing. We must not engage in any act that violates competition laws of any country for whatever reason, be it for successful conclusion of business negotiations, achievement of profit goals, or the direction of a supervisor. Even an act done in one's own country may be subject to penalty by extraterritorial application of the laws of other countries if it has an effect in other countries.

The HTS Group does not tolerate any act that violates the competition laws of other countries.

(Conduct Required)

- 1) Conduct fair and transparent business dealings with all business connections.
- 2) Whenever coming into contact with competitor companies intending to engage in prohibited anti-competitive activities, always refuse to become involved in such activities.
- 3) In the course of meetings and consultations with competitor companies, if you feel that any of the content of discussions risks constituting a prohibited activity (activities described in *2) below), immediately terminate the meeting, leave the meeting venue, and record the content of the discussions.
- 4) During meetings of trade associations, if member companies engage in any activity that constitutes or is liable to constitute an anti-competition activity (activities described in *2) below), either express opposition to the activity or immediately leave the meeting venue and record the content of the activity.

(* Examples of competition law violations

- 1) Making consensus and agreements between or among competitor companies that hinder fair competition.
- 2) Disclosing any confidential information that can impact markets (including information regarding prices, bidding, price reductions, terms of agreements, costs, profit, and other trade secrets that give companies a competitive advantage) to competitor companies.
- 3) Participating in an arrangement for adjustment of orders placed by government agencies.
- 4) Participating in bids for work orders that you do not intend to receive, at the request of other companies, or inducing other companies to participate in bids for work orders they do not intend to receive.
- 5) Setting discriminatory prices that give particular business operators an advantage.
- 6) Dividing up markets and customers with competitor companies.

* What is a cartel?

A cartel is a group of business operators (including business cooperatives) that communicate with each other to jointly set matters including types of products produced, product prices, and sales and production amounts that rightfully should be decided by each business operator independently.

* Main types of cartels

Price fixing	A type of cartel in which the participating competitor companies discuss and set prices to wrongfully obtain higher profit.
Output restrictions	A type of cartel in which the participating companies reduce manpower or facility operating time, etc. to adjust production and sales amounts.
Market allocation	A type of cartel in which participating companies decide in advance the regions in which and companies with whom they will do business.

* What is extraterritorial application of competition law

Extraterritorial application of competition law means to apply the competition law of one's own country to acts carried out in foreign countries that have the effect of restricting market competition in one's own country (for example, application of the competition law of one's own country against a foreign exporter of a product imported by one's own country for participating in a price cartel).

3. Prohibition of Bribery

Countries around the world are moving in the direction of establishing strict penalties for crimes of bribery.

If government officials, etc. accept, demand, or promise to accept a bribe in connection with their work duties, this constitutes the crime of accepting a bribe. If you give, offer, or promise to give a bribe, this constitutes the crime of giving a bribe. A bribe does not have to be in the form of money; if it is something that confers benefit to the receiver then it constitutes a bribe. Furthermore, it could constitute a bribe even if it is given in connection with legitimate work activities. There are also some countries in which private citizens can be subject to penalties for giving and accepting bribes in connection with transactions.

The HTS Group does not tolerate any act of bribery.

(Conduct required)

- 1) Refrain from offering, promising to give, or giving a bribe to a government official directly or indirectly in the form of special treatment that influences actions and decisions or confers personal benefit for the purpose of acquiring or maintaining work orders for whatever reason or purpose. This also basically applies to bribery of private citizens, so you must be fully aware of and comply with the regulations of each country when making decisions in such matters.
- 2) Have zero-tolerance for bribery, including the act of offering, promising, or providing bribes to government officials, etc. by business connections and agents in regard to the business of the HTS Group.
- 3) Keep business-related gifts and entertainment within a reasonable range that is in accordance with local customs and practices, and avoid gifts and entertainment that are excessive or inappropriate.
- 4) Avoid engaging in any act that can be construed as bribery from the viewpoint of third parties.
- 5) Avoid making facilitation payments in countries that prohibit paying such small sums for the purpose of facilitating smooth procedures in connection with government services (excluding, however, when you risk danger to life, body, or freedom for refusing a request for a facilitation payment).

* Specific examples of bribery (excerpted from "Guidelines for the Prevention of Bribery of Foreign Public Officials" (Ministry of Economy, Trade and Industry, Japan))

- 1) Provision of a sports car, etc. to a foreign public officials, etc.
- 2) Frequent provision of gifts to foreign public officials, etc., even if such gifts are inexpensive.
- 3) Gifts of coupons or gift certificates that are cash equivalents, or easily convertible to cash, to foreign public officials, etc.
- 4) Priority hiring by group companies of family members of foreign public officials, etc.
- 5) Invitation of the families of foreign public officials to a resort area with little connection with the company's products and services.
- 6) Appointment of a company with connection to a foreign public official as the company's agent or consultant.
- 7) Payments made immediately prior to bidding regardless of the price or economic value of the physical object paid for.

* Foreign public officials are governed by the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; transactions between private individuals or entities are governed by the respective laws and regulations of each country.

4. Conflict of Interest

Conflict of interest occurs when the obligations and interests related to duties performed by an individual conflict with the individual's personal interests. If you sacrifice the interests of the company to conduct transactions in the aim to obtain benefit for yourself or third parties, such conflict of interest transactions may damage the company. Even if it only appears that acts where there is a conflict of interest are being committed, this may cause the company to lose the public's trust. Avoid use of an individual's position in the company for personal benefit that may generate conflicts of interest arising in the relationship between the individual and work duties. Each employee's conduct must always aim for the best interests of the HTS Group.

(Conduct required)

- 1) When there is the possibility of a conflict of interest, disclose all of the circumstances to the company and promptly take all measures to resolve the conflict of interest if required to do so by the company.

