

# Takara Group

# Compliance Action Guidelines

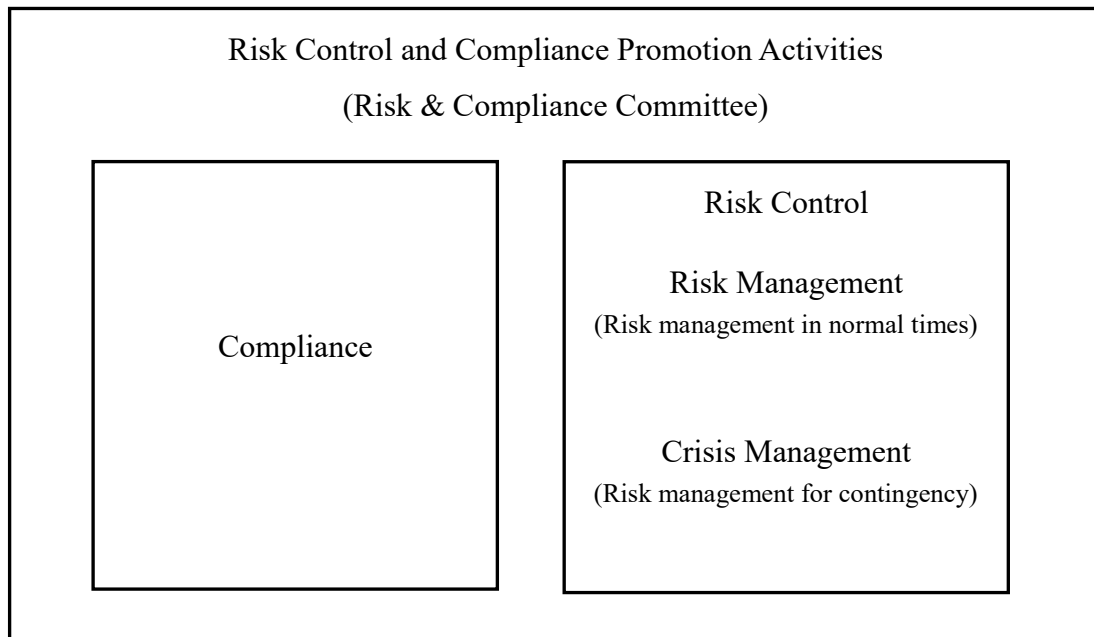
To ensure compliance with laws and social ethics

The 4th Edition

## Introduction

These Takara Group Compliance Action Guidelines provide guidelines for conduct relating to the "law and social ethics" that all officers and employees should abide by in order to embody the Takara Group's corporate philosophy.

The Takara Group classifies Takara's risk control and compliance promotion activities into two fields: "Compliance" and "Risk Control." Furthermore, "Risk Control" is broken down into "Risk Management" to prevent risks surrounding the Company in advance and "Crisis Management" to deal with emergencies when they occur (see figure below).



In recent years, there have been many cases of corporate scandals that have caused companies to lose the trust they have built up so far in an instant. We now live in an era where eroding the trust of society and the marketplace is directly linked to the survival of a company. Furthermore, there have also been many cases where dishonesty that while not unlawful goes against social ethics has been harshly criticized by consumers and the mass media and destroyed trust in the companies concerned.

In the case of corporate scandals that involve violations of the law, liability rests not only with the company, but also the officers and employees that were involved in the incident, with these individuals also being subject to criminal or civil penalties. Even if you are just following orders from your superior, if the conduct is unlawful, you will not be able to evade personal responsibility.

The Takara Group Compliance Action Guidelines constitute basic rules that each individual must abide by as a member of the company and a member of society, so they are written in language that has been made as easy to understand as possible.

Check your own thinking and behavior in light of the Guidelines on a regular basis.

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## **Takara Group Compliance Action Guidelines**

### **Basic policy**

The Takara Group aims to achieve corporate philosophy, "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation and biotechnology, emphasizing harmony with nature," and conducts business activities in honest and fair manners according to our code of conduct, "We are happy when our consumers are happy."

We shall:

- (1) comply with domestic/foreign laws, understand social ethics adequately, and act as a member of society with good sense and responsibility.
- (2) be engaged in reducing a burden for natural environment and contribute to the development of biological science as focusing on the dignity of life.
- (3) not seek profit even against these Guidelines but execute a persistent business activity as important existence for society extensively by seeking profit through fair competition.
- (4) abide by the employment regulations and shall not conduct any illicit behavior and dishonest behavior as violating the employment regulations.
- (5) draw a line between our public and private life, and shall not seek personal benefit by using company's resources, information and position.

