

**HORIBA**

# Compliance Handbook

HORIBA  
Compliance Handbook



## Message



The trust placed in the HORIBA brand of today is the result of more than 70 years of hard work by HORIBARIANS (a collective term for all directors and employees working within the HORIBA Group) around the world. We must take responsibility for maintaining and developing that trust in the future. The cornerstone of this is compliance. We must not forget that the HORIBA brand could be destroyed in an instant by a single person violating the rules, even if every other HORIBARIAN was in complete compliance.

HORIBA is composed of HORIBARIANS from around the world who have come together under the spirit of our company motto of “Joy and Fun,” and who are as varied as works of stained glass. We value challenging ourselves and taking ownership in a methodical way. While respecting diversity, we must unite our “Omoi” to accomplish our business goals within a framework and set of rules that are in line with social norms.

To achieve this, HORIBA has held to the HORIBA Corporate Philosophy, our basic stance on corporate activities, as well as the Code of Ethics, our moral code and standard of conduct. In addition, we have newly formulated the HORIBA Compliance Handbook to more clearly define the actions and behaviors in line with what it means to be a HORIBARIAN.

This handbook provides specifics, including example cases and explanatory columns, on the actions and behaviors expected of HORIBARIANS around the world. Whenever unsure of what to do, please revisit this handbook, and think—on your own as well as together with colleagues—about whether or not a particular action is something you can truly take pride in as a HORIBARIAN.

HORIBA refuses to accept any profits generated through dishonest or unfair methods. With an emphasis on maintaining integrity and building trust, together let us continue to grow as a “HONMAMON” company that contributes to people and society.

Atsushi Horiba, Chairman & Group CEO

A handwritten signature in black ink, appearing to read 'Atsushi Horiba'.

# Code of Ethics

HORIBA has drawn up its Code of Ethics comprised of eight articles

(1. Compliance, 2. Excellent products and services, 3. Healthy relationship with governments, 4. Creation of a rewarding workplace, 5. Respect for human rights, 6. Engagement with stakeholders, 7. Environmental protection, and 8. Crisis management) as further introduced below.

This is in compliance with the company motto of “Joy and Fun” and our HORIBA Corporate Philosophy.

All HORIBARIANS are expected to strictly adhere to them in order to constantly be aware of our mission and role as well as to pursue sustainable development into the future as a global enterprise.

[→ Code of Ethics - Full Text](#)

## Handbook

The HORIBA Compliance Handbook (“the Handbook”) provides explanations on matters that are important for maintaining compliance that should be shared by all HORIBARIANS around the world, and specifically identifies the actions and behaviors with which each of us should comply.

## Scope of Application

The Handbook applies to all HORIBARIANS working in the HORIBA Group, including all directors, employees, and temporary employees around the world.

## Structure and Usage






This Handbook covers all items in the Code of Ethics and several other items designed to supplement the Code of Ethics, in order to explain the compliance measures that each and every HORIBARIAN is expected to understand as well as the specific actions and behaviors with which we should comply in the course of our regular duties.

Some items are also accompanied by example cases, explanatory columns, and explanations of terms to help deepen your understanding.

Each and every HORIBARIAN needs to understand the information in the Handbook and apply it in our daily duties because that is the heart and soul of how HORIBA maintains compliance.

# Contents






Click on an item to move to the corresponding page.

Code of Ethics		Description	Function					Page	
									
			Sales	Production/Purchasing	Research and Development	Service	Administration		
1.	<b>As a “good corporate citizen,” we shall comply with laws, regulations, articles of incorporation, and widely accepted social norms.</b>	• HORIBA Compliance	●	●	●	●	●	6	
		• HORIBA's whistleblower system	●	●	●	●	●	7	
2.	<b>We shall contribute to society by providing excellent products and services.</b>	2.1 Encouragement of research and development			●		●	8	
		2.2 Implementation of responsible procurement activities	• Interaction with suppliers and business partners		●			●	9
		2.3 Promotion of production	• Efficient and stable production activities		●			●	9
		2.4 Ensuring of product safety	• Safety and security of products and services	●	●	●	●	●	10
		2.5 Establishing good, fair relationships with customers	• Compliance with competition laws	●			●	●	11
3.	<b>We shall maintain sound and normal relationships with governments.</b>	• Prohibition of bribery	●	●	●		●	13	
4.	<b>We shall aim at creating a rewarding and comfortable workplace.</b>	4.1 Realization of an open and fair working environment	• Open and fair working environment	●	●	●	●	●	14
		4.2 Promotion of physical and mental wellness	• Compliance with laws and regulations, and work-life balance	●	●	●	●	●	14
		4.3 Ensuring of a safe working environment	• Ensuring of a safe working environment	●	●	●	●	●	15
		4.4 Respect for privacy	• Respect for privacy and personal information	●	●	●	●	●	16
5.	<b>We shall have respect for human rights of all people.</b>	5.1 Elimination of discrimination	• Diversity and prevention of harassment	●	●	●	●	●	17
		5.2 Respect autonomy in labor activity	• Respect autonomy in labor activity	●	●	●	●	●	18
		5.3 Respect for basic labor rights	• Respect for basic labor rights	●	●	●	●	●	19
		5.4 Implementation of measures for remedies and prevention of recurrence	• Respect for human rights	●	●	●	●	●	19

▶ Please read carefully, with particular attention to the items related to the function to which you belong. However, please remember that all HORIBARIANS must comply with all items.

# Contents

Click on an item to move to the corresponding page.

Code of Ethics		Description	Function					Page	
			 Sales	 Production/ Purchasing	 Research and Development	 Service	 Administration		
<b>6.</b>	<b>We shall disclose information appropriately and strive for active dialogue with stakeholders.</b>	6.1 Promotion of public relations	• Dissemination of information about the company and our products	●	●	●	●	●	20
		6.2 Information disclosure and prohibition of insider trading	• Disclosure and management of corporate information	●	●	●	●	●	21
		6.3 Active contribution to society as a "good corporate citizen"	• Promotion of social contribution	●	●	●	●	●	22
<b>7.</b>	<b>We shall voluntarily and actively commit ourselves to environmental issues.</b>		• Conservation of the global environment	●	●	●	●	●	23
<b>8.</b>	<b>We shall enforce crisis control by rejecting any connection with violent antisocial forces, promoting information security, and being prepared for terrorist attacks, natural disasters and spread of infectious diseases.</b>	8.1 Rejection of any connection with antisocial forces	• Rejection of involvement with antisocial forces, etc.	●	●			●	24
		8.2 Promotion of information security measures	• Information security and information management	●	●	●	●	●	25
		8.3 Crisis control	• Establishment of a crisis management system	●	●	●	●	●	26
			• Thorough security and disaster prevention measures	●	●	●	●	●	26
<b>Other compliance items</b>	Items not directly mentioned in the Code of Ethics but that require compliance as a HORIBARIAN.	1 Protection of and respect for intellectual properties	• Importance of protecting and respecting intellectual properties	●	●	●	●	●	27
		2 Prohibition of unfair competition	• Prohibition of unfair competition	●		●	●	●	27
		3 Prohibition of conflicts of interest	• Prohibition of conflicts of interest	●	●	●	●	●	28
		4 Trade control	• Thorough security export controls	●	●	●	●	●	29
			• Compliance with other import/export-related laws and regulations	●	●			●	29
5 Compliance with laws and regulations as an individual	• Compliance with laws and regulations as an individual	●	●	●	●	●	30		

▶ Please read carefully, with particular attention to the items related to the function to which you belong. However, please remember that all HORIBARIANs must comply with all items.

# 1. As a “good corporate citizen”, we shall comply with laws, regulations, articles of incorporation, and widely accepted social norms.

We shall carry out our business in compliance with laws (including but not limited to competition law, anti-corruption law, intellectual property law, security trade law, securities regulation and various business laws), regulations, articles of incorporation and widely accepted social norms, and shall not pursue profits by using unethical means such as cartels and bribes.

