

This is an English translation of the Corporate Code of Ethics originally published in Japanese.

Kobe Steel, Ltd. Corporate Code of Ethics

Formulated in June 2000

Amended in April 2008

Corporate Ethical Principles

The Corporate Ethical Principles (the “Principles”) set forth the standards by which Kobe Steel, Ltd. (the "Company"), its directors, officers, and employees must comply in conducting their various business activities.

In particular, management must assume the responsibility for implementing the Principles and for taking all necessary actions in order to promote awareness of the Principles among all those concerned. Management must also heed the voice of the Company's stakeholders, both internally and externally, and promote the development and implementation of systems that will contribute to the achievement of ethical corporate behavior. In the event of a violation of the Corporate Code of Ethics, management must investigate the cause of the violation, develop reforms to prevent its recurrence, and make information publicly available regarding its intended actions for reforms. If health or safety is placed in danger, the company will carry out its responsibility to society by promptly disclosing any information necessary to minimize such risk. After the prompt public disclosure of appropriate information regarding the violation, responsibility for the violation and its effects will be clarified and disciplinary action will be taken against persons responsible, which include the highest levels of management where necessary.

Kobe Steel will:

1. Operate business fairly and honestly and comply with applicable laws, rules, and principles of society

- ◆ The Company operates its business in compliance with all applicable laws, rules, principles, and norms of society. The company rejects all contacts with individuals or entities involved in activities in violation of the law or accepted standards of responsible social behavior, which adversely affect public order and the wholesome operation of the Company.

- ◆ The Company is growing as a global enterprise, conducting its business in accordance with internationally accepted rules and standards.

- 2. Contribute to society by offering excellent products and services, while paying attention to product safety and protection of personal information of customers and partners**
 - ◆ The Company offers world top-class products and services that meet its customers' needs.

- 3. Create a safe, comfortable and productive workplace and respect the individuality and differences of employees**
 - ◆ The Company respects the independence and creativity of its employees and encourages an atmosphere in which their independence and creativity are utilized in its business activities.

 - ◆ The Company is committed to protecting the health and safety of its employees and to respecting their rights in order to create a workplace free from discrimination.

 - ◆ The Company manages the employees' personal information in an appropriate manner and handles it with utmost care and prudence, respecting the applicable laws.

- 4. Respect the interests of stakeholders in the company**
 - ◆ The Company strives to maintain a friendly and healthy relationship with its stakeholders including customers, suppliers, employees and shareholders.

- 5. Be a good corporate citizen that contributes to local communities**
 - ◆ The Company cooperates closely with local communities, in which it plays a part in their growth.

- 6. Devote itself to protecting the environment and creating a comfortable society**
 - ◆ The Company recognizes that it benefits from the earth, obtaining natural resources necessary for its business operation, and that to preserve and protect the environment is an essential part of its social responsibilities.

- 7. Respect the culture and customs of other nations and contribute to the growth and development of their communities**
 - ◆ The Company establishes relationships of mutual trust with overseas local communities through business activities that respect and understand their culture and customs. Further, the Company contributes to the development of local industries by building excellent relationships with the local communities and working in close cooperation with local companies.

[Note 1] Detailed standards of conduct to implement the Principles are in accordance with the separately adopted Standards of Corporate Conduct, company regulations, and manuals.

[Note 2] The adoption, abolishment and amendment of the Principles are subject to resolution by the Board of Directors of the Company.

Standards of Corporate Conduct

To put the Principles into concrete use in its daily business activities, the Company adopted the Standards of Corporate Conduct (the “Standards”) consisting of the following 16 items. While the Principles provide the universal concepts by which the company, its directors, officers and employees must comply, the Standards provide a basic guide to help implement the Principles in day-to-day business practices.

1. Business Activities

1. Offering excellent products, services and product safety

It is clear that the Company can remain financially viable only if the products and services it offers are beneficial to society. To strengthen its financial base, the Company conducts intensive research and development to create new products of value to society.

To achieve excellence in quality, it is critical that products and services themselves are safe and free from defects harmful to life, health and property. The company makes its utmost effort to achieve this goal.