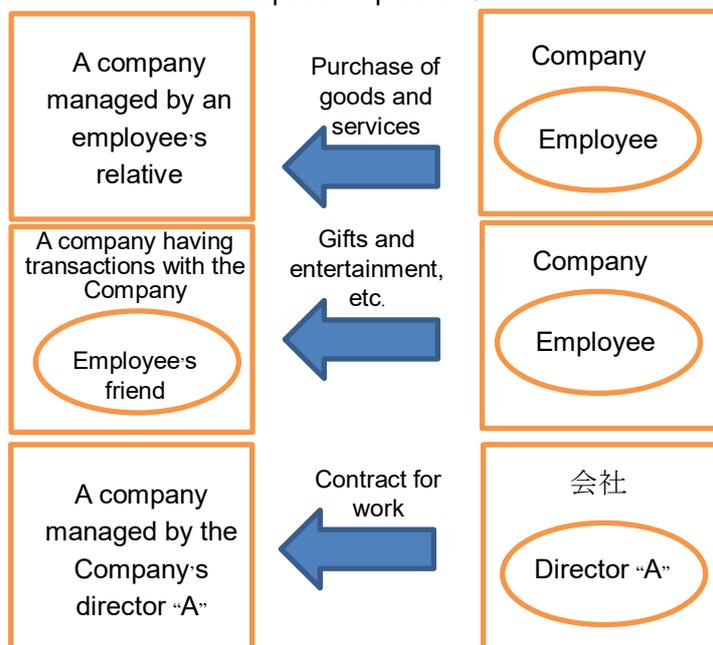
(*) Specific examples of prohibited conduct

- 1) Providing a company director with gifts or loans from the company without authorization from the company.
- 2) Buying and selling between company directors and the company.
- 3) Placing an order at higher than normal prices with companies where your friends or relatives work.

□ Examples of suspected conflict of interest

(Transactions conducted in the aim of obtaining benefit for yourself or third parties that sacrifice the interests of the company)

* Proper business transactions pose no problem.



* Regulations governing transactions that may cause conflict of interest are not applicable to transactions between a parent and its wholly-owned subsidiary (a relationship under which a company holds 100% of the shares of its affiliate either directly or indirectly) because the parent and its wholly-owned subsidiary have the same shareholder(s) in common in effect.

5. Environment

Global warming and a variety of other environmental issues are increasing in severity and resolution of global-scale environmental issues poses major challenges for society. Corporate activities have a major impact on the global environment. As a member of the global community, the HTS Group has an obligation to make every effort to reduce the environmental load of greenhouse gases, waste, and hazardous chemical substances, etc. In view of this obligation, addressing environmental issues becomes an extremely important element of corporate management. Bringing corporate activities into harmony with environmental needs is one of the challenges we must give top priority to.

(Conduct required)

Compliance with laws and regulations

Make every effort to protect the environment by complying with applicable laws and regulations, ordinances, and rules regarding the environment in Japan and all other countries and, when necessary, set self-imposed standards that exceed the provisions of such laws, etc.

(Environmental Cooperation)

Always keep in mind environmental responsibility in carrying out daily work activities. Also, be aware that global environmental issues are challenges shared by all mankind; work in cooperation with local communities, government agencies, customers, business connections, and all other stakeholders in the HTS Group to address environmental issues.

(Reduction of environmental load)

Promote the following activities in the aim to reduce environmental loads and prevent air, water, and other environmental pollution.

- 1) Activities that conserve energy and electrical power, introduction of energy-efficient equipment to reduce carbon dioxide and other greenhouse gases.
- 2) Eco-driving, introduction of eco-friendly vehicles to reduce carbon dioxide and other greenhouse gases and harmful exhaust gas.
- 3) Reduction, reuse, and recycling of waste materials to promote resource recycling.
- 4) Reduction of the quantity of water and paper used to promote effective use of resources.
- 5) Appropriate maintenance of vehicles and environment-related facilities such as water and oil separators to prevent water pollution and other types of pollution caused by oil leakage.

What are the 3Rs?

3Rs: Reduce, Reuse, and Recycle

- Reduce: Use products and materials wisely to promote waste reduction.
Example: Don't buy or receive things you don't need.
- Reuse: Reuse things as many times as possible.
Example: Give things no longer needed to other people who can use them.
- Recycle: Recycle waste as a resource.
Example: Correctly separate waste materials.
Use products made from recycled waste.

6. Industrial Safety and Health

Companies are required to appropriately manage and implement activities to ensure industrial safety and health. The HTS Group must proactively implement measures to ensure the safety and health of its employees and maintain high standards of safety and health.

(Conduct required)

- 1) Promote safety and health activities initiated by managers in which employees participate.
- 2) Comply with all applicable laws, regulations, and rules regarding occupational safety and health.
- 3) Create and maintain safety workplace environments to prevent the occurrence of industrial accidents.
- 4) Act in conformance with rules for workplace safety and work standards.
- 5) Provide safety and health instruction and direction in the aim to eliminate unsafe work areas.
- 6) Undertake measures and activities to maintain and promote the health of employees and create workplace environments that facilitate performance of work duties.

(Specific requirements for compliance)

- 1) Call attention verbally to the move of vehicles during driving operations and use the pointing and calling method when operating forklifts.
- 2) Wear safety equipment (safety helmet, safety shoes, gloves, safety goggles, etc.) in compliance with relevant laws and regulations and company rules.
- 3) Implement 5S activities in your work area for the tools and machinery you use and in passageways.
- 4) Hold meetings before beginning work to inform employees of work procedures and methods and inherent risks.
- 5) Implement risk management for work environments, methods, and content.

(*) Specific examples of prohibited conduct

- 1) Violation of speed limits, overloading, driving while intoxicated and overworked driving, driving without a license, and other violations of laws and regulations.
- 2) Performing work in unsafe conditions (protruding loads, etc.), and engaging in unsafe actions (running in passageways and on stairways, etc.).

□ Safety basics

5S : < Seiri > Keeping order

< seiton > Staying organized

< seisou > Keeping things clean

< seiketsu > Keeping things neat

< sitstuke > Maintaining Discipline

3Tei : < Teii > Decide where things belong

< Teihinn > Decide on what Product

< teiryō > Decide on Quantity

7. Establishment of the Working Environment

Companies must endeavor to create a workplace in which each employee can work with satisfaction, fulfillment and motivation to realize sustained growth as an organization and as individuals through the realization of flexible work styles and the respect of diverse values.

Furthermore, companies are required to make the necessary investments in education such as for skill development to enable employees to fully demonstrate their abilities. In addition, employees must constantly strive to achieve self-improvement, and superiors must provide fair and appropriate management, guidance and development to subordinates in an effort to improve their skills.

(Conduct required)

- 1) Create a day-to-day workplace culture and systems, provide ample communication, and realize work styles in consideration of the work-life balance of employees.
- 2) Utilize systems for balancing work with childcare and family care.
- 3) Utilize internal training systems

8. Insider Trading

Insider trading means the act of trading company shares by persons in a position to access a company's internal information who use their position to obtain confidential information that can impact markets and trade company shares based on such information before it is made public. Insider trading puts general investors unaware of such information at a disadvantage and results in loss of investor confidence.