## HORIBA Compliance

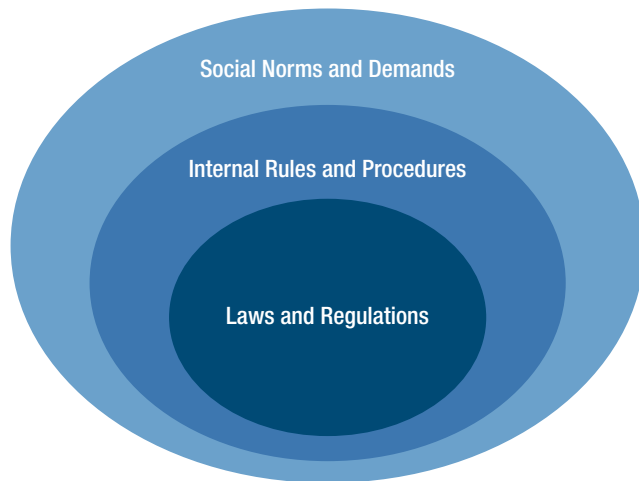


Compliance for the HORIBA Group begins with each and every HORIBARIAN around the world fully understanding compliance as a personal matter. We naturally comply with laws and regulations related to our business, but we must also understand that each of the internal rules and procedures of the HORIBA Group have their own important significance and must be complied with in the same manner as laws and regulations.

Furthermore, if we ignore social norms and social demands in our business activities, we will never gain the trust of society, and we will not be able to achieve sustainable corporate growth. The HORIBA Group will continue to conduct its daily business with a constant awareness of social norms and social demands.

You may encounter a situation where there is a conflict between profit and compliance.

The HORIBA Group refuses to pursue any illegal or illicit profits that violate compliance. If you encounter a situation that you suspect involves any such illegal or illicit profits, please take appropriate actions, including immediately informing either your supervisor or the whistleblower hotline.



### Three questions for HORIBARIANS

If you are ever unsure what to do or have doubts about your actions in your daily work, or if you become aware of something that you suspect violates compliance, please first review this handbook. Then, ask yourself the following three questions. They will help you see what you should do as a HORIBARIAN.

Is the action...

- ...in violation of “HORIBA Compliance” as described on the left?
- ...something about which you can proudly tell your family and colleagues?
- ...something that could damage the HORIBA brand?

### These following ways of thinking are dangerous!

Mistaken ideas of “what’s good for the company”	It’s for the sake of sales (or customers), so it’s not bad (cannot be helped).
Selfish “justifications”	Everyone does this. It’s common in the industry.
Deliberate “cover-ups”	Nobody’s going to find out anyway, so let’s keep quiet to avoid any trouble.

The HORIBA Group responds to compliance-related concerns and information about illegal or fraudulent activities through both a global whistleblower hotline that connects directly to HOR (Head Office, HORIBA, Ltd.) as well as local whistleblower hotlines set up at each company. Retaliation or any other form of disadvantageous treatment for using the whistleblower hotline is strictly prohibited. By informing the company of compliance violations and illegal or fraudulent activities at an early stage and in an appropriate manner, you will be helping HORIBA maintain compliance.

## HORIBA's whistleblower system



HORIBA Group compliance is backed by the HORIBA Global Hotline, a whistleblower hotline available to all employees around the world. The whistleblower hotline that connects directly with HOR was newly established in July 2023 to enable early identification and response to any material or potential compliance violations that may affect the HORIBA Group brand value.

The main features of the HORIBA Global Hotline are as follows.

### 1 Available to the entire HORIBA Group

The hotline is available to all directors, executive officers, employees (including those who resigned within one year) and temporary staffs of the HORIBA Group.

### 2 Enables completely anonymous whistleblowing through an external system

We use a dedicated external system (DQ Helpline) to allow anonymous reporting, ensuring that the identity of the whistleblower remains private.

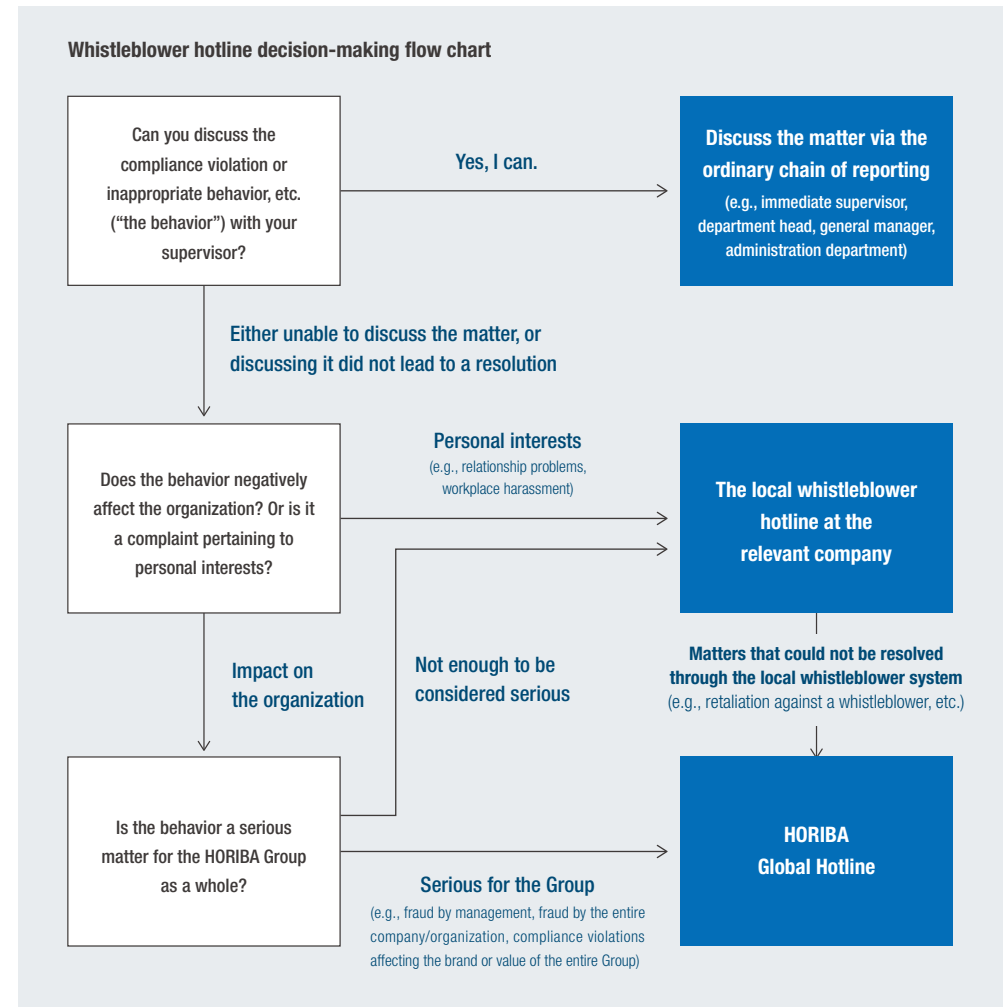
### 3 Access to reports is limited to only certain managers at HOR

We strictly maintain the confidentiality of reports. Personal information is never shared against the whistleblower's will.

### 4 Reportable activities

Material compliance violations or fraudulent activities that affect the HORIBA Group brand or value, as well as retaliation against a whistleblower.

Each Group company has also established its own local whistleblower hotline. Please refer to the decision flow chart on the right to make sure that you contact the appropriate hotline based on the nature of the compliance violation and its degree of impact on the Group. For details, please make use of the HORIBA Portal, or refer to information on the whistleblower systems provided by individual companies.



## 2. We shall contribute to society by providing excellent products and services.

### 2.1 Encouragement of research and development

We shall create new products and businesses based on a spirit of bold originality and ceaseless diligence. By doing so, we shall improve the quality of life of people around the world and contribute to favorable development of social issues. We shall devote our expertise and technology to the development and advancement of the welfare of humanity, and we shall not conduct unethical research and development.

#### ■ Prohibition of R&D that violates engineering ethics

R&D activities are the core of the HORIBA Group's business. These activities generate many new technologies, products, and businesses. It is important for those involved in R&D to ensure that such activities lead to the happiness and betterment of humankind, and maintain high ethical standards in their daily work. In addition to complying with laws, regulations, internal rules, and company procedures, we must also act at all times with integrity and honesty based on our knowledge, experience, and common sense as researchers and engineers, as well as on our identity as HORIBARIANS.

#### Key points

- We shall comply with all laws, regulations, internal rules, and company procedures relating to R&D activities.
- We shall remember that our daily R&D activities lead to better HORIBA products and businesses, and in turn, to the happiness and betterment of humankind.
- We shall act with integrity and honesty in light of our knowledge, experience, and common sense as researchers and engineers.
- We shall not engage in any activities that violate engineering ethics (e.g., falsification of data or other fraudulent acts, misuse of government subsidies, development of products that do not lead to the happiness and betterment of humankind).

