



# Compliance



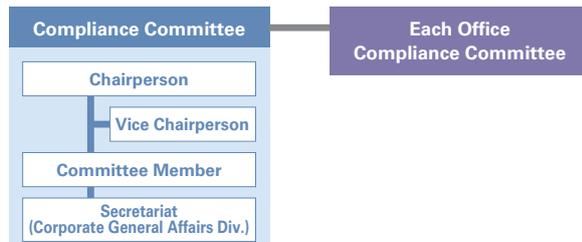
## Compliance System

We emphasize compliance because we recognize that adherence to laws and corporate ethics is integral to the conduct of business.

We established the Compliance Committee to minimize the risks of compliance violations at our Group, promote the creation of structures for compliance, and to promote activities to raise awareness of compliance.

In fiscal 2020 the Compliance Committee was convened three times, taking up matters such as setting goals for major risk countermeasures, revising our common Group internal control system, and checking the effectiveness of our Internal Whistleblower System and the adequacy of our response.

### Compliance System



## Code of Conduct for Employees

We make efforts to inform our employees of our Business Philosophy (Company Policy) in which our business principal is shown, and our Group's Code of Business Ethics and Conduct, such as by offering e-learning on a regular basis or having employees read this aloud from pamphlets in their workplace. Our Group's Code of Business Ethics and Conduct is consist of specific standards of conduct and explanations for Our Code of Conduct, which was enacted to serve as standards of conduct that our officers and employees must adhere to when carrying out their duties. The current version of our Group's Code of Business Ethics and Conduct was revamped, taking into account our measures for CS promotion, SBPS, quality control, health

and safety, as well as the latest worldwide trends in legal compliance. It has also been translated into seven languages.



Booklet: Our Group's Code of Business Ethics and Conduct

## Articles for Emphasis in Compliance

Workplaces in each department apply compliance to daily operations, decide on the key items for compliance and each prepare Articles for Emphasis in Compliance. Although the Articles differ among workplaces, they are

displayed prominently and confirmed with all employees periodically by having them read aloud in unison. Our Group companies, in Japan and overseas, also undertake similar activities.

## Compliance Education Using Cartoons

Every month, our internal publication contains a four-frame cartoon about compliance under the title "The Way to Become a Compliance Master." This cartoon explains compliance in an easy-to-follow style. Past cartoons have been compiled into two booklets, which were distributed to employees to raise awareness of compliance.



Mamoru-kun

He's a very active mid-level employee, and everyone relies on him. Mamoru-kun is able to offer appropriate advice throughout the company as a compliance master, which is especially appreciated given the spate of corporate scandals hitting Japan recently.

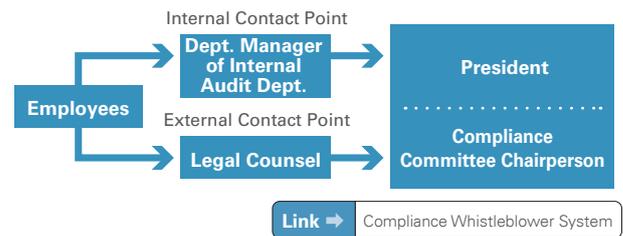
## Internal Whistleblower System

We have established an internal whistleblower system (which has been designated the “Compliance Whistleblower System” at our Group). Under this system, employees can report to an internal contact point (Dept. Manager of the Internal Audit Department) or an external contact point (Legal Counsel) when they have discovered a compliance violation or suspect there may have been such a violation, in an effort to promptly detect and prevent compliance violations. The privacy of whistleblowers is rigorously protected to ensure that they are not placed at a disadvantage as a consequence of reporting violations. In fiscal 2020 there were five cases reported to the Compliance Whistleblower System. The results of our investigations revealed that there were no major violations to laws and ordinances, such as violations to laws against child labor, forced labor, accounting fraud, bribery or corruption, or antitrust laws, nor were there any cases that could have a significant negative impact on society. Both cases were dealt with appropriately.

Moreover, some of our Group companies have established their own unique internal whistleblower systems, which are distinct from our shared Compliance Whistleblower System, by taking into consideration factors such as the legal

requirements of the country in which they are located, their company size, and so forth. In fiscal 2020 there were 7 cases reported to these unique internal whistleblower systems at these group companies. The results of investigations revealed that there were no major violations to laws and ordinances, such as violations to laws against child labor, forced labor, accounting fraud, bribery or corruption, or antitrust laws, nor were there any cases that could have a significant negative impact on society. All of these cases were dealt with appropriately.

### Internal Whistleblower System



## Monitoring

In accordance with the Basic Policy on Internal Control Systems, the Internal Auditing Regulations, the Basic Rules and Regulations for Internal Control over Financial Reporting, the Manufacturing Auditing Regulations, the Security Trade Control Regulations and other company regulations, Internal Audit Department, Corporate EHS Promotion Department, Corporate General Affairs & Legal Department and other departments involved in internal auditing, audit and assess the compliance of our Company and our Group companies, both in Japan and overseas. This is done mainly by means of site audits, at the actual sites, and written audits, via inspections of the results of self-audits, by the departments being audited.

Audits and assessments are conducted from the standpoint of whether the operations of departments are in compliance with relevant laws and conform to various standards. Departments where issues are identified are required to submit written reports detailing actions taken to resolve the issues.

In fiscal 2020, compliance auditing and assessment was conducted from the standpoints of environment, human rights, occupational health and safety, provision and use of products and services, management of customer information and data, proper accounting, and fair trade, with no significant violations of laws or regulations.

## Policies and Initiatives for the Prevention of Corruption

As laid out in our Group’s Code of Business Ethics and Conduct, our Group’s policy on the prevention of corruption consists of a zero-tolerance stance with regard to corrupt practices. It includes requirements on our Group-wide management staff and employees for the prevention of bribery, restrictions on the presentation and acceptance of gifts or entertainment,

avoidance of transactions with conflict of interest, and accurate recording and reporting. We do our utmost to engage in fair, transparent business activities as we comply with business ethics, domestic and foreign laws and regulations, as well as internal company rules.