(Conduct required)

- 1) Comply with all applicable laws and regulations and company regulations regarding insider trading.
- 2) If you possess any important and undisclosed information of HTS or other companies, refrain from buying or selling the shares of HTS or such other companies, as applicable.
- 3) Refrain from disclosing confidential information that can impact markets to other persons without prior approval by the company.
- 4) If you obtain confidential information, refrain from disclosing the information to family members, friends and acquaintances, or persons in the company other than the persons who are concerned.
- 5) If you obtain confidential information, refrain from making recommendation or suggestion to family members, friends and acquaintances, or any other persons that they buy or sell the company's shares.
- 6) In buying and selling the shares of HTS, use the designated form to notify the legal department 3 business days prior to the day you plan to buy or sell shares.
- 7) Refrain from buying or selling the shares HTS during periods when HTS prohibits buying and selling of its shares, etc.

* Examples of confidential information that can impact markets

- Plans for corporate acquisition or merger
- Plans for business sell-offs
- Figures of financial results and financial projections before they are announced to the public
- Gains and losses of important contract agreements before public announcement
- Progress of major projects

* Periods when HTS prohibits buying and selling of its shares, etc.

- 2) The period every year from March 15 until the day financial results are announced (around May 15)
- 3) The period every year from June 15 until the day 1st quarter financial results are announced
- 4) The period every year from September 15 until the day the 2nd quarter results are announced
- 5) The period every year from December 15 until the day 3rd quarter financial results are announced.

9. Information Security

The HTS Group handles a variety of important information (hereinafter, confidential information) including distribution-related information entrusted by customers, business management information, personal information, and technical information. The confidential information held by the HTS Group is utilized to differentiate our business from those of competitor companies and increase our competitive power. If such information is leaked, it not only threatens our business status; the company can also suffer serious loss that endangers its existence. This is why HTS makes every effort to protect confidential information by establishing an information management system that is strictly implemented throughout the HTS Group.

(Conduct required)

- 1) Comply with laws and regulations and other standards regarding information security.
- 2) Formulate information security rules in conformance with laws and regulations and endeavor to ensure strict compliance throughout the HTS Group.
- 3) Create an information security management system implemented throughout the HTS Group, and implement, maintain, and continually improve organizational, individual, physical, and technical safety control measures.
- 4) Foster a corporate culture in which awareness and knowledge regarding information security is spread throughout every workplace in the HTS Group.
- 5) Take appropriate measures to protect the information assets of the HTS Group from the risks of loss, leakage, unauthorized access, alteration, and destruction, etc.
- 6) Endeavor to prevent information security accidents. In the unlikely event that such an accident occurs, promptly report it and take appropriate measures to handle the situation including measures to prevent recurrence.
- 7) In outsourcing information handling to outside parties, form agreements that provide security measures and direct contractors to strictly comply with the measures.

(*) Specific requirements for compliance

- 1) As a rule, confidential information must not be taken outside the company. Always obtain approval from a supervisor when business considerations make it necessary to take confidential information outside the company.
- 2) When taking computers outside the company, set a password to access the hard disk or encrypt the contents. Also set a password or encrypt the contents of external recording media on which confidential information is saved.
- 3) When sending e-mail, prevent mistaken transmission by always confirming the e-mail addresses of receivers and any files attached, and do not attach files to addresses other than those necessary. When attaching confidential information to e-mail, set a protective password according to the level of importance.
- 4) Do not browse or write comments in Web sites that are unrelated to business. Never write comments with information regarding company business in social media.
- 5) Do not open file attachments or URLs in suspicious e-mail. If you open such files, immediately disconnect the computer from the network and report the incident to a supervisor.
- 6) Take sufficient care in handling documents that include confidential information so that they cannot be lost or stolen.
- 7) When information leaks and security leaks (theft and loss of computers and other information processing equipment and confidential data, and mistaken e-mail transmission) occur, immediately report such incidents to a supervisor.
- 8) When installing software on company computers and other devices, submit a request to the company for approval to do so and do not install software on your own initiative.

10. Intellectual Property Rights

Intellectual property rights guarantee the value and rights attached to three types of intellectual property: i) inventions, devices, works of authorship, and other products of human creative activities; ii) trademarks, trade names, and other marks and signs used in the operation of business; and iii) trade secrets, technical information, and other useful business information. One characteristic of intellectual creations that are the fruit of the great efforts of inventors and other creators is that they are easily imitated and stolen. This is why new intellectual creations are given rights as intellectual property to safeguard them for a fixed period of time. The wide variety of intellectual property rights throughout the world are protected by the laws and regulations enacted by each country.

Use of the intellectual property of a third party without permission constitutes an infringement of rights and may lead to fines and criminal prosecution. Also, if trade secrets and technical information are leaked outside the company, the reliability and advantageous position of the company is damaged. Intellectual property must be appropriately handled and protected in conformance with provisions of laws and regulations and contractual agreements.

(Conduct required)

- 1) Respect all intellectual property rights, whether those of HTS or other companies.
- 2) Refrain from using the intellectual property of other companies without permission.
- 3) Refuse all confidential information of third parties that is not provided by approved methods.
- 4) Discuss any matters you are unsure of regarding intellectual property rights with the business unit that is in charge of intellectual property rights in your company.
- 5) Report to HTS any invention you have made in connection with your work performed for HTS.
- 6) Maintain three key factors of trade secrets and technical information: being kept in secret (identification as confidential, restricted access, etc.); being useful information (useful in carrying out business activities); and not being publicly known (not known to the general public).
- 7) Comply with laws and regulations and contractual agreements regarding the use and disclosure of intellectual property.

(*) Specific examples of infringement

- 1) Downloading software on a company computer without the permission of the holder of the copyright for the software.
- 2) Reprinting of text and images on another company's Web site.
- 3) Distribution and disclosure of written documents, photographs, blueprints and drawings, etc. regarding the technologies, construction methods, etc. of HTS without prior approval from HTS.
- 4) Imitation of and use without permission of the intellectual property of third parties.

