

# OSG Company Ethics Pledge

## Foreword

The OSG Company Ethics Pledge (hereinafter “Company Ethics Pledge”) is established for all senior management and employees (hereinafter “all employees”) who work in OSG Inc. (hereinafter “OSG”) or OSG group companies (hereinafter “OSG group”) to perform business activities based on social common sense while complying with laws and social standards.

The Company Ethics Pledge consists of two sections, “Business Ethics Norms” and “Corporate Action Standards.”

1. Business ethics norms: To establish a respectable and universal way of thought for the OSG group and all employees for business activities.
2. Company action standards: To establish detailed codes of conduct for the OSG group and all employees to observe the business ethics norms while performing business activities.

By following the Company Ethics Pledge, all employees in the OSG group shall fulfill the corporate social responsibilities, have pride and joy as employees of the OSG group while also being aware of the responsibility that entails, and always perform their duties in accordance with the “Business Ethics Norms” and “Company Action Standards.”

## Business Ethics Norms

The OSG group’s basic business policy is as follows:

- The company will always be aware of it being a public institution of society, and will provide products that customers appreciate.
- The company will provide employees with proper workplace postings and work for the betterment of their lives.
- The company will work to provide steady dividends to the stockholders.
- The company will elevate its social trust, while securely running the company to develop globally.

The OSG group has established 10 rules to follow and practice the basic business policy to observe the Business Ethics Norms (hereinafter “the Norms”).

The OSG group and all employees will independently act inside and outside the country, and will respect human rights and related laws based on the following 10 norms for creating a sustainable society.

1. To win the trust and satisfaction of consumers and customers, we will develop and distribute goods and services useful to the public while paying attention to safety and private customer information.
2. We will perform transactions under fair, transparent, and free competition. We will also maintain a normal and sound relationship with the government and administrators.

3. We will communicate not only with the stockholders, but also with the general public, and will actively and fairly post company information.
4. We will respect the diversity, personality, and individuality of the employees, and will provide an environment that is safe and easy to work in to realize flexibility and prosperity.
5. Efforts to solve environmental problems are common to all of humankind. We will recognize this as crucial to the existence of the company and its activities, and will independently and actively work on this subject.
6. As “model corporate citizens,” we will actively make positive contributions to society.
7. We will stand firmly against any and all anti-social powers and groups that would harm the security and stability of the general public.
8. Regarding international business activities, we will not only respect and abide by international rules and local laws, but we will respect local cultures and customs, and will seek to perform business that contributes to local development.
9. Senior management will recognize that their purpose is to implement the spirit of the company standards, and in addition to setting an example worth following, they must be aware of all group companies and customers. Also, we must always take notice of all voices inside and outside of the company, and be thorough in standardizing the company ethics while making the company structure effective.
10. When an incident that goes against the existing standards occurs, senior management will announce to the whole company that they will take part in solution of the problem, discover the cause, and take measures to prevent future reoccurrences. Also, they will promptly and accurately release information to the public, and understanding their own responsibility and authority, they will decide on the appropriate punishment for the action, which may also apply to them.

### **Corporate Activity Standards**

To realize the “Business Ethics Norms” in the company’s activities, we have proposed the following “Corporate Activity Standards” (hereinafter “the Standards”). The “Business Ethics Norms” determine a respectable way of thought when the company plans its actions. The standards are based on the norms, and establish the basis on how the OSG group, employees, and supervisors can apply this in their daily work.

## **1. To win the trust and satisfaction of consumers and customers, we will develop and distribute goods and services useful to the public while paying attention to safety and private customer information.**

### **1.1 Concerning distribution and safety of quality goods and services**

There is no doubt that the goods and services distributed by the OSG group, are demanded by the general public, and this, needless to say, is the foundation of the OSG group. To strengthen this foundation, we will create value for customers by striving to increase our development and production skills.

Also, to have products and services with superior value, the system itself must be safe, and must not be harmful to life, health, and property. The OSG group will put forth maximum efforts to attain this goal.

### **1.1.1 Knowing the exact needs of the client**

Each individual employee will pay attention to the movement of the markets, and must be prepared to quickly respond to the clients' needs. This especially concerns the OSG group because there are few products geared toward the general consumers, and this makes it necessary to precisely and actively understand the needs of the clients.