### **I. To be a trusted company**

#### **[1] Respect for human rights and prohibition of discrimination**

The Takara Group shall respect the diversity, personality and individuality of our employees, and do not carry out any kind of irrational discrimination based on such as place of birth, nationality, race, ethnicity, beliefs, religion, sex, age, any kind of disability, hobbies and educational background. We do not engage in illegal child or forced labor in a working environment in and outside of Japan.

We shall strive to maintain a healthy working environment, respect the human rights of every individual and do not speak, act or behave in a way that leads to discrimination. We shall not violate human rights by such as doing violence, jeering, slandering, coercing to work by intimidation and bullying.

#### **[2] Respect for foreign customs and culture**

In overseas activities, The Takara Group shall obey global rules, abide by local laws, and respect foreign customs and culture.

We shall understand the circumstance in each country and society, and give consideration to its culture, religions and customs.

#### **[3] Prevention of harassment**

The Takara Group shall ensure the prevention of conduct that, as a result of the following words or behavior, is deemed to be disadvantageous to another person or damaging to the work environment:

- Sexual words or behavior that the other person is uncomfortable with

- Words or behavior that go beyond the scope acceptable for work, and are based on the abuse of superior status in the workplace, as determined by job rank, human relationships, etc.
- Words or behavior concerning requests to use or actual use of systems or measures relating to pregnancy, childbirth, childrearing, or nursing care

We will not speak or act in a way that constitutes, or could be construed as constituting, sexual harassment, power harassment, or other form of harassment.

#### **[4] Protection of privacy**

The Takara Group shall not use information on personal privacy of the person in/outside our group acquired in the course of business for other purposes unrelated to our business. We strive to manage the information strictly so that it should not leak outside.

We shall respect each other's privacy and protect the information carefully.

#### **[5] Safe and hygienic working environment**

The Takara Group shall strive to provide a safe and hygienic working environment and comply with the law regarding safety and hygiene. In case an accident on duty has occurred, we will minimize accidents, take measures to prevent recurrence, and immediately implement prescribed procedures such as reporting and notification.

We shall confirm and ensure safe conditions and not take actions against safety. We shall abide by the rules and regulations related to safety.

#### **[6] Abiding by the labor laws and regulations**

The Takara Group shall respect any labor laws and regulations, and ensure that a pleasant work environment is maintained. We shall place complete control over the working days and hours, and make sure that they remain within the Labor Standards Act, and we will never force the employees to do excessive work nor overtime work. The managers shall always pay close attention to the physical and mental health condition of the staff.

We shall support to keep pleasant work environment and management of work time, and manage our health to do our work proactively.

#### **[7] Prohibition of insider trading**

The Takara Group shall prohibit insider trading.

If, in the course of performing our work, we gain inside information related to the Takara Group or its business partners, which may affect our or their stock prices when it becomes publicly known, we will not purchase or sell, by ourselves or through a third party, the company's stock or bonds, until the information is publicly announced. When we buy or sell our stock, we shall obey the company rule, "The Regulation about Prohibition of Insider Trading."

#### **[8] Prohibition of transactions involving conflict of interest**

The Takara Group shall not be involved in any activities that may conflict with the interest of the company.

We shall not engage in any activity that may cause a conflict of interest with the company, nor shall we engage in any act detrimental to the company for the benefit of competitors, business partners or ourselves.

#### **[9] Appropriate use of information system**

The Takara Group shall fully control the management of accounts of the information system and establish a mechanism to prevent unauthorized use of the system and external leaks of important operational information.

We shall use the information system of the company only for purposes of work and shall not use it for private purposes. IDs and passwords related to the information system of the company shall be under strict control and external leaks shall be prevented. The IDs and passwords of other persons shall not be fraudulently used, and unauthorized access shall not be made to computer systems inside and outside the company for which accounts have not been issued and granted.

#### **[10] Appropriate use of assets**

The Takara Group shall safeguard the company's property, whether tangible or intangible, in an appropriate manner and take suitable measures to prevent them from damages, loss or theft and maintain them in good conditions.

We shall not use the company's property and expense for personal benefit.

#### **[11] Strict prohibition of dealing with antisocial forces**

The Takara Group shall firmly face anti-social forces such as corporate racketeers (so-called "Sokaiya" in Japan) and gangs, and shall not have any relationship whatsoever with them. Even in case of receiving unreasonable demands, we take a firm stand and do not seek a resolution by handing over money or valuables. We do not make any deal with partners associated with anti-social forces.

We shall always conduct business activities in sensible manner with basic knowledge of laws, common sense, and a sense of justice so as not to take illegal or anti-social actions. We shall not make any deal with anti-social forces for company's/personal benefit.

#### **[12] Prohibition of political and religious activities at the workplace**

The Takara Group shall abide by the laws concerning political activities. We shall take the sound, normal and appropriate responses to political and religious activities.