#### Column

#### What is engineering ethics?

Incidents of fraudulent activities such as quality fraud and data falsification have been on the rise worldwide in recent years.

As an example, consider the case of a product that cannot be sold without government certification. Engineers in the R&D department conduct the experiments necessary to obtain certification. If, when collecting experimental data, they get some unexpected values, the engineers conducting the experiments might delete the values based on their own 'reasonable' and 'honest' consideration that "the findings must be in error in light of previous findings and hypotheses," without any sense of pursuing their own self-interests or realization that they are committing an illegal act.

Such actions could invite suspicion of quality fraud or data falsification, and could result in revocation of certification or even the need to recall products. Furthermore, both the company and the individual engineers may be held responsible.

While performing your duties as a member of the HORIBA Group, you must not engage in any behavior that undermines trust, such as the falsification or fabrication of data, or act in any way that raises suspicions of such behavior.





## 2.2 Implementation of responsible procurement activities

We shall remember that we build business activities based upon the support and cooperation of our suppliers who provide us with raw materials, parts, and services used in production, and of those who support us in other ways. We highly value the trusting relationship we have established with our suppliers and engage in fair and transparent transactions.

### Interaction with suppliers and business partners



In order for the HORIBA Group to provide products and services, it is extremely important for us to build and maintain relationships with the suppliers and business partners from whom we procure raw materials, parts, processed goods, and to whom we outsource operations. As examples, if we were to prioritize personal relationships when selecting ongoing suppliers and business partners, or if we were to procure from suppliers who disregard human rights and the environment, such as those that employ child labor or are detrimental to the environment, it would be impossible for the HORIBA Group to achieve its goal of leading to happiness and betterment for humankind. Each and every one of us must understand and act in accordance with the fact that our ability to sustainably provide the world with useful products and services hinges entirely on our ability to establish and maintain a sound supply chain.

#### Key points

- We shall select our suppliers and business partners fairly. We shall not give preference to suppliers and business partners with whom we have personal interests or other conflicts of interest.
- We shall ensure that suppliers and business partners comply with all laws and regulations regarding human rights, the environment, quality control, information security, etc.
- We shall not use our superior position to force suppliers or business partners to provide preferential pricing or services.
- We shall conduct multiple purchases to the extent possible to promote stable supply, fair prices, and fraud prevention.

## 2.3 Promotion of production

We shall commit ourselves to daily production activities to fulfill our mission as a producer who develops high quality products that are truly useful, produces such products as efficiently as possible, and supplies them in a timely manner and at appropriate prices.

### Efficient and stable production activities



In order to continue to provide the world with high-quality products and services, it is extremely important for us to maintain stable and efficient production activities. If our production process lacks efficiency and rationality, it will hinder stable production and may adversely affect the sustainability of the HORIBA Group. To achieve efficiency and stability in production activities, it is important for us to review our daily operations and prepare for disasters.

#### Key points

- We shall review our daily operations to improve productivity, streamline production, shorten delivery times, and ensure quality.
- We shall strive to disperse production risks in preparation for disasters.

## 2.4 Ensuring of product safety

We shall ensure product safety throughout all work processes so that our products may be worthy of our customers' trust.

### Safety and security of products and services



For the safety and satisfaction of our customers and society, it is necessary for us to provide products and services that ensure safety and meet specifications. In addition to complying with laws, regulations, and internal rules related to product safety aimed at ensuring that customers and HORIBARIANS are free from harm, it is important for us to ensure the accuracy of data during the product design and manufacturing processes as well as thorough quality inspections. It is also important for us to address and record any accidents or complaints regarding defects or malfunctions of products and services, in the unlikely event that they occur.

#### Key points

- We shall understand and comply with laws, regulations, and internal rules relating to product safety.
- We shall accurately record data for use in quality assurance and technical documentation. We shall never falsify or fabricate data.
- We shall ensure that quality inspections are performed by personnel with the appropriate skills and qualifications.
- We shall properly maintain and inspect production facilities.
- In the event that an accident or complaint occurs due to a defect or malfunction in a product or service, or in the event that a safety problem is discovered, we shall immediately share the information with management and contact the customer or regulatory authorities as necessary.
- We shall accurately record quality problems, thoroughly investigate the cause, and take measures to prevent recurrence.
- We shall promptly report any serious product and service defects or accidents to HOR in accordance with global rules.

→ Relevant global rule "Operational Procedure for HORIBA Global Incident Report"

#### Column

#### The seven checkpoints for product safety

- 1 Check the relevant laws, regulations, and internal rules
- 2 Accurately record the processes and results of experiments and inspections
- 3 Do NOT misappropriate or manipulate data, or discard inconvenient figures
- 4 Do you talk to your supervisor or colleagues about questions that arise in the course of R&D or quality control?
- 5 In the event of a mistake or error, do NOT attempt to conceal or misrepresent it
- 6 Do NOT omit necessary procedures or falsify data when facing lack of time
- 7 There is NO concern of causing problems if you were to disclose information to clients or to the public

#### Case study

#### Data falsification for the sake of the customer?

Sales representative A initially proposed a demonstration model of the X-specification analyzer, but with the approval of customer representative B, he delivered a Y-specification analyzer of the same series because of its high scalability. Although the resolution of the delivered Y-specification analyzer was inferior to that of the X-specification demo analyzer, it was at a level that would not cause any problems for the customer's intended use. With the approval of customer representative B, the values of the X-specification analyzer were falsified to make the resolution appear equivalent, and an evaluation result report was submitted to the customer.

Later, an inquiry from C, another customer representative, revealed that the values had been falsified. According to sales representative A, the "adjustments" to the values were in response to the customer's request for early acceptance, and the sales representative explained that there was no problem because the customer had approved.

#### → Explanation

- Complying with all customer requests is not "for the sake of the customer." It is necessary to build relationship of trusts with customers with a long-term view, rather than simply pursuing immediate profits.
- Stop thinking, "It's for the sake of sales," "This isn't going too far," or "It'll be fine as long as no one finds out." Instead, base your decisions on whether or not you can take pride in them as a HORIBARIAN.

## 2.5 Establishing good, fair relationships with customers

We shall always endeavor to provide high quality products and appropriate services in order to increase customer satisfaction and earn our customers' trust. We shall also work to contribute to society through fair and free market price competition. To realize this goal, we shall engage in fair sales activities being aware that each of us is a representative of the company.

### Compliance with competition laws



In a market where competition operates normally, companies try to develop better products and offer them to customers at lower prices. However, in a market where fair and free competition is inhibited, the competitive effects are reduced, and the interests of consumers are harmed. Therefore, countries enact legislation to restrict actions that limit competition or impede fairness in transactions with business operators downstream in the chain of manufacturing and distribution. Violations of these restrictions can result in severe criminal and administrative penalties under the laws of the relevant country, not only for the company but also for individual employees, including prison sentences.

In fact, in 2008, HOR was ordered by the Japan Fair Trade Commission to pay surcharges for bid rigging related to automated continuous atmospheric monitoring instruments ordered by a government agency. The HORIBA Group is committed to complying with the competition laws of each country and striving to contribute to society through fair and free competition, with the goal of delivering excellent products and appropriate services to our customers.

#### Key points

- We shall be aware of and comply with the latest competition laws.
- We shall clearly recognize which companies are our competitors.
- When coming into contact with competitors, we shall submit applications, reports, etc. in accordance with our internal rules.
- We shall not exchange information with competitors on critical aspects of competition, such as prices, costs, sales volumes, or information on bids.
- We shall not present discriminatory prices to or make unfair demands of distributors or dealers.

#### Case study

#### Is it okay since we didn't state that we would raise prices together?

Sales rep B, assigned to country A, attended a social gathering of industry associations in country A. At the gathering, the recent sharp rise in raw material costs came up, and Mr. D from company C, a competitor, said, "We are thinking of raising our prices by about 10%." Mr. F from company E, another competitor, said, "We also feel that a price hike of around that amount is unavoidable." Sales rep B did not make any particular comment on the spot, but the next day, he told his boss what he had heard at the social gathering the day before.