### **1.1.2 Laws concerning safety, and following the guidelines**

There must not be any damage to the customer's life, health, and property due to any flaws in our products. To secure our products' safety, we must consider the safety of our products from the development stage, and continue to do so through design, production, distribution, and finally the sales stage. Also, when laws and public guidelines are present, they are to be strictly obeyed.

### **1.1.3 Strictly following the self imposed standards**

In any areas that have neither imposed laws nor public guidelines, we will plan new standards for the safety of the respective products, and will follow those rules.

### **1.1.4 Damage control**

When a flaw is discovered in a product, we must act quickly to prevent the losses from increasing. We must quickly report this to the users of the product, and must follow the required recall procedures. The OSG group's responsibility is to prevent damage from spreading, and we must embrace that responsibility.

### **1.1.5 To prevent reoccurrence**

When a flaw occurs in a product, we must discover the cause and eliminate it, or the error may be repeated. Finding the cause of the accident/flaw and appropriately storing the records will prevent similar accidents in the future. Each supervisor in their respective departments must work to have quick access to such records.

## **2. We will perform transactions under fair, transparent, and free competition. We will also maintain a normal and sound relationship with the government and administrators.**

### **2.1 To preserve and promote fair and free competition**

The antitrust laws will preserve free competition, protect the consumers' profits, and secure the safe development of the national economy. Through cartel actions such as price and sales control between corporations, the damage the company takes by such violations is incalculable, not only from the federal sanctions, but also from the damage to the reputation of the company. When concerning business, the OSG group will abide by domestic and foreign antitrust laws.

Also, the procurement division must not abuse its advantageous position and force any unfair transactions onto their customers, as is forbidden by subcontracting laws.

## **2.2 To have a sound and favorable relationship with the customers and all other related personnel**

The OSG group will severely punish anyone that obtains or provides any unfair advantages. Each employee must act using proper judgment and common sense, as misunderstanding and disapproval is not desired in any case.

### **2.2.1 Relationship with customers**

All entertainment and gifts for customers will be done within the bounds of social common sense. Also, any and all selfish rebates (ex: discounts) and commissions are forbidden. Any company rewards given out must fall within the company rules.

### **2.2.2 Relationship with vendors**

When deciding on vendors, we must base this on rational factors such as price, quality, and punctuality. Any gifts from the vendors must be within the boundaries of social common sense, and anything exceeding those limits must promptly be denied and returned.

### **2.2.3 Relationship with related companies and allied companies**

When dealing with related and allied companies, third parties must see this as a fair and transparent transaction. We must make every effort to make sure these relationships do not differ from the norm. Also, any business entertainment must be within social common sense.

### **2.2.4 Prohibition of anti-profit behavior**

We will not let an employee's profit conflict with the company's profits, or perform any activity that may cause a conflict. If there is a possibility of such event occurring, or if an event has occurred, it will be reported to management or related divisions.

## **2.3 Protection of intellectual property rights**

Intellectual property rights are rights related to anything associated with products created from intellectual activity and business operations. Aside from any patents, new practical ideas, designs, industrial trademarks, copyrights related to artistic works, and computer software that are specifically defined by law, also included in the OSG company are the know-how, technology, and management information that companies maintain privately.

Intellectual property rights are the source of all company value, and are protected worldwide. All of our employees must do their best to create and protect the OSG group's intellectual property rights. Also, we must be cautious in not interfering with the intellectual property rights of others.

### **2.3.1 The OSG group's treatment of related company secrets**

There are some company secrets that may or may not have physical value, but the OSG group's profits and trust can be lost when company secrets are leaked. This applies whether it be solid goods, electrical data, or by word of mouth. The most important point of managing company secrets is to decide what information is necessary to be stored as classified information, and to display the level of classification in a way that is understandable to any third party.

### **2.3.2 Handling intellectual property rights of others**

The OSG group will treat the intellectual property rights of others with the same respect as their own. Also, when any illegally obtained outside company secret is used, it is not only in violation of intellectual property laws, but there is a possibility of going against the Unfair Competition Act and other civilian laws. Therefore, taking great caution is necessary.

### **2.3.3 Securing of company property**

We must not illegally use the company's internal information system and tangible and intangible company property. Also, when an employee retires, the employee will return all company property, and all business-related classified information and documents. The employee must not display or leak any business classified information obtained during employment without permission from the company.