* Types of intellectual property

Patents (inventions)	Objects generally known as “inventions” (*i)) are subject to protection. A patent acquired for an invention gives the patent holder an absolute exclusive right. For example, if a third party independently invents the same invention after a patent has been acquired for it by someone else, as a rule, the third party cannot patent the invention even if he or she is unaware of the existence of the patent. A patent gives strong rights to the patent holder.
Utility models (devices)	Devices which are not as intricate as inventions (*ii)) are subject to protection by utility model rights. Rights are related to configurations, structures, and combinations.
Designs	Novel designs of physical objects are subject to protection. Designs must be able to be used for industrial products and must be original. Patterns and colors connected with configurations are also subject to protection.
Trademarks (marks)	Names, marks, and other types of symbols used to distinguish a company's products and services from those of other companies are subject to protection.
Copyrights	Copyrighted work is a production in which thoughts or sentiments are expressed in a creative way and which falls within the literary, scientific, artistic or musical domain, and is subject to protection. Computer programs are also considered a copyrighted work and is subject to protection. A copyright gives the creator of a work exclusive rights to its use (other persons may not use it without permission).
Trade secrets and technical information (know-how)	Among the information used to conduct business activities and technical activities related to production, product development, and provision of services, the company information that is handled as confidential is subject to protection to maintain manageability as confidential, usefulness, and non-disclosure.

(*i)) An “invention” is a highly advanced creation of technical ideas utilizing laws of nature. Inventions are categorized as a “product invention,” an “invention of a process,” and an “invention of a process for producing a product.”

(*ii)) A “device” can be described as a small invention that is useful in industry, and is defined as “devices relating to the shape or structure of an article or combination of articles.”

* Other types of intellectual property

Layout- design exploitation right	Research and development of layout methods for semiconductor integrated circuits are positioned as having industrial value and are subject to protection by giving inventors right of use of the circuit layouts they invent. Layout-design exploitation right is the right to monopolize the manufacture and sale of semiconductor integrated circuits.
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11. Privacy

The HTS Group retains a variety of information other than employee information, including personal information entrusted by customers and obtained from business connections.

When information is leaked due to the company's neglect of personal information protection and inappropriate information management, the company suffers major damage including compensation for damage, and loss of trust and confidence of the public in the company.

This is why the company must respect the privacy of individuals and appropriately manage the personal information handled by the company.

(Conduct required)

- 1) Respect and comply with the laws, guidelines, and rules of each country in which business activities (including consigned work) are conducted.
- 2) Create, steadily implement, and continually improve management systems for appropriate use and protection of personal information in conformance with company rules and regulations.
- 3) Foster a corporate culture in which awareness and knowledge regarding personal information protection is spread throughout every workplace in the HTS Group.
- 4) Create a management system for protection of personal information, appropriately handle personal information, and implement security control measures to prevent information leakage that are practiced by all employees on their own initiative.
- 5) Endeavor to prevent personal information leakage accidents. In the unlikely event that such an accident occurs, promptly report it and take appropriate measures to handle the situation including measures to prevent recurrence.
- 6) Respect the individual's right to privacy and always act in good faith.
- 7) In consigning management of personal information, direct contractors to properly manage the information in conformance with the contractual agreement formed.

(*) Specific requirements for compliance

- 1) Do not use personal information retained by the company for personal objectives.
- 2) Do not sell or provide to third parties the personal information retained by the company without permission.
- 3) Information related to individual privacy (documents and electronic data) must be handled with care as follows.
 - Do not throw away documents containing personal information in garbage bins.
 - Always check the addresses of receivers before transmitting e-mail and faxes.
 - Take measures to prevent information leakage and loss of computers, mobile phones, smartphones, and tablet computers, etc. that contain personal information.
- 4) Do not post information related to individual privacy and images that infringe portrait rights on SNS (social networking services).
- 5) Form contractual agreements with contractors to whom personal information management is outsourced that stipulate matters for compliance regarding protection of confidential information and privacy, and confirm the state of security control implemented by the contractor as necessary.

*What is personal information?

- Information regarding an individual that can be used to identify the individual.
- Information that will allow easy reference to other information and will thereby enable the identification of the individual.

Name	+	Address, age, telephone number, gender, date of birth, name of company, employment position, qualifications, family information, photographs of the individual's face and other images and videos of the individual, personal identity number, biometrics authentication, medical examination results, diagnosis of physical and mental disorders, stress check information, accident history, history of violations, etc.
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12. Compliance with Laws and Regulations Regarding Import and Export

All laws and regulations regarding import and export must be complied with in the recognition that in order to gain the trust of the global international community it is essential for the HTS Group to contribute to maintaining international peace and safety over large areas of the globe by endeavoring to prevent the development and diffusion of weapons of mass destruction and excessive stockpiling of conventional weapons.

(Conduct required)

- 1) Comply with all export laws and regulations in exporting products and all other types of freight (samples, packing materials, etc.), and in providing technologies.
- 2) Comply with all export control laws and regulations of Japan, and also US export control laws and regulations.
- 3) In addition to compliance with laws and regulations, strictly follow company procedures established for import and export, which prescribes matters for voluntary management implemented by the company that exceeds the level of requirements of laws and regulations.
- 4) Comply with all import laws and regulations in importing products, etc.

(*) Specific examples of infringements

- 1) Taking goods (freight) subject to regulation out of the country as personal baggage without obtaining the required export license.
- 2) Exporting packaging materials by international parcel delivery service without going through the company's required export control procedures.
- 3) Delivering freight from the United States to parties subject to sanctions under Pakistan's security export controls.
- 4) Completing export control procedures based on false information at the request of a customer.
- 5) Intentionally declaring prices that differ from actual prices on import declarations submitted to customs authorities.
- 6) Purchasing and bringing home counterfeit consumer goods (consumer goods that infringe intellectual property rights) while on business trips.

*What are Export Administration Regulations (EAR)?

The Export Administration Regulations (EAR) regulate the export of high-end goods and technologies with a Commerce Control List ("list-based" control). EAR also prescribes a licensed-based control to regulate end-users and end-use of goods and technologies to prevent them from being used for development of weapons of mass destruction ("catch-all" control).

* Rules for export control in connection with overseas business trips

Matters for confirmation at departure

Complete export control procedures for carry-on items (computers, measuring instruments, tools, product samples, etc.), technical documents (specification sheets, drawings, manuals, etc.), software, and determinations regarding applicability of technical support/guidance, etc.

(1) Items outside the range of baggage clearance must go through custom broking.

Items that can be checked through baggage clearance	<ul style="list-style-type: none"> • Personal effects necessary during the overseas stay • Computers used for work during the overseas stay (carried with you and taken home)
Items that must be checked through custom broking	<ul style="list-style-type: none"> • Commercial freight, product samples, service parts, expensive items, etc.

(2) Carefully check whether the destination country has regulations regarding computers taken outside the country.

Countries that prohibit computers manufactured in the United States being taken outside the country.	Iran, Cuba, Syria, Sudan, North Korea
Countries that regulate bringing in (importing) encryption products and encryption software	China, France, Russia, Israel, etc.

