



Respect for Human Rights, Basics and Ethics

We respect human rights, observe laws and ethics, and establish a clean corporate culture that is admired by society.

Respect for Human Rights

The Company upholds respect for human rights in the KOKUSAI ELECTRIC Way and commits to conduct business that respects the human rights of all people. We also specify the details of this promise in the KOKUSAI ELECTRIC Group Codes of Conduct and ensure all Group members are made well aware of them.

■ KOKUSAI ELECTRIC Group Codes of Conduct (3. Respect for Human Rights)

- (1) We will understand internationally recognized human rights, respect the human rights of all people in relation to our business activities, and strive not to infringe upon their human rights.
- (2) We will undertake appropriate due diligence with regard to human rights in each country where we operate in accordance with local social conditions and the features of the business, products and services.
- (3) We will work to establish a system designed to identify all potential infringements on human rights and prevent their occurrence. In the event that such infringement does occur, we will promptly follow the appropriate internal and external procedures for corrective actions and relief measures.
- (4) We will cooperate with a range of stakeholders to contribute to the creation of an inclusive society by supporting the independence of socially vulnerable groups whose human rights tend to be infringed upon.
- (5) In all our business activities, including the hiring and treatment of employees, we will respect the human rights of individuals and refrain from any act that would undermine individual dignity or constitute discrimination on the basis of gender, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease or disability.
- (6) We will employ people in line with the laws and regulations of each country and region and based on related international norms. We will not employ children who are below the minimum working age or force employees to work against their will.
- (7) In line with the laws, regulations and labor practices of each country and region, and based on related international norms, we will strive to ensure employees and management work together to better understand each other's problems and resolve issues jointly through genuine and constructive dialogue.

■ Giving Consideration to Human Rights in the Expansion of Business

When acquiring a company or establishing a new one, we have a system in place to share the KOKUSAI ELECTRIC Way, Guidelines and Commitments, and the KOKUSAI ELECTRIC Group Codes of Conduct, which include our policy to respect human rights, with local executives of the acquired/new company and evaluate the related risks.

■ Training to Increase Awareness around Human Rights

We conduct activities to make employees more aware of human rights and prevent discrimination based on race, nationality, gender and others. We also triennially provide all Group employees, including those outside Japan, with training to encourage them to respect the human rights of all people in relation to the Group's business activities, products and services.

■ Respect of Basic Rights at Work

Considering the laws and regulations and labor practices in each nation and region, and respecting the basic rights of employees presented as the principles of the United Nations Global Compact, our Group will strive to have employees and managers better understand each other's problems and resolve issues jointly through genuine and constructive dialog.

■ Human Rights Consideration of Personnel Assuring Security and Safety

Personnel of a company in charge of guarding property, security control, loss prevention, and escorting persons, goods and valuables have chance to face risks that arise from inappropriate actions or approaches unintentionally affecting human rights. Since the corporate administration departments are in charge of these in our Group, all the personnel of our Company's Human Resources and Corporate Administration Department and our Group's corporate administration departments in Japan have received business training including human rights consideration and thoroughly learned to adopt appropriate manners.

Collaboration with Stakeholders

The Group promotes positive dialogue with all stakeholders, including customers, builds relationships based on mutual trust, and engages them in value creation.

Our Commitment to Stakeholders		Examples of dialogue	Response departments
Customers	Create value to contribute to the resolution of social issues jointly with customers	Customer visits by sales personnel, business negotiations at exhibitions, response to inquiries, and consultations from customers	Sales and quality assurance departments
Employees	Give opportunities for further training and growth and provide a mentally and physically rewarding, safe and healthy work environment	Labor-management council, small-group suggestion activities/presentation sessions, sharing of employee survey results and follow-up activities, use of intranet	Human Resources & Corporate Administration Department
Business partners	Engage in fair and free competition, appropriate business transactions and responsible procurement activities	Business partner meetings, individual material purchasing negotiations, CSR survey of business partners	Procurement Department
Communities	Participate in community proactively to contribute to its growth	Participation in local activities, joint disaster drills with local fire stations	Human Resources & Corporate Administration Department
Shareholders/investors	Engage in constructive dialogue with a range of stakeholders for the creation and expansion of corporate value	General Meeting of Shareholders, meetings of the Board of Directors, and meetings on structural reforms	Business Operation Planning Department, Legal Department, and Finance & Accounting Department