#### → Explanation

- In order to maintain fair and free competition in the market, many countries prohibit coming to arrangements with competitors on critical aspects of competition, such as prices, costs, and sales volumes.
- The laws in some countries have an extremely broad interpretation of price arrangements, so you could be deemed to have agreed on a price or to have participated in an agreement even by simply talking about a price hike as described above and even when you do not actively express your intention to take any action. It would be extremely dangerous to consider this level of information exchange to be acceptable, and if such an exchange occurs, you should express your objection and leave the venue. You should then immediately consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department.
- When coming into contact with competitors, you are required to submit applications and reports in accordance with the internal rules of your company, such as reporting to your supervisor in advance.
- If you have even the slightest concern about an interaction, please consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department.

## 2.5 Establishing good, fair relationships with customers

Column

### Leniency—Voluntarily report as early as possible

The system of leniency allows companies to voluntarily report cartels, bid rigging, and other violations of competition laws to the authorities, and in doing so, have penalties or surcharges to be borne by the company or its employees as a result of such violations waived or reduced.

This is a great incentive for companies and their employees involved in a violation to seek leniency (by reporting it voluntarily). In many cases, the availability and degree of leniency depends on the order of voluntary reports issued to the authorities. In order to benefit most from the leniency system, it is important, upon becoming aware that your company has committed a violation, to report it as soon as possible—before other companies.

Of course, it is of utmost importance not to engage in any actions that violate competition laws. If you have concerns about past actions, please do not remain silent just because it has yet to be discovered. Please immediately consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department. It is quite possible that another company will eventually seek leniency before HORIBA, and the damage could be even greater.

Column

### In the age of extraterritoriality—Foreign laws apply

Normally, laws apply within a country's territory and do not extend to other countries. However, under the system of extraterritoriality, a country's laws may apply to and result in punishing business activities outside of its borders if such activities negatively impact it. For example, the US Antitrust Law contains provisions on extraterritorial application, and even cartels operated by non-US companies outside of the US may be caught and punished in accordance with the US law. In fact, a great many non-US companies have been caught violating the US Antitrust Law. In some such cases, individual employees involved in the violations have been held accountable and have been forced to serve prison sentences in the US. There have also been many cases of companies paying large fines and settlements.

As mentioned in the previous case study, authorities in countries around the world have an extremely broad interpretation of what constituted an agreement formed through the exchange of competitively sensitive information. Psychologically speaking, it can be very difficult to object on the spot when such a topic comes up, but it is important to keep in mind that there could be serious consequences, including individual employees being held responsible, and to be resolute in protecting yourself.



# 3. We shall maintain sound and normal relationships with governments.

We shall understand that fairness and justice in relationships between companies and politics and government agencies is strongly required by laws and regulations, especially regarding the prohibition of the provision of unfair profits or bribery, and we shall comply with relevant laws and regulations diligently.

## Prohibition of bribery



Bribery, promoting corruption, and providing other unfair profits to political and administrative authorities are criminal acts, and are strictly prohibited under the criminal laws of all countries in order to ensure that public officials conduct their duties fairly and to protect the public's trust in them. For example, if orders are being placed with a particular vendor due to the unfair provision of benefits, such as through bribery or corruption, rather than due to a just and fair evaluation of the vendor's technologies and prices, it will cause a variety of problems, including a decline in the quality of products and services, and trust in the vendor's business will be lost.

Each and every member of the HORIBA Group must adhere to high ethical standards in striving to maintain sound and normal relationships with governments.

### Key points

- We shall comply with internal procedures and recordkeeping rules related to bribery.
- We shall not entertain or provide gifts or benefits to public officials, employees of public organizations, etc. that could influence business decisions or that could be suspected by a third party of doing so.
- We shall not provide improper benefits, either directly through bribes or through agents, consultants, or other means.
- We shall remain fully aware that, in some countries, small payments (facilitation payments) to speed up customs clearance and other official procedures, as well as private companies mutually entertaining and providing benefits to each other are also illegal and criminally classified as bribery.

→ Relevant global rule "Instruction for Action for Fairness"

### Case study

#### A desire to extend seasonal greetings to government officials, followed by dinner to express gratitude...

Imagine that you wanted to extend seasonal greetings to government officials, important clients, and you brought bottles of popular Japanese whiskey (worth 30,000 yen) as gifts, which the officials were very pleased to receive. Later, two of the government officials invited you to dinner, where you were able to discuss a broad range of topics over drinks. The dinner was a great success, as you were able to get them to agree to place orders with you for transactions that had previously been with a competitor. You felt it would not have been socially acceptable to split the cost of the meal with the government officials, so you paid (totaling 60,000 yen for a group of four), and later reimbursed yourself from the sales department's reserve fund.

### → Explanation

- It is not only about giving cash or gift certificates. Gifts of goods with monetary value, bearing the costs of services (e.g., transportation, entertainment), or providing services or benefits without a reasonable cause are also considered bribes. The requirements for the crime of bribery in many countries are considered to be met even if nothing fraudulent is done in return, and a mere promise to provide a benefit or an offer to provide a fraudulent benefit alone is considered to constitute bribery.
- In many countries, the crime of bribery is defined as providing a benefit with monetary value to a public official in relation to his/her duties for fraudulent purposes, regardless of how small the value of the benefit is. While small payments accompanying social rituals and customs may not constitute a bribe in exceptional cases, such exceptions are often very difficult to plead under the law, so please be sure to consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department.
- The crime of bribery is considered to have been committed even if only responding to an invitation or request for a bribe on the part of the public official, even when you are not actively trying to provide a benefit. If you receive a request from a public official to provide a benefit, you should explain that the HORIBA Group does not permit such actions and reject the request. Please also be sure to consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department.

### Explanation of term

#### Facilitation payment

Facilitation payments are small payments to public officials to expedite or secure customs clearance or other routine administrative operations. There is no legal basis for such payments, unlike fees for administrative procedures for which payment is mandated under legislation.

The UK Bribery Act explicitly prohibits facilitation payments, but under the US Foreign Corrupt Practices Act (FCPA), some exceptions are permitted. Since, in many countries, the laws do not clarify the extent to which facilitation payments are allowed, if you are concerned about whether a payment is classified as a facilitation payment, please immediately consult with the supervisors, officers, and legal affairs department at your company, or with the HOR Legal Affairs Department.

## 4. We shall aim at creating a rewarding and comfortable workplace.

### 4.1 Realization of an open and fair working environment

We shall endeavor to realize an open and fair working environment that allows each employee to work for the achievement of our management goals while maximizing his or her potential. In order to do so, we assess their accomplishments by noting positive points; this serves as the core of our various systems for evaluation, compensation, and education, and we shall build diverse human resource and employment systems that encourage employees to challenge themselves to improve their personal abilities individually.

#### Open and fair working environment



A diverse range of people around the world work as members of the HORIBA Group, and the Group is only able to maximize profits when everyone works to the best of their abilities.

All forms of discrimination based on race, creed, skin color, gender, religion, nationality, language, physical characteristics, property, hometown, etc. are prohibited, and HORIBARIANS are evaluated fairly in an open working environment.

The HORIBA Group respects diversity and has established a personnel and employment system that enables all HORIBARIANS to take initiative and challenge themselves, and conducts open and fair evaluations.

#### Key points

- We shall evaluate challenges and always engage in our duties both proactively and positively.
- We shall conduct evaluations, make decisions on compensation, and implement training in a fair and impartial manner, based on demonstrated job performance.
- We shall emphasize open communication.

### 4.2 Promotion of physical and mental wellness

We shall promote physical and mental wellness and achieve a work-life balance. Thus, we shall comply with laws and regulations regarding payment of appropriate wages, management of working hours, and provision of holidays and vacations. We shall also respect religious practices and give consideration to employees who need special facilities.

#### Compliance with laws and regulations, and work-life balance



Countries legislate rules on working conditions and payment of wages that reflect its labor policies. The Company, in its internal regulations, also establishes rules on workstyles with which HORIBARIANS must comply. Complying with laws and internal regulations helps keep HORIBARIANS safe and maintain an appropriate work-life balance, which in turn improves the productivity of the company.

In addition, the HORIBA Group also gives appropriate consideration to religious practices, including in terms of facilities and times for prayer.

#### Key points

- We shall comply with the employment contract entered into with the company as well as work regulations and all other internal regulations.
- We shall properly record working hours in accordance with company rules.
- Managers shall properly assign and coordinate work duties to prevent long working hours due to workloads not being spread evenly among all employees.
- We shall understand the importance of health, strive to detect physical ailments early through prescribed health checkups, etc., and promptly address any ailments discovered.