(1) Accurate understanding of customer needs

Employees must endeavor to understand the market to anticipate customer needs. Particularly, since we manufacture few consumer products, we may not be sensitive enough to hear customer needs, except for certain sales personnel. Therefore, employees are encouraged to actively and promptly ascertain customer needs.

(2) Improving after-sales service and user support, creating manuals

After-sales service and user support for the products and services we sell are essential both to obtain future orders and to improve the products and services. Thus, each department is encouraged to improve:

- Service manuals
- Service center networks and
- User support systems

(3) Compliance with laws and guidelines regarding product safety

We will avoid causing damage to users' lives, bodies and property due to product defects. In order to ensure product safety, the Company must pay utmost attention to product safety in all aspects of business, from research and design to manufacturing, distribution and sales. In addition, the Company must strictly comply with all laws and guidelines regarding product safety where applicable.

(4) Adoption of and compliance with internal standards for product safety

In areas where laws and guidelines are not established, each department must adopt internal standards for product safety and comply with them.

(5) Preparing understandable manuals

Accidents often occur due to misuse of products. These kinds of accidents can be prevented by preparing understandable manuals and visibly displaying warnings on the part of the product where misuse may cause serious damage. Employees are encouraged to prepare manuals that are easy to read and understand so that customers can use our products properly.

(6) Minimizing damage caused by defective products

Should a defect be found, the company must take immediate and appropriate actions to prevent further occurrence of the accident caused by the defect. The actions include the disclosure of necessary information to our customers and the recall of the defective products when necessary. Employees must understand that it is an essential social responsibility for the company to prevent further occurrence of the accident.

(7) Prevention of reoccurrence of the accident

Unless the cause of the defect is determined and fixed, the accident will reoccur. The accumulation and use of information that is made available by proper investigation can prevent reoccurrence of the accident. General managers of the departments are encouraged to develop a system whereby an employee can immediately access such information.

(8) Responding to inquiries and complaints from customers

Employees are encouraged to respond courteously to inquiries from customers. Employees must provide timely and appropriate responses to inquiries and complaints from customers, especially when an accident or quality problem occurs.

(9) Appropriate protection of personal information

The Company must treat personal information and customer information appropriately in compliance with applicable laws, including the Act concerning Protection of Personal Information and guidelines that ministries or trade associations establish.

2. Fair and excellent relationship with customers, suppliers, and other parties

The Company strictly prohibits directors, officers and employees from gaining and offering unjust and unreasonable gifts and entertainment in connection with business practices. Directors, officers and employees will conduct their daily business activities with integrity and ethical responsibility to avoid misunderstanding and dishonorable criticism by the public.

(1) With customers

Gifts and entertainment for customers are not to be excessive and unreasonable in light of the accepted standards of our society. Offering personal and arbitrary rebates including discounts and commissions is strictly prohibited. Offers of rebates and commissions will be approved in accordance

with the applicable internal rules of each business segment.

(2) With suppliers and contractors

The selection of suppliers and contractors will be made on the basis of price, quality, delivery and other reasonable standards. Employees will not receive gifts and entertainment from suppliers and contractors that is excessive and unreasonable in light of the accepted standards of our society. All employees receiving such gifts and entertainment will report the gifts and entertainment to their superiors. Employees will reject or return excessive and unreasonable gifts and entertainment in a timely manner.

(3) With subsidiaries and affiliated companies

Terms and conditions of transactions with subsidiaries and affiliated companies must not be unreasonably different from these of arm's length transactions. Gifts and entertainment to and from such companies must not be excessive and unreasonable in light of the accepted standards of our society.

(4) With national and local governments

With respect to national and local government officials, employees shall comply with the National Public Service Ethics Law (Law No. 129, promulgated on August 13, 1999) and the National Public Service Officials Ethics Code (Cabinet Order No. 101, March 28, 2000).

3. Promotion of free and fair competition

The purpose of the antitrust laws is to foster wholesome development of the national economy by protecting the interests of consumers through the promotion and maintenance of free and fair competition. In particular, cartel agreements, under which competitors unreasonably restrain prices and sales quantity among each other (with bid-rigging being a type of cartel), may cause tremendous damage to the Company. Violation causes not only harm to our reputation, but also the Company is subject to administrative penalties, criminal liabilities and civil liabilities.