While staying overseas

During the stay overseas, only provide items (computers, measuring instruments, tools, product samples, etc.), technical documents (specification sheets, drawings, manuals, etc.), software, and technical support within the range permitted by export control procedures that have been completed.

- Means of provision of technical support include verbal explanations, demonstrations, presentation of documents, e-mail, and loaning of computers brought with you.

Before returning home

Complete export control procedures in conformance with the local export control laws and regulations for products and technical materials you acquire in the country that you take home.

* Examples of technology export

- Freight classified as technology provision
 - 1) Provision of incidentals (manuals, etc.)
 - 2) Provision of embedded items (computer programs, etc.)
- Technology provision via writing and media
 - 1) Technology provided via drawings, documents, and other technical materials, technical data, CDs, magnetic tape, and other electronic media.
- Technology provision via methods of telecommunication
 - 1) Electronic transmission (phone, FAX, e-mail, technical databases, etc.)
- Technical direction during overseas business trips
 - 1) Handing over technical data and documents, etc.
 - 2) Technical assistance and training
 - 3) Maintenance and upgrading of facilities and equipment
- Persons from overseas on business trips in Japan
 - 1) Handing over of technical data and documents, etc. to non-residents during the stay in Japan.

13. Political Contributions, Lobbying Activities

Many countries have legal regulations regarding contributions to public officials, public employees, and political parties. Japan has a Political Funds Control Act and a Public Offices Election Act. It is necessary to regulate political contributions so that they cannot be regarded as bribes given with dishonest intentions. Some countries also place restrictions on lobbying activities. Contributions to political parties and lobbying activities must be in conformance with the relevant laws and regulations of each country.

(Conduct required)

- 1) Avoid making political contributions to gain unfair benefit or when it is prohibited by laws and regulations to prevent bribery.
- 2) Make political contributions solely as part of the company's corporate social responsibility. Company directors and employees must not make political contributions for reason of personal preference for a political party or to gain personal benefit.
- 3) Only make political contributions to political organizations and politicians whose principles are aligned with the management principles of HTS.
- 4) Avoid making political contributions to public officials, public employees, or political parties for the purpose of conducting political activities without prior consent from the company department in charge of such activities.
- 5) In countries that place restrictions on lobbying activities, avoid engaging in lobbying activities without information disclosure to the government.

(*) Specific examples of infringement

- 1) Contributions for political activities made to individuals and organizations other than political parties, branches of political parties, and political funding organizations.
- 2) Requesting and soliciting on the part of the company to other parties for contributions that constitute infringements.
- 3) Contributions of money and marketable securities to candidates for public office for political activities (excluding election campaigns).
- 4) Contributions related to political activities by a contributor in an amount that exceeds the limit placed on monetary contributions made in one year by one contributor.
- 5) Contact with members of the Diet, Parliament, or Congress, etc., competent authorities, and public employees in countries that place restrictions on lobbying activities.

*What is lobbying?

Lobbying is political activity undertaken by private individuals and organizations for the purpose of influencing decisions related to government policies.

14. Money Laundering

Money laundering refers to a series of methods taken to conceal the origin of money obtained by criminal acts and other illegal means and convert it into funds that can be freely used in the general marketplace. Money laundering is restricted by agreements of international conferences and the criminal law of each country.

(Conduct required)

- 1) Have zero-tolerance for money laundering, and avoid being involved in any such scheme.
- 2) Always be alert and ensure that no payment contain incomprehensible method, so as not to let money laundering go unrecognized.
- 3) Report to the company any suspicious activity you learn of and suspicious requests you receive from persons in or outside the company.

(*) Specific examples of matters for caution

- 1) Payment made in a different currency than the currency on the bill.
- 2) Payment or partial payment made from a country that is not related to the transaction.
- 3) A party trying to settle payment in cash or the equivalent of cash.
- 4) Payment made by a third party with no connection to the contractual agreement.
- 5) Payment made from an account different than the account normally used for transactions.
- 6) A request made to pay several bills by several different methods.
- 7) A request made to overpay bills.

15. Procurement

Business connections are placed as partners in value creation and it is necessary to create relationships of trust and work toward mutual business growth.

Do not use a dominant bargaining position in a transaction to make one-sided decisions or changes regarding transaction conditions, or unreasonable requests. Promote fair and impartial transactions with all business connections.

(Conduct required)

- 1) Conduct business through appropriate procedures in conformance with company rules and regulations.
- 2) Build relationships of trust with suppliers and conduct fair and impartial transactions.
- 3) In selecting suppliers, make fair and impartial selections based on sufficient evaluation of quality and prices, corporate management stability, compliance, environmental protection and CSR activities, and other indicators that the companies are fulfilling their responsibility to contribute to society, and confirm that candidate companies are not involved in transactions of an anti-social nature.

(Specific examples of prohibitions)

- 1) Use of a dominant bargaining position to force unreasonable orders on suppliers for supply of goods and services by setting delivery deadlines that are clearly much shorter than normal.
- 2) Use of a dominant bargaining position to force suppliers to provide goods and services for low prices that exceed reasonable limits.
- 3) Discriminatory treatment toward a specific supplier without reasonable grounds by having the supplier provide products and services for prices lower than those of other suppliers
- 4) Receiving personal benefits from suppliers.
- 5) In the course of transactions with suppliers, authorize one person to perform and be responsible for at least two of the following: “request for order,” “conclusion of contractual agreement,” and “receipt and inspection”.

16. Integrity of Records and Reports

In order to ensure the accuracy of information required to be disclosed to all company stakeholders and the general public, data and text in documents must be accurately recorded.

Particularly in preparing financial information for disclosure, it is necessary that accounting of all transactions subject to account processing is done correctly and in good faith. Fair reporting of financial information is extremely important from the standpoint of all of the company's stakeholders and also in order to maintain confidence and trust in the company.

Recording and reporting of information must be complete, fair, and accurate, and made in a timely manner.

(Conduct required)

- 1) All transactions must be duly authorized in conformance with company rules and regulations.
- 2) All transactions must be promptly and correctly recorded and stored.
- 3) Account processing must be done in compliance with all accounting rules, relevant laws and regulations, and other generally recognized fair and appropriate accounting standards.
- 4) Establish and appropriately operate an internal control structure for financial reporting.
- 5) Information required to be disclosed to the general public and reports that must be submitted must be complete, fair, and accurate at all times.

