

SMK Group Code of Conduct

Introduction

The SMK Group Code of Conduct sets forth the basic standards of behavior to be practiced by all officers and employees in order to comply with the SMK Group Charter for Corporate Behavior. SMK Group commits itself to be bound by this Code and requests all officers and employees to understand this Code and act in accordance with it.

President, CEO and COO, Yasumitsu Ikeda

1. General Provision

1) Purpose of this Code

This Code sets standards to be complied with by all officers and employees of SMK Group, to guide appropriate action in daily duties.

2) Scope of Application

This shall be applied to all officers and employees ("We") of SMK Group. Appendix 1 (disclosed in SMK BULLETIN DB) shows applicable persons.

2. Human Rights and Labor

3) Prohibition of Forced Labor

We will engage all employees by their own free will and not compel employees to work by unfair restraint.

4) Prohibition of Child Labor

We will not engage employees under the minimum working age. Additionally, we will not engage employees under the age of 18 in unsafe and hazardous work.

5) Respect for Human Rights

We will respect employees' human rights and not tolerate abuse, any form of harassment or inhuman acts.

6) Prohibition of Discriminations

In every business activity, we will not discriminate against others for reasons of background, nationality, race, ethnicity, belief, religion, sex, age, disabilities, etc. and never perform acts that offend the dignity of an individual.

7) Compliance with Employment Regulations

We will comply with all employment regulations and never take prohibited actions. We will never behave in an unjust or irresponsible manner toward employment regulations.

8) Working Hours and Wage

We will control working hours appropriately and pay decent wages.

9) Freedom of Association

We will respect the right to organize as a means of negotiation regarding the work environment, wage level, etc. between labor and management.

3. Health and Safety

10) Safety Measures of Machineries

We will adhere to safety measures regarding machinery and prevent occupational injuries and diseases.

11) Health and Safety in the Workplace

We will evaluate risks to workplace safety and maintain safety with appropriate designs, technology, and control measures. In addition, we will maintain an awareness of situations in the workplace involving biological and chemical substances harmful to people, loud noises, foul odors, etc., and take appropriate counter-measures.

12) Emergency Measures

We will prepare emergency action plans, by simulating potential disaster and accident situations, and disseminate the plans through the workplace to ensure employee safety and a safe working environment, and secure company assets.

13) Considerations for Physically Burdensome Work

We will identify physically burdensome work and manage this appropriately so that it does not result in injury or illness.

14) Health and Safety in the Facilities

We will follow and comply with relevant laws and company regulations concerning health and safety in the facilities (dormitory, cafeteria, toilet, etc.) provided for employees.

15) Health Management

We will pay constant and sufficient attention to our health-care.

4. Environment

16) Environmental Permits and Reports

We will follow the applicable laws of the country we are located in, receive permits and licenses from the regulatory authorities when necessary, and always submit the required management reports to the regulatory authorities.

17) Minimization of Environmental Impact (drainage, sludge, exhaust, etc.) and Preservation of Water Resources and Biodiversity, etc.

We will manage chemical substances that cause human health and environmental risks in our business and manufacturing processes; comply with applicable laws concerning draining, sludge, exhaust, etc.; establish independent standards as necessary; and strive to minimize our environmental impact. Further, we will consider our connection to water resources and biodiversity, etc., when implementing our business activities.

18) Reduction in Emission of Greenhouse Gasses and Final Waste

We will establish independent targets in order to reduce our emission of greenhouse gasses and final waste and continually strive for further reductions of the same.

19) Management of Chemical Substances Contained in Products

We will comply with applicable laws and customer requirements concerning the prohibition and restriction of the chemical substances in all our products.

20) Environmental Protection Activities

We will build environmental management systems, strive to increase our environmental awareness, and actively conduct environmental protection activities, such as reduce, reuse, recycle, and improvements to manufacturing processes. At the same time, we will widely disclose environmental protection activities.

5. Fair Trade and Ethics

21) Compliance with Laws

We will conduct sound business in all situations by observing applicable laws and company regulations, including this Code.

22) Establishment of Customer Confidence

By providing products or services that are superior in safety, quality, environmental conservation, and performance, we will improve customer satisfaction and practice trusted business activities. Additionally, we will respond to customers earnestly and sincerely. At the same time, we will always listen to customers' requests or comments, and whenever possible, incorporate them into our business activities.

23) Fair Advertising and Public Relations

In advertising, public relations, or other business communications, we will make every effort to provide fair and accurate information about the quality, performance, or specifications of our products or services.

24) Free and Fair Competition

(1) In any circumstances, we will not conduct illegal activities that violate antitrust laws, including cartel formation, collusion, and abuse of superior position.

(2) We will engage in fair, transparent, and free business operation under corporate ethics.

25) Protection of Intellectual Property Rights

We will respect the intellectual property rights of ourselves and others, as well as implement initiatives to contribute to society and our business through the creation, protection, and application of the same.

(1) We will comply with applicable laws concerning the protection of intellectual property rights.

(2) We will actively invent, create and acquire the rights for the results of the same, manage these rights, and apply them in an appropriate manner.

(3) We will respect the intellectual property rights of others and do not intentionally engage in acts that infringe upon the same.

26) Fair Transactions with Suppliers of Materials and Services

Seeking equal and fair relationships with suppliers, we will conduct a contract and transaction faithfully based on applicable laws.

(1) When selecting suppliers, we will conclude our decisions by comparing each fairly on the basis of competitive quality, price, delivery, technical capacity, availability, and other conditions. We will not grant any special privilege to specific suppliers.