The Company is committed to complying with all applicable antitrust laws of each country where the Company engages in business. The Company shall also comply with the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (hereinafter referred to as the "Subcontractor Law"), which prohibits purchasing departments, taking advantage of their superior position, from demanding unreasonable terms from subcontractors.

(1) Compliance with antitrust laws

The company adopted the Company Regulation concerning Compliance with the Antitrust Laws in October 1999 aiming at assuring thorough compliance with the law. In order to operate the business in compliance with the law, the Regulation provides an internal control system such as prior deliberation of business activities, auditing by the Legal Department, and disciplinary action against violators. Employees must understand the content

of the Compliance Manual regarding the Antitrust Laws distributed in November 1999 and conduct their business accordingly.

(2) Compliance with the Subcontractor Law

Employees in charge of procurement will comply with the Company Regulation concerning Compliance with the Subcontractor Law and vigorously cooperate with the activities of the Committee on Compliance with the Subcontractor Law. Employees must understand the content of the Compliance Manual regarding the Subcontractor Law and conduct their business accordingly.

4. Protection of intellectual property

Intellectual property refers to the rights in human intellectual creation and trustworthiness of the business. It includes both the rights defined by laws and the rights not precisely defined by laws. Examples of the former are industrial property rights such as patents, utility models, designs, trademarks and copyrights, which include artwork and computer programs. Examples of the latter are know-how and trade secrets including proprietary information regarding technology and marketing, which a company safeguards as confidential.

Intellectual property is a source of value in modern economy. There exists a strong trend to broadly protect intellectual property rights worldwide. Employees must strive to create and protect the intellectual property rights owned by the Company. In addition, employees must pay close attention not to infringe on the intellectual property rights of others.

(1) Safeguarding trade secrets belonging to the Company

Although some trade secrets have value by themselves and some do not, disclosing trade secrets to a third party may harm the profitability and reputation of the Company. Disclosure here refers to electronic and oral communication, the sending of samples, as well as communication by written documents. The important point in safeguarding trade secrets is to distinguish proprietary and confidential information from other information and to mark the level of confidentiality clearly enough to be comprehensible to the third party. Employees must refer to the Company Regulation on Safeguarding Trade Secrets and conduct their business accordingly.

(2) Respecting the intellectual property of others

The Company respects the intellectual property rights of others to the same extent as it protects its own rights. Accessing improperly obtained trade secrets of others not only violates laws relevant to intellectual property rights, but may violate the Unfair Competition Prevention Law and incur tort liabilities.

2. Relations between Employees and the Company

1. Respect for the identities and differences of employees

The Company strives to respect the identities and differences of its employees and to maintain and improve personnel systems and work conditions that can provide employees with a sense of richness and fulfillment. We will evaluate employees based on objective and fair standards of their accomplishments. In addition, we will cultivate employees to be creative individuals with expertise.

2. Respect for the privacy of employees

The company strives to control employees' personal information properly in compliance with applicable laws and pays close attention to the protection of employees' privacy.

3. Respect for human rights and prohibition of discrimination

The Company is committed to maintaining a healthy and productive workplace free from harassment and discrimination based on race, creed, color, gender, religion, nationality, language, physical traits (disability), wealth, origin or any other reasons whatsoever. The company has zero tolerance for any sexual harassment, which is recognized as a social issue these days. Should a violation of this policy be found, the Company will investigate immediately, provide aid to the victim, and take necessary action to prevent reoccurrence.

4. Maintenance of a safe and healthy workplace

The company gives first priority to the health and safety of all personnel in all stages of its business operation, including the use and disposal of manufacturing equipment, parts and raw materials. The company complies with all relevant laws, company regulations, rules and standards.

(1) Eradication of accidents in the workplace

Nothing is more valuable than the safety and health of our employees in the workplace. The maintenance of a healthy and safe workplace is one of the most important matters for the Company, which has severe working environments such as steelworks, various kinds of factories, and construction sites. Although serious accidents do not happen often in the Company, we must strive to continue improving our work environment based on previous incidents. To eliminate accidents in the workplace, we must comply with all relevant laws and regulations, such as the Company Regulation regarding Workplace Health and Safety and the Company Regulation regarding Administrative Organization to Maintain Workplace Health and Safety, as a basic premise. Employees, too, must enhance their sensitivities to detect danger in day-to-day activities. Furthermore, we must create and maintain internal systems to promptly take countermeasures against such danger.