## 4.3 Ensuring of a safe working environment

We shall place the highest priority on ensuring the safety of all people involved in all of our business activities. To this end, we shall observe internal regulations, rules, and operation standard sheets as well as relevant laws and regulations.

### ■ Ensuring of a safe working environment



Countries establish their own laws and regulations on occupational health and safety, and the HORIBA Group has also established its own rules to ensure that employees are able to perform their duties safely. Various people are working in the workplace and the slightest lapse of attention could lead to a serious accident. In order to prevent such accidents, it is necessary for each and every HORIBARIAN to comply with laws, internal regulations, and standard operating procedures.

The HORIBA Group places great importance on the health and safety of HORIBARIANS, and acts at the organizational level to prevent occupational accidents.

#### Key points

- We shall remain aware of the importance of occupational health and safety, and comply with laws, internal regulations, and standard operating procedures on occupational health and safety.
- We shall strive to prevent occupational accidents, and upon discovery of a problem that could lead to an occupational accident, or in the event of an occupational accident, we shall report it to our supervisors or the appropriate departments, etc., and work to resolve the matter.



## 4.4 Respect for privacy

We shall respect individual privacy, and shall exercise the utmost caution in handling and appropriate management of personal information.

### ■ Respect for privacy and personal information



Having one's privacy respected is essential for people to live with peace of mind. In recent years, particularly with the advancement of information technology, it has become even more important to protect personal information, and stricter laws and regulations on the handling of personal information are being formulated in various countries.

The HORIBA Group understands the importance of protecting personal information, and handles personal information appropriately and in compliance with the latest laws and regulations in each country.

#### Key points

- We shall stay up-to-date and comply with the latest laws and regulations on the protection of personal information in each country.
- When acquiring personal information, we shall clarify the purpose and obtain information only when it is necessary for business purposes.
- We shall not use personal information for purposes other than those for which it was acquired. In addition, in principle, we shall obtain the prior consent of the individual concerned when providing personal information to others or using it for purposes other than those originally intended.
- We shall properly manage the personal information acquired in order to prevent unauthorized use or leakage.
- We shall conduct periodic inventories, and retain accurate information to the extent necessary.

→ Relevant global rule "HORIBA Group Global Basic Personal Data Protection Guideline"

#### Column

#### GDPR

#### —The handling of personal data is now a serious risk for companies

The General Data Protection Regulation (GDPR) is a European Union regulation on personal information protection that broadly applies to companies based in the European Economic Area (EEA; the 28 EU member states, along with Iceland, Liechtenstein, and Norway) as well as companies that provide goods and services to users in the EEA. It was enacted in 2016 and became effective in 2018. Under the GDPR, processing personal data requires a legal basis, such as obtaining the explicit consent of the data subject, and transferring personal data (i.e., the transmission of personal data acquired in the EEA to a country outside the EEA) requires confirming that the level of personal data protection in the destination country is equivalent to that in the EEA.

Key features of the GDPR are that it provides for severe sanctions against companies that violate it and that it applies broadly, even to companies that are not based in the EEA. In 2021, Amazon was fined the equivalent of nearly 100 billion yen, and in 2023, it was announced that Meta will be fined the equivalent of roughly 180 billion yen for violations.

Legal regulations similar to the GDPR are now being discussed and enacted in Japan as well as in the United Kingdom, Thailand, India, China, United States, and other nations and states.



# 5. We shall have respect for human rights of all people.

## 5.1 Elimination of discrimination

We shall secure a healthy workplace which is free of harassment and discrimination based on race, creed, skin color, gender, religion, nationality, language, physical characteristics, property, hometown, etc. in the case of recruitment, placement, education, rewards, promotion, etc. of employees. We shall also forbid sexual harassment as well as abuses of one's position or authority in the workplace (workplace bullying) and any other harassments.

### Diversity and prevention of harassment



For the HORIBA Group, which is founded on diversity, ensuring a working environment free from harassment, and discrimination is one of our top priorities. The HORIBA Group will continue to create products and services that benefit the world by respecting and accepting each other's differences. In order to improve society, all HORIBARIANS must perform their daily duties with mutual respect for each other's human rights.

#### Key points

- We shall consistently place importance on considering and understanding those of a different race, creed, skin color, gender, religion, nationality, disability, etc. from ourselves. We shall not discriminate on these grounds, and upon becoming aware of any discrimination, we shall properly respond, such as by reporting it to our superiors or the appropriate departments.
- We shall not engage in harassment, or say or do anything that makes others feel uncomfortable. Upon becoming aware of any harassment, we shall properly respond, such as by reporting and addressing it in accordance with internal rules.
- We shall be aware of the existence of consultation and whistleblower hotlines for harassment, and consult or report when necessary.

#### Column

#### Stained-glass activities—HORIBA's diversity initiatives

The HORIBA Group promotes diversity initiatives in a manner that likens each individual employee to an individual pane of stained glass, each with a different color, shape, and size, and likens the entire company as a whole to a beautiful stained-glass picture comprised of these panes.

We believe that creating a comfortable working environment and supporting an environment able to serve as a venue for employees to demonstrate their diverse personalities and talents will lead to the creation of new value and further enhance our global competitiveness. The Company will continue to create a place for each and every HORIBARIAN to fully demonstrate their abilities, and invites all of you to work together in building a working environment free from harassment, and discrimination to enhance HORIBA's corporate value through our diverse human assets and "HONMAMON" technology.

#### Business

Enhance HORIBA's corporate competitiveness through diversity

#### Human assets

Foster the next generation of leaders and role models of diverse workstyles

#### Organizational strength

Improve productivity through a fundamental reform of workstyles



## 5.2 Respect autonomy in labor activity

We shall not tolerate child labor, forced labor, debt labor or human trafficking. All labor activities are undertaken willingly and we shall accept requests to terminate employment in accordance with the standards established by the relevant laws and regulations of each country and region.

### ■ Respect autonomy in labor activity



Child labor, forced labor, bonded labor, and human trafficking are prohibited by treaties and laws, and the HORIBA Group will not tolerate them.

The HORIBA Group respects the labor autonomy of HORIBARIANS, and acts to achieve sustainable growth as a productive member of society by exercising responsible and creative leadership.

#### Key points

- We shall not engage in child labor, forced labor, bonded labor, or human trafficking.
- We shall not do business with companies that are or may be engaged in child labor, forced labor, bonded labor, or human trafficking.
- We shall contact our supervisors or the appropriate departments in the case of employment against one's will.

#### Column

#### Protests against the unfair treatment of migrant workers

In the early 2010s, a human rights activist reported that Myanmar migrant workers were being treated unfairly at the Malaysian plant of a supplier to a major Japanese electronics manufacturer, and that the supplier threatened to fire the workers if they requested better treatment. Activists sued the supplier over the incident, and there were violent protests and demonstrations, even against the major Japanese electronics manufacturer that procured parts from the supplier, resulting in a roughly six-month period of turmoil.

We need to understand that human rights issues at suppliers may also impact companies that purchase parts and other products manufactured using their labor, and we need to pay attention to human rights issues not only in the HORIBA Group but also at our suppliers.



## 5.3 Respect for basic labor rights

We shall respect basic labor rights, including workers' rights to organize and bargain collectively.

### ■ Respect for basic labor rights



Freedom of association, the right to organize, the right to collective bargaining, the right to collective action, etc. are fundamental rights guaranteed to workers by treaties and laws. It is unacceptable to infringe on these rights, interfere with membership in a labor union, or obstruct the activities of a labor union.

#### Key points

- We shall not interfere with the basic labor rights (e.g., the right to organize, the right to collective bargaining, the right to collective action) set forth in each country.
- In the event of a labor dispute, we shall respond to it in good faith.
- Upon discovery of a problem relating to basic labor rights, we shall promptly inform our supervisors or the appropriate departments.

## 5.4 Implementation of measures for remedies and prevention of recurrence

In the event a problem related to violation of human rights occurs, we shall promptly investigate the matter and take strict measures to assist the victims and prevent recurrence.

### ■ Respect for human rights



In light of the importance of human rights in our business activities, it is important for us to consult with others and take immediate action when we become aware of human rights issues, including discrimination, harassment, or the possibility of child labor or forced labor.

The HORIBA Group places the highest priority on respect for human rights, and in the event of a human rights issue, we promptly and thoroughly investigate the facts and, when necessary, work with experts to assist victims. Human rights violations will never be tolerated, and we will formulate and execute effective measures to prevent occurrence.