(2) We will not delay the payments of bills unnecessarily.

27) Prohibition of Corruption and Bribery

We do not bribe public officials. Even in transactions with private companies, we will comply with all applicable laws and regulations, and will not give or receive benefits or advantages that are contrary to social common sense. We do not accept any offers of fraudulent activities from our business partners. We understand that engaging in these acts will be subject to disciplinary action.

28) Conflict of Interest

We will not engage in any conduct that harms or threatens to harm the interests of the Company by seeking to benefit ourselves or a third party.

29) Donations and Limit of Political Donations

In the case of financial donations or other gifts, we will comply with applicable laws and formal steps after adequate consideration of its necessity and validity.

30) Stand against Antisocial Forces

(1) We will take determined action against anti-social forces and organizations that threaten public order and safety. Any contact with such entities is strictly forbidden.

(2) We will not conduct a transaction with companies that are involved with, or have the potential to be involved with, antisocial forces.

31) Responsible Mineral Procurement

We will procure tantalum, tin, tungsten, and gold contained in our products responsibly in accordance with laws, regulations, and social norms.

32) Compliance with Laws Concerning Import and Export

We will comply with applicable laws and regulations concerning the import and export of products, technology, etc., establish a management system, and perform appropriate procedures.

33) Disclosure of Management Information

We will properly disclose our management information including corporate financial affairs, business results, and business activities in a timely manner. We will also openly disclose management philosophy and management policies. At the same time, we will take opinions and criticisms of our disclosures seriously and utilize them in business operations.

34) Prohibition of Insider Trading

In case we possess insider information of SMK, associated companies, or business partners through our operation, we will not trade stocks etc. of the companies in anyone's name until the information is officially released.

35) Appropriate Accounting Procedure

Our recording and accounting systems will accurately reflect our true financial situation and comply with applicable laws and company regulations. We will not deliberately falsify any financial documents or records.

36) Prohibition of Private Activity

During working hours, we will not conduct any private matters, including those of a political nature, a religious nature, non-related company sales nature, or other private activities that are not associated with business, except when SMK specifically grants such permission.

37) Appropriate Use of Corporate Assets

We will properly manage corporate assets under set rules for efficient and constant utilization. Also, we will not use corporate assets or money for personal purposes.

6. Quality and Safety

38) Product Safety and Quality Assurance

(1) In addition to complying with all laws and regulations concerning safety and meeting customer expectations, we will be committed to developing and producing products that ensure the highest standards of safety and quality. Also, we will build and effectively utilize quality management systems and improve customer satisfaction.

(2) If we receive any negative information about the safety or quality of our products, we will investigate the cases promptly. If we conclude that there may be a problem, we will take appropriate corrective measures in cooperation with our superiors and relevant departments.

7. Information Control

39) Control of Trade Secret and Company Secret

We will strictly manage the trade and company secrets of SMK, customers, business partners, and shareholders learned in the course of our work, and we will ensure that such confidential information is used only for the intended and reasonable purpose of our business operations.

40) Information Security

We will take measures to protect against threats to ICT infrastructure and properly manage informational assets to prevent any influence either inside or outside of the company.

41) Protection of Personal Information

(1) When receiving personal information, we will clearly state the purpose of use.

(2) We will treat personal information provided with the utmost care and use it for the stated purpose.

(3) We will strictly manage personal information to prevent it from leaking outside the company.

(4) When transferring personal information overseas, we will basically obtain the prior approval of themselves.

8. Social Contribution

42) Social Contribution

(1) We, as good corporate citizens, will contribute to social development by willingly participating in social contribution activities.

(2) Recognizing that we are a member of the local community where our office or factory exists, we will cooperate with the local community and perform activities that contribute to the development of the local community.

9. SMK Ethics Helpline

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(1) SMK established the "SMK Ethics Helpline" for all SMK Group employees. This system is designed to take corrective action against the violation of laws and corporate ethics in SMK business activity at the earliest stage.

(2) All officers and employees of SMK Group who suffer from or find behavior violating laws, company regulations, or the Code of Conduct should report this to their immediate supervisor.

(3) If reporting to their immediate supervisor is inappropriate, officers and employees will be able to contact the SMK Ethics Helpline, regardless of their own involvement. We will examine the reported matter and take counter-measures if any illegal activities are confirmed. The anonymity of such officers and employees will be assured unless there is a valid reason, and they will not be subjected to any form of detrimental treatment as a result of their contact with the SMK Ethics Helpline.

10. Supplementary Provision

44) Reference

When any question regarding the contents or interpretation of the SMK Code of Conduct arises, please refer to the CSR Committee secretariat (Corporate Planning Department).

45) Improvement or Amendment of this Code of Conduct

The SMK Group Code of Conduct shall be enhanced or amended by the approval of the Board Meeting after the prior deliberation at the CSR Committee. The CSR Committee secretariat is to verify the necessity of revisions based on the social situation at the time.

46) Penalty

Any staff member violating the SMK Group Code of Conduct or neglecting a violation will be dealt with according to employment regulations.

47) Submission of Pledge Card

SMK employees mentioned under the Scope of Application in the General Provisions section of this Code shall sign the pledge card and submit this to the Compliance Committee secretariat, after receiving the SMK Group Code of Conduct. Appendix 1 (disclosed in SMK BULLETIN DB) shows applicable persons.

48) Enforcement

Issued on April 1, 2006

Revised on August 1, 2007

Revised on April 1, 2014

Revised on April 1, 2021

Revised on April 1, 2024