(2) Environmental conservation and disaster prevention

Compliance with environment-related laws is a social responsibility for the Company, which has a close relationship with the local community.

Employees are encouraged to review the Company Regulation regarding Environment Preservation and act accordingly in order to conserve the environment at workplaces and communities where our businesses are located.

To prevent disasters and to minimize the increase of injuries and damages when a disaster occurs, employees are encouraged to review all the relevant company regulations, such as the Company Regulation regarding Disaster Prevention, and the Company Regulation regarding Fire Prevention and make use of them in daily operations.

3. Relations between Society and the Company

1. Compliance with laws

The Company conducts its business in compliance with laws and accepted standards of responsible social behavior. As stated earlier regarding the antitrust laws, all employees must recognize that serious violation, in which criminal liabilities can be imposed, may drive the company to the edge of extinction. Employees must recognize the significance and never commit such a violation. Employees are expected to take sincere actions to comply with the following laws that our society requires a company to observe.

(1) Export control laws

Employees in charge of exports must comply with the Company Regulation on Security Trade Control and enhance their sensitivities to international situations.

(2) Securities Regulation (Financial Instruments and Exchange Act)

Employees must comply with the Company Regulation regarding Prevention of Insider Trading. Employees will not buy or sell stocks or other securities knowing nonpublic material information that affects an investor's decision of investment.

(3) Political Funds Control Law and Public Offices Election Law

The company strives to maintain fairness with respect to corporate political activities by observing the Political Funds Control Law and the Public Offices Election Law.

(4) Laws prohibiting bribery

Employees will not make corrupt payments to domestic and overseas government officials for the purpose of obtaining and retaining business or in relation to implementation of the officials' duties.

2. Rejecting contracts with organizations involved in activities in violation of the law

The company rejects all contacts with any individuals and entities that adversely affect social order and wholesome business activity. In particular, management is expected to not be afraid of them and take the lead to reject such contacts.

Extortion or blackmail by gangs in the guise of claims on product defects and other business reasons is called *minji kainyu boryoku* (gangsters' involvement in the settlement of problems). The Company rejects any *minji kainyu boryoku* in accordance with the principles of “not to fear,” “not to pay,” and “not to make use of gangs.” In rejecting approaches from gangs, the company will take organized and systematic action so that employees are not required to respond to gangs by themselves. In addition, the Company will obtain as much assistance as possible from the police and legal professionals. Employees must read the Manual to Reject Extortion Against Companies and conduct business in accordance with those guidelines.

3. Public disclosure

The Company will disclose information that society needs to know through timely and appropriate means, excluding trade secrets and confidential information under non-disclosure agreements. By doing so, the Company maintains communication with society and ensures that its business activities are fair, transparent and in observance with accepted social standards. The information that society truly requires is not limited to only information required for disclosure under applicable laws and regulations. The Company will actively disclose fully-verified accurate information that customers, suppliers, contractors, employees, shareholders, investors (including prospective shareholders), and the local community need to know as stakeholders of the Company. Employees are expected to understand what information each stakeholder would like to know through day-to-day communication. Based on that understanding, employees must provide stakeholders honestly with relevant information from responsible sections including sales, procurement and general administration. Employees are expected to answer requests for disclosure in accordance with the following policies:

- Do not refuse to answer unless there is legitimate reason.
- Do not give false information.
- Say clearly that you cannot answer, if you are unable to answer the question.
- Do not give different responses from request to request or from questioner to questioner.

4. Control for appropriateness and accuracy of financial reporting

The Company appreciates that reliable financial reporting is a prerequisite for achieving the trust of all stakeholders and will establish internal control systems to enhance the reliability of its financial reporting. In addition, the Company will properly record and report the information with regard to financial, tax and accounting matters pursuant to the applicable laws and regulations as well as the accounting principles.