(*) Specific examples of infringement

- 1) Intentional creation of incorrect financial records, for window-dressing accounts.
- 2) Misappropriation and embezzlement of funds by deceptive means and paper trading.
- 3) As a listed company, avoidance or delay in disclosing information that has an important influence on decisions made by investors.
- 4) Recording and reporting that involves concealment of information that is inconvenient for the company and falsification of facts.

17. Document Management

Company documents (including data) constitute correct records of information on organizational activities that cannot be changed, and can serve as legal evidence. Therefore, document management is essential in order for the company to fulfill its obligation of accountability. Documents that record what the organization did and when it was done must be stored for easy access whenever necessary.

(Conduct required)

- 1) Comply with company rules and regulations regarding storage and disposal of company records.

(*) Specific examples of infringement

- 1) Inappropriate changes to or modifications of company documents, or disposal of documents that is not in conformance with company rules and regulations.
- 2) Intentionally failing to prepare documents for the purpose of concealing inappropriate processing.

18. Handling of Company Assets

Company assets (both tangible and intangible) are important to achievement of the company's objectives. Damage to the value of company assets damages the company. All measures necessary to protect the value of company assets must be taken.

(Conduct required)

- 1) Use any and all company assets solely for legitimate business objectives and in compliance with company rules and regulations.
- 2) Manage any and all company assets appropriately in compliance with company rules and regulations.

(*) Specific examples of infringement

- 1) Use of company assets for personal gain or to benefit friends, family, and other persons outside the company.
- 2) Breaking up or disposing of equipment and other objects that belong to the company without a valid reason.
- 3) Taking or attempting to take company assets out of the company without the company's permission.
- 4) Taking personal possession of assets that are stored and managed for business purposes.

19. Relationships with Customers

- (1) Not only satisfy customers' needs and specifications, and meet relevant laws, regulations and standards in the provision of service, but also strive to ensure quality and safety by establishing voluntary standards where necessary.
- (2) Make an effort to sincerely communicate with customers, swiftly respond to defects and complaints from customers faithfully, identify their causes and endeavor to thoroughly prevent their recurrence or occurrence.

20. Refusal of Relations with Anti-Social Forces (Japan only)

* In countries other than Japan, apply the matters prohibited or judged to be inconsistent with corporate ethics in each country.

Companies have a legal personality and conduct corporate activities within the context of society; as such companies have corporate responsibility toward society. Giving in to violence and threats and unreasonable demands made by anti-social forces or parties closely associated with anti-social forces constitutes abdication of responsibility and betrayal of society, and leaves the company open to harsh criticism. Make firm responses to the unreasonable demands of anti-social forces and do not supply them with any kind of profit. All relations with anti-social forces must be refused and corporate ethics must be thoroughly instilled and practiced throughout the HTS Group.

(Conduct required)

- 1) Include a provision regarding exclusion of anti-social forces in contractual agreements with suppliers.
- 2) Investigate the affiliations of suppliers (using search services, etc.).
- 3) When problems arise, promptly contact the Anti-Social Trading Prevention Committee and the police.

(*) Specific examples of prohibitions

- 1) Giving in to unreasonable demands out of fear of anti-social forces.
- 2) Making use of anti-social forces.
- 3) Providing funds to anti-social forces.
- 4) Having relations with anti-social forces.
- 5) Transacting with anti-social forces.

21. Subcontract Act (Japan Only)

For subcontracting transactions under which contract of work is made with a subcontractor, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (“Subcontract Act”) has been established for promoting fair transactions, providing for the obligations and prohibited acts of the client and so forth. The Subcontract Act applies in the following manner (applicable only in Japan).

* Cases to which the Subcontract Act is applicable (determined on the basis of the type of the contracted work to be performed by the subcontractor and the categorization of the amount of capital):

<input type="checkbox"/> Manufacturing contract, repair contract, information-based product (programs) creation contract, and service contract (related to transportation, warehousing or information processing)								
<table border="1"> <tr><th>Client</th></tr> <tr><td>Capital exceeding 300 million yen</td></tr> <tr><td>Capital exceeding 10 million yen but not more than 300 million yen</td></tr> </table>	Client	Capital exceeding 300 million yen	Capital exceeding 10 million yen but not more than 300 million yen	Contract of work 	<table border="1"> <tr><th>Subcontractor</th></tr> <tr><td>Capital of not more than 300 million yen</td></tr> <tr><td>Capital of not more than 10 million yen</td></tr> </table>	Subcontractor	Capital of not more than 300 million yen	Capital of not more than 10 million yen
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<input type="checkbox"/> Information-based product (excluding programs) creation contract and service contract (excluding those related to transportation, warehousing and information processing)								
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Capital exceeding 10 million yen but not more than 50 million yen								
Subcontractor								
Capital of not more than 50 million yen								
Capital of not more than 10 million yen								

(Conduct required)

Obligations of client	Description
Delivery of documents	Deliver ordering documents specifying the matters prescribed by the Subcontract Act no later than the commencement of work.
Fixing of the date of payment of subcontract proceeds	Fix the date of payment of subcontract proceeds which is within 60 days from the day on which the work is completed, and make payment accordingly.
Preparation and preservation of documents	Prepare and preserve for two years the records of transactions (such as the content of order, date on which the subcontract proceeds were paid, etc.).
Payment of interest for delay	Pay the interest for delay (at 14.6% per annum) if the client delays in the payment of the subcontract proceeds.

(Specific examples of prohibitions)

Prohibited acts	Description
1) Refusing to receive the work delivered	Refusing to receive the work delivered by a subcontractor
2) Delay in the payment of subcontract proceeds	Failing to make payment of subcontract proceeds on or before the date of payment
3) Reduction of the amount of subcontract proceeds	After placement of order, reducing the amount of subcontract proceeds which was fixed upon placement of order, without reasons attributable to the subcontractor <ul style="list-style-type: none"> ● Reduction under the pretext of “assistance fund,” “support money,” “discount,” “commission,” etc. ● Deduction of bank charge without written agreement
4) Return of goods	Causing a subcontractor to take back the ordered goods or other items without reasons attributable to the subcontractor
5) Unjustly low price	Unjustly setting subcontract proceeds at a level conspicuously lower than the price ordinarily paid for the same or similar content of work <ul style="list-style-type: none"> ● Setting low freight charge by applying uniform and across-the-board reduction in rates, without consideration of content of transportation services ● Treating a specific carrier on a discriminatory basis and setting low freight charge
6) Coerced purchase of goods or use of services	Coercing a subcontractor to purchase goods designated or use services designated by the client without justifiable grounds