#### Key points

- We shall remain vigilant to prevent discrimination, harassment, child labor, forced labor, and other situations recognized as human rights violations from occurring in our business activities.
- We shall not allow human rights violations such as child labor or forced labor to take place within the HORIBA Group or at our business partners, and shall ensure that such situations do not occur.
- In the event that a human rights problem occurs or is suspected to occur, we shall promptly inform our supervisors or the appropriate departments, etc., and take the appropriate actions to investigate, assist victims, and prevent recurrence.

# 6. We shall disclose information appropriately and strive for active dialogue with stakeholders.

## 6.1 Promotion of public relations

We shall strive to raise awareness and enhance the value of our brand by widely disseminating information concerning our management policies, products, technology, and other activities through our public relations efforts. We shall aim to promote sales and develop business by increasing people’s affection for and trust of the HORIBA brand.

### Dissemination of information about the company and our products



Disseminating information about the company and our products is of great significance to the business activities of the HORIBA Group. In our relationships with business partners, customers, and other stakeholders, in particular, providing accurate information will promote better business activities.

The HORIBA Group understands the characteristics of media, and will continue to clearly disseminate information on the HORIBA brand in consideration of the viewpoints of the recipients. To achieve this, it is necessary for each and every HORIBARIAN to recognize the importance of such information as a member of the HORIBA Group and to be aware of how to appropriately disseminate information.

#### Key points

- We shall announce corporate information through various media and express our opinion as a corporation exclusively via the appropriate internal departments (e.g., Public Relations & Investor Relations, General Administration, Human Resources, Accounting), and shall not do so individually or under our own initiative.
- We shall disseminate information to the public in an accurate and timely manner after completing the necessary internal procedures.
- We shall not post confidential information, advertisements, or slanderous remarks, or infringe upon copyrights even on personal social media accounts.

#### Column

#### The convenience and danger of using social media

The widespread growth of online social media has made it possible to disseminate information more easily and freely than through television or other means. On the other hand, the easier it becomes to disseminate information, the more prominent cases have become worldwide in which an individual’s post causes problems for a company.

The special characteristics of social media include the fact that, once a post is made, the information continues to spread semi-permanently due to storage and proliferation by third parties, etc., and it is virtually impossible to delete anything completely (permanence of information); content unintended by the poster could propagate through excerpts posted by third parties (ease of manipulating information); and once a post goes viral and blows up, the identity of the poster as well as the identities of their company and other related parties become known, which may damage the company’s reputation and even lead to lawsuits (severity of damage).

In particular, it is necessary to note that when externally disclosing confidential information, etc. that has yet to be made public, the content must be thoroughly examined, and the necessary internal procedures must be performed in advance. Depending on the timing and the content of the information posted, the employee who posted it may be held legally liable. So, if unsure whether or not to post something, please consult with your supervisors or the appropriate departments rather than decide on your own.

## 6.2 Information disclosure and prohibition of insider trading

We shall disclose information truly needed by society, except corporate secrets and contractual confidential information, in a timely and appropriate manner.

### ■ Disclosure and management of corporate information

In order to ensure transparency and earn the public's trust, companies have an obligation to provide the public with appropriate explanations of their activities. In particular, listed companies such as HOR must disclose financial and other important information that could have a significant impact on investment decisions in a timely and appropriate manner.

As a member of a publicly traded company or its group companies, the HORIBA Group accurately records and stores information and discloses the necessary information in a timely and appropriate manner so as not to undermine the public's trust.

#### Key points

- We shall accurately record transactions in SAP or other internal systems.
- We shall disclose information in a timely and appropriate manner in accordance with laws and regulations.
- We shall voluntarily disclose important certain information even when not legally obligated to do so in order to ensure transparency and retain the public's trust.
- We shall strictly control undisclosed material facts of HORIBA Group obtained in the course of operations (e.g., information on financial results, acquisition of patents, occurrences of defective products or scandals), and shall not discuss these with family members or acquaintances.
- We shall cooperate in good faith with internal and external audits and investigations, and shall provide accurate information.

#### Case study

**You were on track to add a sale to this term's total, but now it may be delayed until next term...**

Imagine that you were strongly encouraged by your supervisor to make one last push until the end of the term to achieve the term's sales target. However, work that was originally scheduled to be completed this term so that the sale could be added to this term's total has been delayed to the next term due to the customer's circumstances. So, you decided to contact the customer and asked them to record the work, which has not actually been completed, as completed ahead of schedule so that you could add the sale to this term's total ahead of schedule.

#### → Explanation

- Under the rules of corporate accounting, sales are in principle to be recorded at the time the products are actually delivered to the customer and the right to receive consideration is obtained (realization basis).
- Listed companies must submit securities reports and other documents after obtaining auditor's opinion that they have been properly prepared in accordance with accounting standards, and failure to do so is a serious transgression that can lead to delisting.
- If a company is suspected of improper accounting, it becomes necessary to conduct a thorough investigation to determine the scope and nature of the error, and in some cases, it may even be necessary to revise financial statements from prior fiscal years, which could be a tremendous burden and liability issue for the company concerned.
- Understanding accounting standards and keeping proper records are extremely important in ensuring smooth corporate activities.

## 6.3 Active contribution to society as a “good corporate citizen”

We shall maintain good relationships with society through close ties and collaboration. In the event of the occurrence of a disaster, we shall actively conduct rescue and disaster management activities in close cooperation with local communities. In addition, we shall respect the concept of universal design, which is aimed at making products accessible to as many people as possible, and we shall work to realize it.

### ■ Promotion of social contribution



Contributing to society is a significant aspect of a company’s social responsibility. The HORIBA Group routinely coordinates with local communities, identifies social issues, and works proactively to resolve such issues.

For example, in the course of volunteer activities to assist disaster-stricken areas and other social contribution activities, the purpose of such activities can be so important and justified that there is a risk of neglecting to check the relevant laws and administrative requests or of failing to comply with internal rules and procedures, so it is necessary to ensure that this does not occur.

#### Key points

- As HORIBARIANS, we shall actively engage in activities that lead to solutions to social issues and sustainable activities that contribute to local communities.
- We shall respect the concept of universal design in product development and services as well as in printed materials, websites, and other in-house media, and in facility design.
- When engaging in volunteer activities to assist disaster-stricken areas and other social contribution activities, we shall remain conscious of the need to comply with relevant laws and regulations as well as with internal rules and procedures.



# 7. We shall voluntarily and actively commit ourselves to environmental issues.

By bearing in mind that we benefit tremendously from the earth, such as its resources and energy necessary for our business activities, we shall make the utmost effort to minimize the environmental burden imposed by our business activities and the products and services we offer, so that we shall pass on to the next generation a global environment in better condition. We shall also observe environment-related laws and regulations and actively engage in improvement activities aimed toward global environmental conservation.

## Conservation of the global environment



As efforts to achieve the Sustainable Development Goals (SDGs) continue to expand worldwide, it is essential for the continuation of sound business activities that we promote environmental conservation. The HORIBA Group aims to prevent environmental pollution and conserve the global environment by actively reducing CO2 emissions associated with its business activities and making effective use of natural resources, as well as properly disposing of waste and managing environmentally hazardous substances.

In order to achieve this, it is important for each and every HORIBARIAN to face environmental issues and engage in daily operations while searching for ways to make improvements for the sake of environmental conservation. The HORIBA Group complies with environmental laws and regulations, and in accordance with in-house environmental performance indicators, engages in business activities with reduced environmental risks and contributes to the realization of a sustainable society.

### Key points

- We shall be aware of and comply with the latest environmental laws, regulations, and internal rules.
- We shall properly implement and report on monitoring and measurements related to environmental conservation.
- We shall engage in business activities that mitigate climate change by reducing greenhouse gas (GHG) emissions, make effective use of water and other resources, promote resource recycling through the proper disposal of waste, and take the prevention of environmental pollution and fair use of biological resources into consideration.