5. Environmental conservation

The Company is aware that it receives benefits from the earth, including obtaining natural resources necessary to the company's business operation. Accordingly, the Company fully recognizes that preserving and protecting the environment is an important social responsibility and essential matter. Therefore, in addition to complying with applicable environmental laws and regulations, the Company endeavors to minimize the environmental impact of its products, services, and business activities. To achieve this goal, the Company makes an utmost effort to save energy, reduce waste, recycle, and develop technologies and products that can be utilized to protect environment. These activities are conducted under the supervision of the Environmental Management Committee organized in 2002, which is the successor of the Global Environment Committee created in 1992 and in accordance with the General Guidelines for Environmental Conservation adopted in 1993. The company continues and advances its environmental conservation activities through the following:

- Extensive employee education program
- Thorough energy savings and the reduction and recycling of waste in offices and factories
- Development of products that have low environmental impact throughout the products' life cycle
- Disclosure of environment-related information

6. Contribution to the local community

The Company strives to create and maintain close and friendly relations with local communities. We must remember the wide-ranging support given by the community when we suffered from the Great Hanshin-Awaji Earthquake in 1995. The Company is cooperating closely with local communities and actively engages in providing aid to victims, minimizing damage in the case of disasters, which unfortunately may occur. To actively work together with local communities, the Company:

- Makes corporate facilities, including gymnasiums and grounds, available to the general public
- Engages in philanthropic activities, including sports, culture and art
- Creates an internal environment that encourages employees' volunteer activities

7. Global operation

To implement overseas business smoothly amid economic globalization, it is essential not only to comply with internationally accepted standards and local laws but also to contribute to the growth and development of local communities, while respecting their cultures and customs. In addition to understanding and complying with local laws, each overseas company must understand and comply with applicable Japanese laws such as the Unfair Competition Prevention Law, which prohibits the making of corrupt payments to foreign officials, and the Foreign Currency and Trade Law. The Company aims to understand the local social situation and issues and consider the local culture and customs when operating its business. Furthermore, the Company strives to contribute to the development and growth of local industries by creating and strengthening relations with local companies by procuring raw materials and parts from them and actively providing technical assistance and technology transfer.

8. Strengthening measures for the prevention of corporate misconduct

In order to strengthen measures for the prevention of corporate misconduct at the corporate level, we must always strive to create an environment in which each director, officer, and employee is always conscious of corporate ethics. To achieve this goal, the Company established the following systems and organizations.

(1) Development of company-wide system and organization

- The company established the Compliance Committee, which is a standing committee promoting company-wide compliance activities. The Committee, an independent advisory committee to the Board of Directors, is authorized to deliberate and formulate countermeasures against violations and preventive measures against the reoccurrence of instances of violations in plans, audits and compliance and to report its decision to the Board. Further, the Committee has the authority to advise the Board to take corrective measures with respect to serious violations of the law.
- The company established the Compliance Planning and Administration Section, which is responsible for overall compliance activities including adopting the Code, developing internal systems, and educating employees. The Section serves as a secretariat for the Compliance Committee.

(2) Development of a reporting system

- The company established an internal reporting (whistle-blowing) system under which employees can report violations of the Corporate Code of Ethics to independent, outside attorneys.

8. Commitment by management

Should violations of the Code occur, management must exert strong leadership to minimize damage and maintain the social trust in the Company. To be more specific, management will take responsible and appropriate action, including giving direction by themselves to investigate facts and causes and create a plan to prevent reoccurrence. In addition, where health or safety is placed in danger, management will provide society with timely and accurate information. Further, management will find the party responsible for the violation and take disciplinary action, which society deems fair and appropriate. If the violation is serious, management will realize its own supervisory responsibility and be severely punished.

[Note] The adoption, amendment, and abolishment of the Standards of Corporate Conduct are subject to resolution by the Board of Directors of the Company.

Implementing the Corporate Code of Ethics

1. Promoting awareness of the Corporate Code of Ethics inside and outside the company

- (1) To promote awareness of the Code, we have distributed the Corporate Code of Ethics Handbook, which contains the text of the Code. The Code is also published on our homepage to make it widely available both inside and outside the company.
- (2) We provide employees with continued training as a part of our education program. From time to time, the Company also offers education programs on compliance with specific laws.

2. Organization to implement the Corporate Code of Ethics

The starting point to implement the Corporate Code of Ethics is communication of your concern to resolve the problem with your manager. The manager is expected to clarify the cause of the problem and actively resolve the problem when he or she receives a report. In addition, in the case that consulting one's manager is not appropriate or the department or group is unable to resolve the problem, we will appoint representatives with whom employees can directly consult on the problems and concerns regarding the Code. Should sweeping reform be necessary, the Compliance Committee will actively take up the issues.