7) Disadvantageous treatment because of reporting to FTC, etc.	Reducing the volume of transactions, suspending transactions or otherwise giving some other disadvantageous treatment because the subcontractor informed the Japan Fair Trade Commission (FTC) or other competent authority of the violating acts of the client
8) Collection of prices of raw materials, etc. earlier than the payment of subcontract proceeds	Causing a subcontractor to pay all or a part of the price of raw materials, etc. earlier than the date of payment of the subcontract proceeds, in cases where the client has caused the subcontractor to purchase such raw materials, etc.
9) Delivery of negotiable instruments which are difficult to be discounted	With respect to the payment of subcontract proceeds, delivering a negotiable instrument which is found difficult to be discounted by a general financial institution
10) Unjust request for economic gains	Causing a subcontractor to provide cash, services or other economic gains for the client
11) Unjust re-work, etc.	Causing a subcontractor to bear costs and expenses in cases of cancellation of order, change of the content of the work, or re-work or additional work after the receipt of the work

* Matters required to be specified in the ordering documents

1) Name of client corporation and the name of subcontractor; 2) date of delivery of the ordering document; 3) details of work of the contract to be performed by the subcontractor; 4) date of work; 5) place of work; 6) date of inspection (if the inspection of the work received is conducted); 7) amount of subcontract proceeds; 8) date of payment of subcontract proceeds; 9) amount and maturity date of the negotiable instrument if such instrument is to be delivered; 10) name of financial institution where the bulk settlement is made, loanable or payable amount, and the date of payment on which the client pays the amount equivalent to the claims (debts) for subcontract proceeds to the financial institution; and 11) amount and maturity date of electronically recorded monetary claims if the payment is to be made by such means.

22. Construction Business Act (Japan only)

The Construction Business Act has been established for the purpose of ensuring proper execution of construction work and protection of owners, more specifically to prevent defective construction work such as corner-cutting or rough construction work (applicable only in Japan). Under the provisions of this Act, construction business requires license, and in some cases contractors are unable to accept orders without license depending on the types of the work. Furthermore, work regulated under the Act requires assignment of qualified engineer. In order to comply with the Construction Business Act, it is necessary to confirm fully what types of construction work you are allowed to accept orders for before accepting the order or executing the work.

(Conduct required)

- 1) Whenever undertaking work or services, ensure the confirmation of whether the work or services fall under construction work regulated under the Construction Business Act. Make inquiries with the relevant division or department if the decision is difficult.
- 2) Consider the possibility of accepting an order only after confirming the status of license of the company or the relevant office.
- 3) Upon accepting an order of construction work regulated under the Construction Business Act, keep books and records and retain them for five years.
- 4) Assign a chief engineer for the construction site if the work falls under construction work regulated under the Construction Business Act.
- 5) In case of a construction work regulated under the Construction Business Act, assign a person with knowledge and experience who is responsible for the case, so that there will be no corner-cutting or rough work.
- 6) Comply with any and all laws and regulations and rules that are applicable to the work or services.
- 7) If the contract fees exceed 5 million yen when placing an order for construction work regulated under the Construction Business Act (including relevant orders to the cooperating companies), execute a contract for work with a company with construction business license.

(Specific examples of prohibitions)

- 1) An office without license accepting a contract for construction work regulated under the Construction Business Act (which requires license) from a client.
- 2) Blanket subcontracting.
- 3) Assign a full-time engineer of an office to any construction site as chief engineer.
- 4) Assign a non-qualified person to any construction site as chief engineer.
- 5) (v) Cause a dispatched worker to engage in a construction work regulated under the Construction Business Act.

* Matters to be noted in connection with construction work regulated under the Construction Business Act

Minor work of contract fees less than 5 million yen may be accepted without license, in principle. However, with regard to businesses for which a company has obtained the license, only the offices with such license are able to accept orders, even if the contract fees for the order are less than 5 million yen.

* Construction businesses subject to license (29 businesses) <Construction business license needs to be obtained for each business type classification >

Business type classification		Business type classification	
1	Civil engineering business	16	Glazing business
2	Architectural and construction business	17	Painting business
3	Carpentry business	18	Waterproofing business
4	Plastering business	19	Interior finishing business
5	Scaffolding and excavation business	20	Machinery, equipment, and facility installation work business
6	Masonry business	21	Heat insulation work business
7	Roofing business	22	Telecommunication engineering work business
8	Electrical contracting business	23	Landscaping work business
9	Plumbing business	24	Drilling work business
10	Tiling, roofing and block business	25	Cabinetmaking work business
11	Steel structure contracting business	26	Water supply facilities work business
12	Steel reinforcement business	27	Firefighting facilities work business
13	Paving business	28	Sanitation facilities work business
14	Dredging business	29	Demolition work business
15	Steel metal work		

23. Worker Dispatching Act (Japan only)

“Worker dispatching” means causing a worker employed by one person so as to be engaged in work for another person under the instruction of the latter, while maintaining his/her employment relationship with the former.

The Worker Dispatching Act (“Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protecting Dispatched Workers”) is designed to “promote protection and other measures for dispatched workers, and thereby to contribute to the stability of employment and otherwise to the promotion of the welfare of dispatched workers,” and provides for the rules which the dispatching business operators and the client shall follow. The Worker Dispatching Act came into effect on July 1, 1986, and was revised thereafter from time to time according to the change of social conditions, such as change of economic circumstances and work awareness.

Check points for dispatching business operators and for clients

Dispatching business operator	Client
Duly obtain the license and make proper notifications	
Submit worker dispatching business reports and related client share reports every fiscal year	
Avoid dispatching workers for prohibited services (*1)	Avoiding receiving worker dispatching services for prohibited services (*1)
Avoid dispatching workers on a daily basis or for a fixed term of 30 days or less (which is prohibited in principle)	
Avoid dispatching a worker to his/her former employer within 1 year after his/her separation from service	Avoiding accepting an ex-employee as dispatched worker within 1 year after his/her separation from service
Limiting dispatching of workers to group enterprises at or below 80%	
Disclosing the percentage of the difference between the dispatching price clients pay and the wage of dispatched workers (so called “margin of dispatching business”), etc.	
Taking measures for stabilizing employment of dispatched workers	
Avoiding dispatching beyond the restrictions on dispatching period	Avoiding receiving worker dispatching services beyond the restrictions on dispatching period
	Avoiding designating a specific dispatched worker, holding interview before engagement, or causing resume to be sent
Dispatching work contract specifying all essential matters (content of work, place of work, work period and so forth)	Dispatching work contract specifying all essential matters (content of work, place of work, work period and so forth)
Making briefing sessions concerning working conditions before employment	
Giving consideration to ensure proper balance between dispatched workers and workers directly hired by clients	Giving consideration to promote proper balance between dispatched workers and workers directly hired by clients
Taking measures for career development of dispatched workers	
Indicating the condition of employment, working conditions and dispatching fees clearly upon execution of labor contract	
Properly procuring social and labor insurance coverage	Confirming the status of social and labor insurance coverage
Having developed the system for dealing with complaints from dispatched workers	Having developed the system for dealing with complaints from dispatched workers
Having appointed a responsible person acting for the dispatching undertaking, and preparing a management record with regard to dispatch work	Having appointed a responsible person acting for the client, and preparing a management record with regard to dispatch work