## **2.4 Foreign exchange and foreign trade laws**

All employees associated with the export business must be thoroughly acquainted with the trade rules manual, act accordingly to it, and must perform business without any foreign exchange and foreign trade rule violations.

## **2.5 Relationship with the government and administrators**

### **2.5.1 Laws against bribery**

Whether government employees work inside or outside the country, it is forbidden to contribute any illegal provisions to them.

### **2.5.2 The Political Financial Adjustment Act and the Public Office Election Act**

We will respect and follow the Political Financial Adjustment Act and the Public Office Election Act, and will assure company fairness in political activities.

## **3. We will communicate not only with the stockholders, but also with the general public, and will actively and fairly post company information.**

### **3.1 The Financial Products Transaction Act**

We must follow internal company act no. OES3501 “Rules on timely release of important information and prevention of insider trading.” It is forbidden to sell or buy any related stocks before the release of important company information that might affect the decisions of investors.

### **3.2 Posting of information**

The OSG group must release the information the public truly desires in a timely and appropriate manner, excluding classified company information and classified obligations designated by contract. We will maintain constant communication with the public, will not go beyond the bounds of social common sense, and company activities will stay fair and transparent. It goes without saying that the information the public wants does not exactly correspond with the information that is required by law. The customers, clients, employees, stockholders, investors, and local organizations must perform their duties related to the OSG group, and must openly release all necessary information. The employees must confirm what information certain people need through daily communication, and must treat them with respect.

## **4. We will respect the diversity, personality, and individuality of the employees, and will provide an environment that is safe and easy to work in to realize flexibility and prosperity.**

### **4.1 Respecting the employee’s personality and individuality**

The OSG group will respect each employee’s personality and individuality, and will do its best to construct a personnel system and labor standard that will provide prosperity and sense of achievement. Also, we will judge employees fairly on results and achievements alone, and will grow talent full of creativity and proficiency.

### **4.2 Respecting privacy**

The OSG group will respect employees’ privacy, and when handling personal information, it will follow internal company act OSG3502 “Private Information Protection Act.” When conducting business activities, properly handling and keeping information is the basis of company trust. We must understand the importance and usefulness of this information, and we must give our utmost care administering this.

### **4.3 Respecting human rights and abolishing all types of segregation**

The OSG group will assure a work environment that will neither offend nor discriminate by race, belief, skin color, sex, religion, nationality, language, physical appearance, wealth, or birthplace. We must especially pay attention to sexual harassment, which we strongly disapprove of as a company. When such problems occur, we must quickly investigate the case, provide aid to the victim, and work for resolute prevention.

#### **4.4 Guaranteeing a safe and healthy work environment**

The OSG group will place worker health and safety first in all business activities, beginning with production machinery, to parts, to usage of materials, and up through disposal. Therefore, we must organize the internal company rules, manuals and production standards, and observe all respective laws.

##### **4.4.1 Elimination of work accidents**

The safety and health of the people are irreplaceable. To eliminate work accidents, we must not only issue the respective acts, but also observe the rules of safety supervision. Also, when performing daily work, we must periodically conduct education programs to detect and eliminate danger and possible harm, and must organize these actions at a group level.

#### **5. Efforts to solve environmental problems are common to all of humankind. We will recognize this as crucial to the existence of the company and its activities, and will independently and actively work on this subject.**

##### **5.1 Earth environmental safety**

The OSG group has been receiving many benefits from this Earth, including the resources and energy needed for its business activities, thus we must understand that it is our duty to maintain the Earth's environment in good condition, and make this one of our chief management subjects. Therefore, while observing the environmental laws, we must do our best to make our products and services affect the environment as little as possible, and will continue and strengthen our environmental conservation activities.

##### **5.1.1 Environmental protection and hazard countermeasures**

Observance of environmental laws is an obligation for a company to the regional community. We will use the company standards for environmental conservation in our business activities for the safety of both the OSG group's and local area's environment. Each individual worker will once again check the hazard countermeasure procedures related to their work, in order to prevent damage from spreading if an actual disaster occurs.

#### **6. As "model corporate citizens," we will actively make positive contributions to society.**

##### **6.1 Contributing to the local community**

We will closely cooperate with the local community, and will maintain good relationships. Also, to interact with the community, we will perform sports activities, and other volunteer programs,

and will actively strive to be a “model corporate citizen.”

