TEL’s Approach to Corporate Ethics and Legal Compliance

Trust is and will always be the lifeline for TEL. The fundamental requirements for maintaining trust are rigorous conformity to our ethical standards and compliance with the law, by our employees as individuals, and by each of our organizations. Our ethics are stated as ethical restrictions on behavior, and legal compliance means to remain within legal restrictions. Both are necessary in order to maintain progress of the company in the right direction, like two wheels of a cart.

Setting Ethical Standards

We believe that common standards must be applied throughout our divisions in order to create the globally excellent company that we envision for ourselves. We established specific ethical standards in 1998 to clarify our approach; at the same time, we established the Ethics Committee to oversee the implementation of those standards. We have created a booklet titled “Improving our ethics consciousness” (revised in 2002, 2003 and 2004) and distributed it to our employees in recent years.

Ethical standards at TEL

1. Competitors
2. Reciprocal Transactions
3. Conflict of Interest
4. Giving and Receiving Gifts
5. Political Contributions Prohibited
6. Antisocial Movements and Organizations
7. Environment
8. Safety
9. Respect for Human Rights
10. Harassment
11. Improper Use of Company Assets
12. Investment in Stocks
13. Handling Trade Secrets
14. Execution

Compliance Training

TEL has instituted a web-based compliance training system in which every employee is required to participate so that each will be able to correctly understand what compliance is and to do their tasks with the right attitude. This training presents the topics of compliance in the context of corporate activities, compliance issues in day-to-day activities, directives for risk management, and our compliance regulations. Courses were completed by about 6,300 employees in FY 2005.

Information Disclosures Concerning Compliance and Emergency Management

We have begun providing information about compliance and risk management over the company intranet. Those messages contain information on a wide variety of topics, including division of tasks, compliance programs, BCP*, C-TPAT*, management of personal information, personal safety confirmation system, and ethical standards.

*1 BCP: Business Continuity Plan
*2 C-TPAT: Customs Trade Partnership against Terrorism, an anti-terrorism program under the auspices of the US Homeland Security Department, Bureau of Customs and Border Protection

Hotline Established

If an employee has witnessed speech or behavior which violates ethical or legal compliance standards, the member can use a special mailbox as a hotline to report it. The only people allowed to access the contents of the mailbox for ethical concerns are the ethics chairman and members of the Ethics Committee. The confidentiality of all information in those messages is guaranteed. The chairman and committee are committed to protecting the reporter’s privacy while investigating the complaint fairly and honestly.

Protection of Personal Information

Identity theft is becoming a major social problem. This has spurred calls to companies to take all appropriate care with the personal information they hold. TEL is very conscious of the law specifying protection of personal information, which went into effect in April 2005, and has released a basic directive and regulations for protection of personal information. We are moving as quickly as possible to establish detailed rules and finalize a security management system for guarding that information.