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Business Practices



Mutual trust is at the foundation of our work

We strive to continue the business growth of TEL Group, and this cannot be achieved without mutual trust. Each officer and employee must earn the trust of others, being committed to high ethical standards and fairness in all activities.

1-1 | Safety and Quality



We pursue safety in our business activities – development, manufacturing, transportation, installation and maintenance of our products – and provide the highest quality products and services that meet customer expectations.

- We achieve the above goals by meeting or exceeding all legal and regulatory requirements and through the rigorous application of our safety and quality management system and processes.
- We implement effective and preventive processes, and if appropriate, corrective actions to assure that our business activities are conducted safely, and that the highest quality products and services are delivered by the Company.



For the TEL Group Safety Policy, please refer to the following website at:

<https://www.tel.com/csr/safety/safety-management/>



For the TEL Group Quality Policy, please refer to the following website at:

<https://www.tel.com/csr/quality/quality-management/>

1-2 | Suppliers



We select suppliers based on objective criteria and review their qualifications by ensuring that they comply with laws and regulations as well as our business ethics.

- We select our suppliers based on objective criteria, such as quality, technology, price, delivery times, compliance and other reasonable standards.
- As a part of the global supply chain where we do our business, we consider the environmental, social and ethical impacts of the Company's supply chain that are critical in the industry.
- We require our suppliers to comply with laws and regulations, including in relation to anti-bribery and corruption, fair competition, forced labor, bonded labor, child labor or modern slavery, and to respect our business ethics. At the same time, we continue to work respectfully with our suppliers and continue to build strong partnerships with them.
- We do not accept raw materials or materials that contain conflict minerals which have been obtained illegally by use of child labor or modern slavery, or through other abuses of human rights.



For the TEL Group Procurement Policy and Procurement Policy – Supplement, please refer to the following website at: <https://www.tel.com/csr/procurement/procurement-management/>

1-3 | Export & Import



We are committed to upholding all applicable laws and regulations, and our Company's internal rules regarding the export and import of goods and technology.

- In any countries or regions where we do business, we comply with export/import (including re-export) laws and regulations, licensing requirements, embargoes and other restrictions that have been approved by recognized national and international authorities.
- When importing/exporting our products or technology, we follow the import/export requirements of the applicable government agencies of countries or regions and provide accurate, truthful and complete information about our products, technology and other items to customs and other relevant authorities.

- Many countries where we do business have laws in place which regulate the import/export of goods and technology. The United States has controls which restrict the export of certain products (e.g. services, technical data and software) to other countries, as well as the re-exporting of those items from a country other than U.S. to another non-U.S. destination.

- As for exporting, the classification and content of products or technology, final destination, and end user need to be confirmed in accordance with laws and regulations in many jurisdictions.
- Trade restrictions (e.g. sanctions, embargoes, and denied-parties lists) seek to prevent or limit trade with specific entities and, in some cases, entire countries. TEL Group is committed to screening the parties with whom we do business.

1-4 | Fair and Open Competition



We strive to operate in a fair, open and competitive marketplace.

- We are committed to complying with all competition laws in the markets where we do business and do not engage in illegal anti-competitive activities.
 - Competition laws and regulations in the markets where we do business, such as the U.S. and EU, have extraterritorial application.
 - Investigations by competition authorities may result in significant fines and costs, and incur damage to our reputation. Criminal sanctions may also apply, and the Company may be liable for civil damages.
 - The following are examples of conducts that are always illegal:
 - ▶ Competitors agreeing or taking concerted actions regarding:
 - prices or any price components, terms and conditions,
 - product or territory allocation or sharing,
 - boycotts, or
 - limits on production, sales, inventory or research and development.

- ▶ Employing unfair or deceptive trade practices or methods that generally fall within the scope of unfair competition laws, such as:
 - misleading advertising,
 - disparaging a competitor's product,
 - harassing a competitor, or
 - stealing trade secrets or other confidential business information.
- The following are examples of conducts that may be considered illegal and may result in high fines in many countries:
 - ▶ Dominant companies taking actions that appear to be efforts to control a market, such as:
 - tying or requiring bundling of separate products,
 - unfairly terminating dealers, distributors or suppliers,
 - discriminating on price,
 - selling below cost (predatory pricing), or
 - imposing overly restrictive exclusive dealing arrangements.

1-5 | Bribery and Corruption



We do not bribe anyone, anywhere, for any reason under any circumstances.

- We are committed to complying with all applicable anti-corruption laws, rules and regulations, and never offer or give a bribe or allow others to bribe on our behalf.
- We do not make Facilitating Payments* even if allowed under local law or if doing so is common in society.
- We follow the Company's internal rules when giving or receiving gifts, meals, travel and other entertainment.
- We only do business with third parties who we know do business with integrity, after conducting appropriate due diligence. When third parties engaged by TEL Group participate in misconduct or violate the law, they put TEL Group at risk for legal violations and reputational harm.