**7. We will stand firmly against any and all anti-social powers and groups that would harm the security and stability of the general public.**

**7.1 No presence of ties with anti-social powers**

The OSG group will have absolutely no ties with any individuals and groups that will affect society and the company’s well-being. Also, all employees and managers will not fear these groups, and will face them resolutely.

**8. Regarding international business activities, we will not only respect and abide by international rules and local laws, but we will respect local cultures and customs, and will seek to perform business to contribute to local development.**

**8.1 Pertaining to overseas business activities**

While economic globalization and elimination of economic borders progress, for the OSG group to conduct business smoothly overseas, it must observe international rules and local laws, and must contribute to the development of the local area. Also, not only must we research the respective country’s laws and observe them, the local companies must understand the Unfair Competition Prevention Law (illegal to offer profits to overseas government officials), and domestic laws such as overseas exchange laws. The OSG group will understand the social situation and its problems, and will act upon fair knowledge of the local culture and customs. In addition, by having the company locally supply its materials and parts, and through technological guidance and technology transfers, we will work to develop the local industry. We will also work to localize management.

**9. Senior management will recognize that their purpose is to implement the spirit of the company standards, and in addition to setting an example worth following, they must be aware of all group companies and customers. Also, we must take notice of all voices inside and outside of the company, be thorough in standardizing the company ethics, and make the company structure effective.**

**9.1 Internal and external awareness and institution**

We will post the Company Ethics Pledge on the intranet, and will make it known to all. We will also post it on the OSG group’s homepage, and make it available universally through the Internet. Also, when needed, we will execute the proper training regarding compliance with



laws and regulations accordingly.

## **9.2 Enforcement plan**

Whenever the Company Ethics Pledge must be enforced, employees are urged to confer with their superiors and thoroughly discuss how to resolve any issues. The superiors must actively take in this advice, clarify the root of the problem, and must quickly improve on it. Also, when a problem cannot be solved within the division, or cannot be solved by discussion with superiors, we will create a special branch for queries, and will take questions directly from the employees. When an immediate solution is needed, the risk and compliance supervision team will actively pick this up.

### **9.2.1 The risk and compliance supervision team**

In the case of a serious violation, the risk and compliance supervision team is given the power to report to the board of directors. The division risk management leader must report the Company Ethics Pledge's present situation in writing separately, and must periodically report to the risk and compliance management office.

### **9.2.2 The division/subsidiary risk management leader**

A risk management leader (division leader/center leader/room leader) will be placed in each division to plan to effectively execute the Company Ethics Pledge. A subsidiary risk management leader (the manager of the subsidiary) will supervise the subsidiary's risk management. If any problems concerning the Company Ethics Pledge occur, the division/subsidiary risk management leader will discuss with the risk and compliance supervision committee, and will perform the appropriate improvements.

### **9.2.3 Ethics advisory branch**

When a problem cannot be solved within the division alone, or when it would not be appropriate to discuss it with one's superiors, we will create an "Internal Report Helpline" in the OSG company for all the employees to discuss directly with the risk and compliance management committee.

### **9.2.4 Establishing, amending, and abolishing Company Ethics Pledge**

The establishment, amendment, or abolishment of the Company Ethics Pledge shall be in accordance with a resolution from the OSG board of directors.

**10. When an incident that goes against the existing standards occurs, senior management will announce to the whole company that they will take part in solution of the problem, discover the cause, and take measures to prevent future reoccurrences. Also, they will promptly and accurately release information to the public, and understanding their own responsibility and**

**authority, they will decide on the appropriate punishment for the action, which may also apply to them.**

### **10.1 Involvement with senior management**

**When a violation of the Company Ethics Pledge occurs, senior management must show strong leadership to prevent damage from spreading and to maintain social trust. Also, they must take the lead and quickly investigate the cause, take preventive measures, and show appropriate actions as a responsible company. If the health or lives of any employees are in danger, they must quickly and accurately announce an explanation. Also, the position of responsibility will also be quickly identified, and they will issue punishment on themselves.**

### **10.2 Company Ethics Pledge violator punishment**

Any violation of the Company Ethics Pledge through ill intentions or gross negligence will be strictly punished in accordance with employment regulations of the OSG group, and lawsuits demanding reparations for any economic damage may occur.

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