- (1) We have nominated compliance leaders who are general managers of departments and compliance managers who are managers designated by the general managers in order to promote awareness of the Code in the workplace. Should any problem arise in implementing the Code, the compliance leaders are to take appropriate measures in consultation with the general manager of the planning and administration department (as the person responsible for compliance), who oversees each internal company.
- (2) We established an internal reporting (whistle blowing) system to minimize damage caused by violation of the laws. Through this system, we can recognize the violation at an early stage so that we are able to take effective action against the violation. The system makes it possible for employees to report violations to independent attorneys when they find such incidents or they have legitimate reason to believe there is a violation.

The guidelines for the internal reporting system are as follows:

- i. Reports can be made anonymously.
- ii. The attorney who receives a report must consider the protection of the informer as the first priority.
- iii. The attorney who receives the report will inform the director responsible for compliance of the report as a first step in the consultation. In this case, the attorney may provide the Company with only general information.
- iv. When the attorney and director decide to bring up the incident with the Compliance Committee, they will discuss and decide countermeasures and preventive measures.
- v. In the event that the attorney and the director decide not to report to the Committee, the director, in consultation with the attorney, will decide countermeasures and preventive measures and give guidance to the Compliance Planning and Administration Section and related departments.
- vi. If the Company fails to deal with the report properly within a certain period of time despite being reported through the internal reporting system, the informant will not be treated disadvantageously should he or she report the violation to the press or police.
- vii. To protect an informing employee, any investigation of and retaliation against the employee will not be tolerated in any way. We will take disciplinary action against violators of this rule.
- viii. Even for the purpose of protecting the public interest, an employee who directly discloses the Company's internal information to a third party without using the internal reporting system may be subject to corrective action under the employment rules and regulations. However, this rule is not applicable when human health or safety is in danger.
- ix. A report may not be accepted if it deviates from the purposes of this internal reporting system, or if the same person reports a duplicated matter while the Company has properly responded to the initial report.

- (3) In addition to the internal reporting system, the Company has established the Corporate Ethics Section within the Compliance Planning and Administration Group. Directors, officers, and employees can directly consult on matters that cannot be resolved within the departments or that are not appropriate for consultation with a manager. We have assigned a representative to the Corporate Ethics Section to answer questions and respond to concerns.
- (4) The Compliance Committee has the authority to advise the Board of Directors of corrective measures in the case of a serious violation.
- (5) The compliance leader will report the status of each department or group in implementing the Code to the secretariat of the Compliance Committee using a specified format.
- (6) The Company will conduct audits in accordance with company regulations referred to in the Standards of Corporate Conduct.

3. Disciplinary action

A violator of the Code is subject to disciplinary action as set forth in Article 10 of the Company's Work Regulations, if his or her violation falls within a section of the Article. In addition, a violator may be subject to civil liability as well as disciplinary action in accordance with the work regulations if the violation is committed with intention or gross negligence.

4. Contacting group with respect to laws, company regulations, and manuals referred in the Standards

The following departments and groups will answer your questions regarding laws, company regulations, and manuals referred in the Standards

- Company regulations regarding the National Public Service Officials Ethics Code ----- Legal Department
- Company regulations regarding compliance with the antitrust laws ----- Legal Department
- Company regulations regarding the Subcontractor Law ----- Legal Department
- Matters regarding intellectual property ----- Intellectual Property Department
- Company regulations regarding trade secrets ----- Legal Department
- Company regulations regarding protection of personal information ----- Legal Department
- Matters regarding sexual harassment ----- Human Resources Department and the group responsible at each branch office or factory
- Matters regarding the environment and safety ----- Environmental Control & Disaster Prevention Department
- Company regulations concerning export control laws ----- Legal Department
- Company regulations concerning prevention of insider trading ----- Legal Department
- Manual regarding extortion against companies ----- Legal Department
- Guidelines regarding preservation of the environment ----- Environmental Control & Disaster Prevention Department
- Matters regarding the Unfair Competition Prevention Law ----- Legal Department