- Bribery occurs when anyone authorizes, offers, solicits, gives, receives or accepts anything of value, or any financial or other advantage, in exchange for favorable treatment by a company, government authority, official or employee or relating to their duties. In China, for instance, we should understand that the local laws also regulates commercial bribery. It would be illegal even if the recipients are their close relatives.

- A "bribe" typically takes the form of cash, but also includes entertainment (e.g. meals and beverages, attendance of sporting events and performances), gifts, tours in connection with visits to Company facilities, travel invitations (e.g. training trips lacking a legitimate purpose), healthcare services, employment including employment of relatives of Public Officials and sexual services, etc. Payment made in disguise of donations or sponsorships could also constitute bribes.
- Most countries enforce laws prohibiting bribery and corruption. Many of these laws apply even when the wrongful conduct is committed outside the country's own borders and/or by citizens of other countries, such as the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977.
- Violations of these laws can result in criminal and civil liability, including prison sentences and fines for individuals.
- The Company will conduct periodic anti-corruption training for all directors and officers, and, where appropriate, employees, agents and business partners.

*Facilitating Payment – a small payment paid to public officials to facilitate non-discretionary actions or services such as obtaining an ordinary license, business permit or visas.

1-6 | Conflicts of Interest



We make fair and objective decisions in the best interest of the Company, and avoid any action that puts our personal interests ahead of those of the Company's.

- We have a responsibility to avoid activities which conflict or appear to conflict with our professional responsibilities. Even the appearance or perception of a conflict of interest can place the Company at risk.
- We should never allow personal gain or benefit to prevent us from doing what is in the best interest of the Company. Examples are:
 - ▶ Receiving personal privileges from a supplier;
 - ▶ Concurrent employment as a board member or as an employee of another company or organization;
 - ▶ Business with a company that a close relative or friend manages/owns;
 - ▶ Bringing an unjustifiable financial interest in any company or a current or prospective customer, supplier or competitor of the Company or receiving improper personal benefits or gifts;
 - ▶ Supervising the job performance or compensation of a relative or romantic partner as a part of the day-to-day job duties;
 - ▶ Engaging in an activity which competes directly or indirectly with the Company; and
 - ▶ Engaging in any transaction that involves a former Company employee or officer or any close relative of such ex-employee in providing goods and services.

- A conflict of interest occurs when a personal relationship or activity exists that may influence our judgment or ability to perform our job objectively or to uphold our duties to the Company.
- It is our responsibility to disclose any actual or potential conflicts of interest to the Company voluntarily and proactively. In most cases, disclosed conflicts can be cleared by an open and transparent discussion.

1-7 | Political Activities and Contributions



We do not, directly or indirectly, support or make contributions to political parties or candidates using Company finances or assets.

- We are committed to complying with all applicable campaign finance laws, rules and regulations.
- While TEL Group does not support or contribute to political parties or politicians including candidates, employees may offer support and contributions* to political groups in a personal capacity and on their own time.
- We ensure that:
 - ▶ Any contributions towards, and support for, political parties are clearly personal and give no impression of being connected to TEL Group; and
 - ▶ No personal political support or contributions affect performance or objectivity on the job.

*Support and contributions include financial contribution, benefits in kind, gifts, sponsorships and use of any Company resources.

1-8 | Money Laundering



TEL Group does not receive the proceeds of criminal activities, as this can amount to the criminal offence of money laundering. Nor do we engage in any relationships with “antisocial organizations.”

- We are committed to complying with all applicable anti-money laundering laws, rules and regulations.
- We look out for warning signs of money laundering, such as:
 - ▶ Supplier requests to:
 - Pay funds to a bank account in the name of a third party or outside their country of operation;
 - Make payments outside the normal form of business;
 - Split payments to several bank accounts; or
 - Overpay.
 - ▶ Customer payments to TEL Group:
 - From multiple bank accounts or ones overseas when not a foreign customer;
 - Made in cash when normally made by checks or electronically,
 - Received from third parties; or
 - Made in advance when not part of normal terms of business.

- ▶ Use of a paper company and P.O. Box as the third party address
- ▶ Transactions that do not make obvious commercial sense
- We do not do any business with antisocial organizations and firmly refuse improper demands from such organizations.
- The Company conducts appropriate due diligence on certain customers and vendors to identify potential money laundering risks.

- If you suspect money laundering or transaction with antisocial organizations, please consult with your Legal/Compliance Department immediately.



Money laundering – the illegal process of concealing the origins of money obtained illegally by passing it through a complex sequence of banking transfers or commercial transactions.



Antisocial organizations – refers in Japan to gangs and other parties who hinder social order and safety of citizens and/or business activities by gaining economic benefit with unfair demands through violence, threat, and fraud. Such organizations may disguise their intentions to take advantage of innocent citizens by masquerading as ordinary businesses or organizations seeking donations or participation in business, sending unsolicited publications and demanding payment or subscription in return, etc.