Identifying and Addressing Risks Properly

Compliance

Bid rigging and the formation of cartels are criminal acts against society. Efforts to eradicate these unlawful acts and enhance competitiveness will lead to improved corporate structures and customer-first operations. Furthermore, there is growing social interest in the prevention of bribery of public officials, etc. inside and outside Japan. Reflecting growing concerns in the international area such as the issue of nuclear development, export control is also assuming greater importance. For these risks, with the Corporate Management Division taking the lead, we are implementing education and conducting periodic audits targeted at the entire Group, updating their scope as necessary. Moreover, we maintain a system in which any risks are reported immediately to top management. Through all these, we are working to ensure that the strong interests of top management concerning compliance, that is, to live up to the trust and expectations of society, are thoroughly pursued throughout the Group, with both top-down and bottom-up measures.

As for the proper management and handling of confidential information of the Company and other firms, the protection of personal information, etc., the Company's department in charge of information security educates and enlightens employees regularly and as necessary. Regarding the observance of other laws and company rules and the prevention of disreputable incidents, the relevant departments, the Legal Department, and the Human Resources & Corporate Administration Department jointly educate and enlighten employees regularly and as necessary. Meanwhile, internal auditors carry out audits of the entire Group on a regular basis.

Corporate Governance

Basic Approach to Corporate Governance

The Company formulated the KOKUSAI ELECTRIC Way and the Guidelines and Commitments and promises in the Corporate Statement to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant. As a specific set of norms, we also have the KOKUSAI ELECTRIC Group Codes of Conduct. We manage and conduct business by sharing these principles with Group companies.

In order to achieve the sustainable growth of the Group and increase its corporate value on a medium- to long-term basis based on the aforementioned principles, we will establish and maintain optimal corporate governance in accordance with the following basic views:

1. Respect the rights of stockholders and have dialogues with them in a constructive manner.
2. Endeavor to appropriately cooperate with stakeholders.
3. Develop a system and environment to secure the effectiveness of the Board of Directors, and endeavor to enhance its functions.

Corporate Governance Structure

The Company has adopted a "Company with Company Auditors" system. The Board of Directors decides on the Company's basic management policies and important business issues, and delegates decision-making authority within the statutory scope to directors in charge of business execution. By appointing executive officers, we intend to increase our business efficiency. The Board of Directors monitors and supervises business execution as a whole and builds necessary systems, while corporate auditors check whether the Board and the directors are executing business appropriately and monitoring/supervising the operation. The auditors also conduct surveys as required, and report the results and propose improvement plans to the Board of Directors. Through this governance system, the Company ensures the appropriateness of its business operations while promoting management reforms.

Outline of Corporate Governance Structure

1. Execution of Business

Within the scope of statutory and regulatory requirements, considerable authority is delegated to directors in charge of business execution with respect to matters related to management decisions.

While individual Executive Officers are provided with decision-making authority and execute operations for their particular areas of responsibility in accordance with the segregation of duties determined by the Board of Directors, a Management Meeting comprising all Executive Officers and corporate auditors is held to deliberate matters of major importance, excluding matters decided by the Board of Directors, in order to ensure the adequacy of decision-making.

All other operational matters for determination by Executive Officers are defined in the Company's internal rules and regulations by their type and content. All necessary procedures are taken in accordance with these internal rules and regulations.

2. Auditing

Corporate auditors carry out audits and conduct surveys on management activities, including the execution of business operations.

■ Corporate Governance Structure (As of June 1, 2018)