During working hours and inside the facilities of the company, we will not engage in behaviors such as inducement into political bodies, canvassing for votes at election time, election campaigns, persuasion into religious groups, imposition of beliefs, solicitation for donations, distribution of recruiting brochures.

## **II. Cooperation with stakeholders**

#### **[13] Ensuring product safety**

In development, production, logistics and sales, the Takara Group shall give the first priority to ensuring product safety and aim for higher safety and quality. In case trouble has occurred with regard to the safety and quality of products, we will hold the spread of damage to a minimum, communicating the accurate information to consumers as soon as possible. We shall make sincere effort to prevent similar trouble.

We shall pay attention to product safety and comply with the relevant laws and company's rules to keep higher quality. We shall endeavor to share some information about the troubles occurred

in our company as soon as possible and take actions to prevent similar trouble.

#### **[14] Appropriate labeling, advertisement and promotion**

The Takara Group shall comply with the related laws and regulations and shall not make label of products which can give the wrong understanding to consumers. Also, we shall not make advertisements using expressions which exaggerate, or injure the reputations of other enterprises or terms which lead to social discrimination. In making advertisements involving comparisons we shall confirm the factual evidence.

We shall endeavor to make appropriate label in compliance with fair competition codes and corporate standards in addition to laws and regulations which have been put in place in order to prevent inappropriate displays. In the expressions used in advertising activities, we shall give consideration based not only on various laws and regulations of course but also on industry standards and our own self-standards.

#### **[15] Protection of customer information and personal information**

The Takara Group shall strictly control customer information and personal information. When we delegate our task handling customer information/personal information to outside suppliers, we strictly control them to prevent information leakage.

We recognize that the leakage of customer information/personal information makes a significant impact on individuals and society involved and leads to losing company credibility, thus we carry out a strict control in accordance with the rules.

#### **[16] Prohibition of bribery and other corrupt practices, as well as excessive entertainment and gifts**

The Takara Group shall not offer or promise to provide any money or other benefits in return for business favors to any public official or equivalent person in Japan or overseas. Also, we shall not entertain or give gifts to any of these people. When entertaining or presenting gifts to customers, we shall keep within general social norms.

We shall not engage in any acts of bribery or other corrupt practices. When entertaining or giving gifts to business partners, or receiving entertainment or gifts from business partners, we shall keep within social norms. In particular, we shall decline excessive and expensive meals and drinks or entertainment involving unlawful amusements.

#### **[17] Compliance with the Subcontract Act, with appropriate dealing**

The Takara Group shall deal with suppliers with fairness and impartiality, attending to them with good sense and sincerity. We shall comply with the Subcontract Act in purchasing goods and contract manufacturing and subcontracting.

We evaluate and compare, with fairness and impartiality, based on the criteria such as quality, price, delivery date, technical strength and supply capacity when selecting suppliers.

#### **[18] Abiding by antitrust laws (competition laws)**

The Takara Group shall not engage in activities in violation of antitrust laws (competition laws) such as forming cartels and colluding on business matters, and shall engage in fair and free competition among enterprises.

We shall not engage in unfair restrictions of trade such as by conferring to fix prices and quantities

among companies in the same industry, or by colluding on bid-fixing.

We shall not engage in actions which constitute unfair trade practices such as refusing to trade with specific business enterprises in consort with companies in the same industry, or to restrain selling prices.

#### **[19] Prevention of unfair competition**

The Takara Group shall not harm others' business interests by unfair competition (such as confusing displays or fraudulent acquisition of trade secret.)

We do not use displays that are likely to cause confusion with other companies' products or services. We do not acquire other companies' trade or industrial secret by illegal means such as theft.

#### **[20] Appropriate processing of accounting and tax**

In its accounting procedures, the Takara Group shall conduct proper account and tax processing in accordance with rules such as ordinances, regulations, and criteria including the Companies Act and tax codes.

We are aware that the entries in accounting books and the issuance of vouchers are directly connected with the settlement of accounts and tax reports, and therefore, the Takara Group will conduct those tasks with accuracy in accordance with related laws and regulations as well as internal rules and policies. We will properly handle periodic accounting of profit and loss such as booking period of profit and expense.

#### **[21] Disclosure of management information**

The Takara Group shall disclose management information about financial matters, business activities to shareholders and investors in appropriate and expeditious manner. Informing them our corporate philosophy and policy clearly, and accepting with sincerity the opinion and criticism about it, we shall communicate with them honestly.

We shall respond honestly to all stakeholders including shareholders and investors of the Takara Group, disclose required information timely and accept with sincerity the opinion and criticism about it.