(*1) Prohibited acts: port transport services, construction work, security services, medical-related services provided in hospitals, etc.

Outline of Amendment to Worker Dispatching Act of 2015

1. Unification of license system for worker dispatching undertakings

Classification of Specified Worker Dispatching Undertakings and General Worker Dispatching Undertakings is abolished, and all worker dispatching undertakings require license under the new licensing standards.

2. Revision of restrictions on the worker dispatching period

The system prior to revision not restricting the period for receiving worker dispatching services for the categories of work, so-called "26 special job categories," is revised so as to apply the following two types of restrictions on the period to all worker dispatching services for which worker dispatching contract is executed after the effective date of the amended Act, regardless of the types of the services.

2.1. Restrictions on the period on an office-to-office basis

A client shall not receive worker dispatching services at the same office of its own for more than 3 years in principle. If the client receives the services beyond the period of 3 years, hearing of opinions of the majority labor union of the client (☞) is necessary.

2.2. Restrictions on the period on an individual basis

A client shall not accept the same dispatched worker at the same organization unit of the client for more than 3 years.

3. Measures for career development

Dispatching business operators are obliged to take the following measures for the dispatched workers employed by them for the career development purposes.

- Step-by-step and systematic education and training
- Career consulting for workers who are interested

4. Promotion of equal and balanced treatment of regular and non-regular workers

5. System of deemed-offer of an employment contract

Clients are deemed to have offered an employment contract to a dispatched worker under the same terms and conditions as those offered by dispatching business operators to the dispatched worker upon the occurrence of any of the following illegality at the client, and such employment contract shall be deemed concluded immediately upon acceptance of such offer by the dispatched worker.

- (1) Engaging the dispatched worker in any prohibited services (port transport services, construction work, security services, or medical-related services provided in hospitals, etc.)
- (2) Receiving worker dispatching services from a dispatching business operator without a license
- (3) Receiving worker dispatching services over the restrictions on the period on an office-to-office basis
- (4) Receiving worker dispatching services over the restrictions on the period on an individual basis
- (5) Receiving so-called "disguised contract labor" services

(This means that clients receive worker dispatching services without concluding a worker dispatching contract, insisting that the work is performed under contract for work or similar arrangement, and giving orders and directions directly to the worker.)

<Reference> Disguised contract labor is ...

actually a worker dispatching arrangement although a contract for work is executed, and is illegal.

□ Patterns of typical disguised contract labor are as follows:

1. Representative type:

The client gives particular and precise instructions for the work directly to the worker and provide attendance and work-hour control, while insisting that the work is performed under contract for work.

2. Nominal management position type:

A person with only a nominal management position is assigned to the work site, but this person only communicates the instructions and directions of the client to individual workers; in fact, it is the same as the client directly giving such instructions and directions.

3. Unspecified employer type:

Business Operator A places order with Business Operator B for work, and Business Operator B outsources the work to Business Operator C as it is. A worker employed by Business Operator C works at the work site of Business Operator A and performs the work under instructions of A and B. It is confusing because the worker's actual employer is uncertain.

4. Disguised self-employed contractor type:

Actually, Business Operator A acts as intermediary between Business Operator B and a worker. However, Business Operator B does not conclude a labor contract with the worker and engages the worker in work as self-employed contractor under a contract for work, so that Business Operator B may give instructions and directions for the work.

24. Internal Reporting

The HTS Group has set up a system for reporting illegal acts and wrongdoing. When a matter is reported, an investigation is conducted to determine the facts of the matter and remedial action is taken as necessary. All employees should be aware that you have an obligation to report to the company any acts that you suspect are illegal or likely to be illegal. Persons making internal reports will never be treated disadvantageously.

(Conduct required)

- 1) If you encounter any matter that constitutes or is likely to constitute violation of this Code of Conduct, immediately report the matter to your supervisor. If you hesitate to report the matter to your supervisor, you may report it to another manager or one of the contacts for internal reporting.

* Examples of matters subject to reporting

- Power harassment
- Sexual harassment
- Irregular transactions (dishonest accounting)
- Violation of laws and regulations

25. Crisis Management

In the event of a natural disaster, the HTS Group needs to not only ensure the continuity of business, but also fulfill its social responsibility as a company providing social infrastructure and play a role in the system for supplying relief supplies.

The Group also makes an organized effort to take appropriate steps to ensure the safety of employees and the continuation of business activities in response to threats such as cyberattacks and other physical acts of terrorism.

In order to fulfill this responsibility, it is necessary to establish a “Business Continuity Plan (BCP)” under normal circumstances, identify operations that cannot be stopped even in the event of a disaster, etc. (important operations), consider alternative means for when management resources for executing these operations are damaged, and make preparations for acting without panic through training.

(Conduct required)

- 1) First ensure your own safety and then assist with the safety of other employees and family members.
- 2) Store supplies including first-aid equipment, and enough food and water to last for several days after the disaster occurs.
- 3) Establish a system for ensuring business continuity. Establish a system enabling business to be restored as quickly as possible because interruption of the company's business affects not only customers, but also many other relevant parts of society.
- 4) Revise the BCP in each time for the “behavioral procedures” and “alternative means” in the event of a disaster to enhance the ability to respond in the event of a disaster by conducting training based on the “Business Continuity Plan (BCP)” and considering issues identified in training.

26. Responsibility of Top Management

Top management must make every effort to set an example to ensure business is conducted based on corporate ethics and legal compliance in accordance with this Code of Conduct, and endeavor to promptly take corrective action and prevent recurrence if a violation of this Code of Conduct occurs. Strict punishment, including on top management itself, must be imposed in the event of such violations.