Column	Greenwashing
	<p>As contemporary society grows more aware of environmental issues, corporate environmental initiatives are becoming increasingly significant to consumers. However, a business strategy known as “greenwashing” is becoming a global problem, as companies become so focused on improving their brand reputation that they intentionally disseminate false information on their environmental activities and exaggerate the environmental benefits of their products and services to mislead consumers. The term was coined in the 1980s as an amalgam of “green,” associated with eco-friendliness, and “whitewashing,” meaning to deceive or put up a façade.</p> <p>Companies accused of greenwashing around the world have been severely criticized for not actually implementing environmental initiatives, for not being certified by trusted third party agencies, and for basing sustainability claims on inaccurate information. Such fallacious business strategies mislead consumers and also undermine the efforts of companies that truly engage in environmental initiatives, leading to a loss of consumer trust. In fact, the number of companies being sued for greenwashing is rapidly increasing in the US and other countries. Formulation of international legislation is also underway. For example, in the UK, the Competition and Markets Authority established the Green Claims Code, a set of guidelines for consumer protection, in 2021. France has also established legal restrictions on greenwashing and a system of punitive fines is in place.</p> <p>In order to prevent problems due to greenwashing, companies are required to engage in environmental activities that are truly environmentally friendly and well-grounded, ensure transparency and disseminate accurate information, educate employees, and enact internal regulations and other initiatives.</p>

## 8. We shall enforce crisis control by rejecting any connection with violent antisocial forces, promoting information security, and being prepared for terrorist attacks, natural disasters and spread of infectious diseases.

### 8.1 Rejection of any connection with antisocial forces

We shall avoid all involvement with any individuals or organizations that adversely affect the public order or impair healthy corporate activities (i.e. violent antisocial forces).

#### ■ Rejection of involvement with antisocial forces, etc.

As the international community faces the threat of mafias and terrorism, combatting the financing of terrorism has become a global challenge, and this is also an extremely important issue for the HORIBA Group. The Financial Action Task Force (FATF; an international framework to formulate and execute international standards to combat money laundering and the financing of terrorism) and other international organizations, along with the Financial Services Agency in Japan, have issued guidelines to warn against antisocial forces. As a socially responsible company, it is necessary for us to aid in such efforts, including establishing strict procedures to prevent involvement with antisocial forces.

Antisocial forces may also sometimes pose as general companies or civic groups and make unreasonable demands for money or other benefits under the guise of ordinary business transactions. Any involvement with or benefit from such antisocial forces could result in sanctions under the laws and regulations of the relevant countries as well as undermine the trust of business partners and the public, and must therefore be avoided at all costs.

#### Key points

- We shall not engage in transactions with or provide benefits to antisocial forces, such as terrorist groups, mafias, and organized crime groups.
- We shall not make use of the influence of antisocial forces.
- We shall understand and comply with procedures to confirm that business partners are not involved with antisocial forces (e.g., obligatory investigations, obtaining written confirmation, contract termination clauses in contracts).
- In the event of an unreasonable demand from an antisocial force, we shall consult with the officers and legal affairs department of our company, or with the HOR Legal Affairs Department, instead of responding individually or as a department.





## 8.2 Promotion of information security measures

We shall endeavor to raise awareness of information security, recognize that cyber security is one of the risks that have a significant impact on management, and take appropriate safety management measures according to the risks. We shall also thoroughly manage confidential information acquired in the course of our business activities.

### Information security and information management

The importance of information assets and the use of digital technologies have been on the rise in recent years, and the threat of ransomware and other cyber-attacks as well as the severity of the consequences caused by such attacks are also increasing daily.

The HORIBA Group recognizes cyber security as an important issue, and takes appropriate cyber security measures through proper assessments and periodic reviews of the Group's cyber risks.

In addition, all HORIBARIANS work to ensure that customer information, personal information, trade secrets, and other confidential information are managed with full awareness of their importance.

#### Key points

- We shall strictly manage customer information, personal information, trade secrets, and other confidential information in compliance with laws and regulations as well as internal rules and procedures.
- We shall implement physical and technical protective measures (e.g., management of access rights, use of anti-virus software, lock management, management of materials, etc. removed from the workplace, installation restrictions) as instructed by the company.
- We shall implement personnel and organizational protective measures (e.g., nondisclosure agreements with business partners, nondisclosure agreements with employees (including at the time of retirement), indications that the information is confidential, security training) as instructed by the company.
- Upon becoming aware of any inappropriate information security incidents, information management issues, or the possibility of leakage, we shall immediately contact our supervisors or the appropriate departments.

Relevant global rule

"HORIBA Group Information Technology Security Policy" and "HORIBA Group Non-Disclosure Agreement"

#### Column

#### The seven checkpoints for information management

- 1 Are customer information, personal information, trade secrets, and other confidential information handled with care and not provided to unrelated parties? Is information that is no longer needed promptly deleted?
- 2 Are passwords complex enough to prevent easy guessing? Make sure you are not reusing passwords.
- 3 Are you careful with suspicious emails or attachments from unknown sources, and do you refrain from opening them without good cause? When sending emails, do you recheck the recipients and contents each time, and do you send appropriate and accurate information?
- 4 Do you avoid accessing suspicious or unnecessary sites on the internet?
- 5 Do you remove loaned terminals and media from the workplace only when absolutely necessary, and are you always careful not to lose them?
- 6 Do you regularly attend training sessions on IT security as stipulated by the company?
- 7 Do you immediately report any suspicious activity or suspected information leakage to your supervisors or the appropriate departments?

#### Explanation of term

#### Ransomware

Ransomware is an amalgam made up from the words "ransom" and "software." It refers to malware (malicious software) that encrypts data on an infected terminal, rendering it unusable, and then demands money in exchange for decrypting the files. In recent years, attacks have increased in number and sophistication, and methods of not only encrypting data but also stealing and leaking it on the dark web have been on the rise, making it a serious threat that should be addressed through cyber security measures.

Once infected with ransomware, data necessary for business operations becomes encrypted, and business operations may have to be suspended. In many cases, it takes companies hit by ransomware up to a week or longer to recover the data, and in some cases, it has taken more than two months. The costs incurred and the lost profits during the time it takes to resume normal business activities are expected to be enormous.

Although most ransomware infections occur through VPN devices, a certain number of infections also occur via remote desktops and suspicious emails each year. To prevent infection, in addition to company countermeasures, it is important for each and every HORIBARIAN to be aware and take precautions.

## 8.3 Crisis control

We shall establish a crisis management system to understand, analyze, prevent and respond to risks related to corporate activities of the entire group, in order to prevent risks of damage such as originating in terrorist activities, natural disasters, and the spread of infectious diseases and we shall work to minimize damage. Where appropriate, we shall cooperate with various stakeholders such as business partners, other companies, and industry groups to minimize damage to society as a whole.

### ■ Establishment of a crisis management system



There are a variety of substantial risks that can seriously affect corporate management and business activities, including terrorism, natural disasters, and the spread of infectious diseases, as well as cyber-attacks, soaring raw material prices, and business partners undergoing bankruptcy. Some of these risks are unpreventable no matter how careful you are. However, even if unable to completely avoid them, it is possible to mitigate or transfer the impact of such risks by recognizing them in advance and enacting countermeasures.

It is important to establish an internal crisis management system, conduct constant monitoring to identify serious risks in advance, and manage crises by staying in close contact with various stakeholders, including insurance companies, business partners, local and industry groups, and relevant authorities.

#### Key points

- We shall be aware of terrorism, natural disasters, infectious diseases, cyber-attacks, accounting and quality-related fraud, and the various other risks surrounding the company.
- We shall understand and implement risk management mechanisms, such as risk assessments (risk identification, risk analysis, risk evaluation), risk responses (avoidance, mitigation, transfer, acceptance), and monitoring.
- We shall clarify in advance the parties with whom to coordinate in the event of a contingency (e.g., supervisors and administrative departments, insurance companies, business partners, local and industry groups, and relevant authorities), and communicate with these parties in the course of business as usual to strengthen relationships to enable rapid responses.

### ■ Thorough security and disaster prevention measures



Security and disaster prevention measures are essential in sustaining business activities, and must also be thoroughly implemented for the safety and security of the local community. HORIBA Group not only complies with all relevant laws and regulations, it also works to prevent major disasters in accordance with our internal risk management system.

It is important for each and every HORIBARIAN to raise his/her awareness of safety on a daily basis through regular training, and to report to supervisors in a timely manner when noticing anything out of the ordinary. In the event of a disaster, it is of critical importance to respond promptly to prevent the spread of damage, disclose accurate information in a timely manner based on investigations of the facts, as well as to strive to prevent recurrence.