#### **[22] Abiding by the laws related to our business activities**

The Takara Group shall abide by the laws and guidelines related to business activities such as manufacturing of product, control of safety and quality, sales, and logistics.

We shall abide by the laws and guidelines related to our business with proper understanding. And we shall perform proper procedure of licensing and notifications.

#### **[23] Abiding by the laws related to imports and exports**

The Takara Group shall comply with import and export laws such as by not importing and exporting contraband goods.

We shall carry out appropriate import and export customs procedures according to related laws and regulations in and out of Japan. In exporting cargo and technology and providing services which are regulated by related laws and regulations, the possibility or not of the transactions shall be carefully considered by considering international trends as well, and necessary procedures shall be followed according to these laws and regulations.



#### **[24] Control of confidential information**

The Takara Group shall endeavor to prevent leakage of confidential information of the company and make efforts to tend to confidential information by such means as making non-disclosure agreements when making disclosures to other enterprises.

We shall not disclose/leak confidential information of the company to other parties without authorization. We shall not use confidential information of other enterprises for purposes other than those permitted by the other enterprises. We shall not leak confidential information obtained from the company and other parties and shall not use them for any purpose whatsoever after leaving the company.

#### **[25] Protection of intellectual properties**

The Takara Group will undertake to protect intellectual properties and endeavor not to infringe the intellectual properties of other enterprises.

We will utilize and manage the intellectual properties of the company in an appropriate manner and endeavor to maintain its rights. Endeavors shall be made to secure the intellectual properties of the company by such actions as prompt patent applications of inventions made in the course of work and necessary management of knowhow. Intellectual properties of other enterprises shall be used upon making appropriate contracts and shall not be unlawfully used. Actions infringing intellectual properties of other enterprises shall not be made such as copying computer software and using illustrations and texts of other enterprises without permission.

### **III. Contribution to nature and society**

#### **[26] Respect for bioethics**

The Takara Group shall conduct research activity from the ethical, legal and social standpoint of bioscience so as not to violate the dignity of life.

Referring to "the Ethical Guideline for Human Genome and Gene Analysis Research" and other guidelines, we shall make a correct analysis of human genome and gene.

#### **[27] Environmental conservation and protection**

The Takara Group shall comply with environmental laws, regulations and ordinances as well as endeavor to participate actively in nature conservation activities and to save resources/energy in consideration of the harmonization between the maintenance of the global environment and business activities as an important task of management. We shall endeavor to reduce the environmental loading which occurs in all the processes from the R&D of products and the procurement of raw materials to their production, logistics, sales and consumption.

We recognize that actions to maintain/protect the environment on the global scale are important for the individual as well, and shall reduce the environmental loading in our daily lives as well.

#### **[28] Contribution to society**

The Takara Group shall maintain good communication with local community and society, and take required actions to contribute development of local community as a good corporate citizens.

We will contribute social development by working on corporate social responsibility (CSR)

activities such as cooperation with local community and volunteer activities.

#### **[29] Appropriate political contributions and donations**

In making political contributions and donations to various bodies, the Takara Group shall comply with laws and regulations such as the Political Office Election Act and the Political Fund Control Act and make them appropriately. In making various contributions/donations, we shall do so appropriately in compliance with company rules.

We shall not make bribery, patronage or unlawful political contributions and shall strictly refrain from collusive relationships with politics and government.

#### **[30] Appropriate drinking**

The Takara Group shall raise the public awareness on appropriate drinking, considering it to be an important responsibility of an enterprise engaged in the manufacture and sales of alcoholic beverages. The awareness-raising activities shall be widely made through displaying on products, displaying in advertisements and publishing pamphlets for that purpose, about the prohibition by statute of drinking by minors and of driving under the influence of alcohol, and about the risks of harmful effects on the development of fetuses and infants during terms of pregnancy and nursing.

We shall strictly observe "No drinking when there is a possibility of driving. No driving after drinking. No offering of alcohol to drivers." We shall refrain from excessive drinking and make efforts to drink appropriately

### **IV. Basic rules of these Guidelines**

#### **1. Scope of these Guidelines**

These Guideline will apply to directors, full-time employees, temporary employees (re-employment), junior employees, contract employees, part-time workers, and temporary staff in TAKARA HOLDINGS INC. and its subsidiary companies.

#### **2. Amendment and abolishment of these Guidelines**

Amendment and abolishment of these Guidelines shall be made with approval of Director in charge of General Affairs Department.

#### **3. Contact**

If any questions on matters or interpretations of these Guidelines, you could consult with General Affairs Department of TAKARA HOLDINGS INC.

#### **4. Penalty**

Those who acted against and/or ignored a violation of these Guidelines may be punished based on such as the working rules of each company in the group according to the act and the details and degree of the violation.

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