#### Key points

- We shall be aware of and comply with the latest security and disaster prevention laws and regulations.
- We shall understand the importance of the Business Continuity Plan (BCP), which details the initial response system and sets forth measures to prevent the spread of a disaster, and we shall act in accordance when necessary.
- In the event of a security-related anomaly that requires reporting, we shall immediately discuss the matter with our supervisors or the appropriate departments, and if necessary, report the matter to the relevant authorities.
- In order to avoid the occurrence of similar damage, we shall formulate and execute measures to prevent recurrence by investigating the root causes.

## Other compliance items

While not directly mentioned in the Code of Ethics, the items covered here are important matters with which all HORIBARIANs should comply.

### 1 Protection of and respect for intellectual properties

We understand that intellectual properties are important assets that form the core of the HORIBA Group's business activities, and we shall protect and utilize them appropriately.

#### Importance of protecting and respecting intellectual properties



Intellectual properties (e.g., patent rights, utility model rights, design rights, trademark rights, copyrights, know-how) are extremely important assets in the execution of business activities, and their importance continues to rise.

Intellectual properties are company assets acquired through great investments in money and effort and must be thoroughly protected.

At the same time, we must also be very careful not to infringe on intellectual properties owned by other companies.

#### Key points

- When an invention, etc. is obtained in the course of operations, we shall promptly report it to our supervisors or the appropriate departments.
- We shall understand that intellectual properties obtained in the course of operations are important company assets.
- We shall not disclose technical information to outside parties prior to filing an application.
- In executing duties and engaging in product R&D, we shall carefully ensure that we are not infringing on the intellectual properties of other companies.

### 2 Prohibition of unfair competition

We do not engage in unfair competition, such as fraudulently acquiring other companies' trade secrets, imitating other companies' products, or damaging other companies' reputations.

#### Prohibition of unfair competition



Competition between businesses must be conducted fairly. In many countries, laws to prevent unfair competition prohibit acts that impede fair competition between businesses, such as acquiring or using other companies' trade secrets or other important information through fraudulent means, making unfair use of other companies' development costs or brand image (free riding) by imitating their products or labeling, or damaging other companies' reputations.

#### Key points

- We shall conduct business in accordance with each country's laws on fair competition as well as each industry's guidelines on preventing unfair competition.
- We shall not acquire other companies' confidential information through fraudulent means, or engage in development or business activities using other companies' trade secrets that could lead to such.
- We shall not slander competitors using false information in order to gain an advantageous position.
- We shall not make use of labeling similar to that of other companies' products, or imitate other companies' products beyond the bounds of legality.
- In catalogs and instruction manuals, we shall provide accurate information (numerical values and facts) that is objectively verifiable.

### 3 Prohibition of conflicts of interest

As members of the HORIBA Group, we must not engage in any conduct that conflicts with the interests of the HORIBA Group (conflict of interest). We must also proceed carefully when taking any action that could cause a conflict of interest, such as by following the necessary internal procedures.

#### ■ Prohibition of conflicts of interest



A conflict of interest is defined as a conflict between the interests of the company and those of oneself or parties related to oneself. For example, placing an order or making a transaction that favors your interests or those of your family, friends, or other related parties that would result in a loss on the part of the company or is not in the best interest of the company. In the case of officers, etc., this is often directly prohibited by law, but other employees must also exercise due caution.

Upon recognizing a conflict of interest or the possibility of such, it is necessary to promptly consult with your supervisors or the appropriate departments, disclose sufficient information, and take appropriate actions in accordance with internal processes.

#### Key points

- We shall not compete with the business of the company (e.g., executing competing transactions, becoming a manager or major investor in a competing company).
- If we, our relatives, or other interested parties engage in transactions with the company, we shall not engage in actions that would unfairly impair the interests of the company.
- We shall not give/receive improper benefits to/from specific business partners.
- We shall complete the appropriate internal investigation and approval process even when there is only a slight possibility of a conflict of interest.



## 4 Trade control

We comply with all relevant import and export laws and regulations to ensure that the technologies and products of the HORIBA Group are not used for illegal military purposes and that they do not undergo incorrect customs procedures.

### Thorough security export controls



Products that integrate advanced technologies have the potential of being diverted for illegal (or something similar) military purposes. To prevent such diversion and maintain peace and security in the international community, treaties, and other international frameworks as well as laws and regulations have set restrictions on imports and exports. These export control regulations apply to the import and export of goods and, in some cases, to the import and export of technology. It is necessary to keep in mind the regulations of the exporting/importing countries as well as the various regulations that apply extraterritorially, such as US laws. The HORIBA Group is committed to strictly complying with all treaties, laws, and regulations concerning trade control.

#### Key points

- We shall comply with the latest laws and regulations regarding security export control.
- When conducting transactions, we shall confirm whether or not the customer is cleared for such transactions.
- We shall determine whether or not the target of transaction (product, component, or technology) is subject to regulation.
- When in doubt whether or not subject to regulation, we shall be sure to consult with the supervisors, officers, and legal affairs department at our company, or with the HOR Legal Affairs Department.

→ Relevant global rule "HORIBA Group Security Trade Control"

### Compliance with other import/export-related laws and regulations



When importing or exporting products, materials, components, or technologies, it is necessary to comply with the import/export-related regulations in each country and pay the appropriate customs duties.

#### Key points

- We shall understand and comply with the latest import/export-related laws, regulations, and treaties.
- We shall ensure that all necessary permits, approvals, and notifications related to imports and exports are submitted without omission.
- When making import/export declarations, we shall pay the appropriate taxes and accurately represent the declared prices, items, and quantities in accordance with the Customs Act and other applicable laws and regulations.
- When using the preferential tariff system, we shall ensure that the rules of origin are met.

#### Explanation of term

#### Preferential tariff

When goods are transferred across national borders, and especially when goods are imported, a category of tax known as a tariff is levied in accordance with treaties and the laws of the importing countries. A lower tariff rate than usual may be specified for certain purposes, and this is called a preferential tariff. Preferential tariffs may be established through legislation in the importing countries to support the economic development of developing countries, which are the exporting country, or they may be established under a bilateral or multilateral Free Trade Agreement (FTA) or Economic Partnership Agreement (EPA) to stimulate trade with certain countries. In order to qualify for a preferential tariff, it is necessary to submit a certificate of origin to prove that the goods are subject to a preferential tariff. The certificate of origin required varies depending on the type of preferential tariff, so it is necessary to check the regulations.

## 4 Trade control

### Column

### Technology exports

In many countries, the export of goods as well as the provision of technologies are subject to export controls. Taking blueprints and technical materials out of a country in paper form, as well as providing these materials electronically and holding seminars to convey technical information are all potentially subject to export restrictions. In other cases, the act of a resident of the exporting country providing technology to a non-resident may also be subject to regulation. Such cases require extreme caution as it is easy to overlook the fact that it is subject to regulation because the transaction is seemingly completed within the same country.

Furthermore, in addition to direct exports from the country concerned, some countries also impose restrictions on exporting its technology to a third country after export to the destination country (re-export restrictions) as well as on items manufactured in a foreign country using the country's own technology (direct product restrictions).

As the scope and details of export restrictions vary, it is necessary to remain aware of the potentially applicable laws and regulations at all times.

## 5 Compliance with laws and regulations as an individual

As members of the HORIBA Group, we must not engage in any misconduct or criminal behaviors as individuals, such as making personal use of company assets or misusing confidential information.

### ■ Compliance with laws and regulations as an individual

If an individual fraudulently obtains or uses company assets or information, or commits a criminal or other illegal act, even as an individual unrelated to the company, not only will it damage and inconvenience those involved, it could also have a significant negative impact on the business and reputation of the HORIBA Group.

Each of us must make an effort to comply with laws and regulations on an individual basis, with an awareness that our actions can have a significant impact on the company.

### Key points

- We shall not engage in misconduct as an individual, such as making fictitious or padded expense claims, taking kickbacks, engaging in embezzlement, or reselling inventory.
- We shall not use company assets (e.g., money, inventory, equipment, mobile phones, IT systems, company vehicles) for purposes unrelated to work or make personal use of such assets.
- We shall not engage in insider trading or other illegal or fraudulent acts that take advantage of undisclosed material facts relating to other companies (e.g., information on financial results, acquisition of patents, or the occurrence of defective products or scandals).
- We shall remain aware of our status as a member of the HORIBA Group, and shall not engage in violent or disruptive acts or commit any other illegal or fraudulent acts as individuals.

**HORIBA**  
**Compliance Handbook**

Publisher: HORIBA, Ltd.  
Administration Dept.

First published: July 1, 2024

**HORIBA**