

Compliance

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Policy and Basic Approach

Our Group recognizes that it is extremely important to comply with laws, regulations, and corporate ethics when conducting business activities, and therefore our Group pursues management that emphasizes compliance.

We have established Our Code of Conduct, a standard of conduct to ensure that our Group conducts its business activities without error, and the Code of Ethics for Group of Sumitomo Bakelite Co., Ltd., a specific code of ethics and code of for compliance with laws and regulations and corporate ethics to be followed by Directors and employees of our Group companies as they carry out their business activities.

For the contents of major compliance policies such as Our Code of Conduct and Code of Ethics for Group of Sumitomo Bakelite Co., Ltd., see the following link.

- [➤ Our Code of Conduct, Code of Ethics for Group of Sumitomo Bakelite Co., Ltd.](#)

Systems (Governance)

We established the Compliance Committee to minimize the risks of compliance violations at our Group, to promote the creation of structures for compliance, and to promote activities to raise awareness of compliance. The Compliance Committee checks for compliance violations that could have a serious impact on business.

For the information on the status of Compliance Committee activities and whether there have been any cases of compliance violations that could have a serious impact on business, see the following link.

- [➤ Detailed Data Related to Sustainability \(Governance\) > Compliance](#)



Risk Management

The identification, assessment, and management of risks and opportunities related to compliance pertaining to our Group are carried out in accordance with the risk management system and risk management process described on the following link.

- [➤ Risk Management](#)

Metrics and Targets

We have selected compliance as one of our Group's material issues, and set the compliance training participation rate and the number of serious compliance violations as KPIs.

- [✔ Material Issues](#)
- [✔ Detailed Data Related to Sustainability \(Governance\) > Compliance](#)

Key Initiatives

Compliance Training

As part of Compliance Enhancement Month held yearly in October, all Officers and employees of the Group (including contract, temporary, commissioned, dispatched, seconded, part-time, and short-term employees) are invited to participate in e-learning or workplace-based training that focuses on the content of Our Code of Conduct and the Group Code of Ethics (including the prohibition of corruption, cartels, discrimination, and harassment), and provide an overview of the whistleblowing system.

In addition, we provide compliance training for new employees and compliance training in individual fields (personal information management, security export control, subcontract law, etc.) as appropriate.

For more information on the results of our compliance training, see the following link.

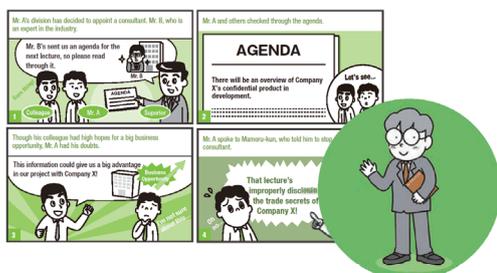
[Detailed Data Related to Sustainability \(Governance\) > Compliance](#)

Compliance Slogans

At each department's workplace, we have established Compliance Slogans, which are important compliance-related items that are appropriate for each department's daily work. These items may differ for each department, but we strive to make employees aware of them by posting them in the workplace and having them recite them regularly. Our Group companies, in Japan and overseas, also undertake similar activities.

Compliance Awareness Using Comics

Our monthly in-house newsletter contains an article titled "The Way to Become a Compliance Master!" This is an easy-to-understand explanation of compliance based on a four-panel comic, and we have also published two booklets summarizing the serialized articles so far. These booklets are distributed to employees and used for compliance awareness.



Comic character "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.

Anti-Corruption

We have established the Anti-Bribery Policy of Group of Sumitomo Bakelite Co., Ltd. and the Basic Rules and Regulations for Bribery Prevention for Group of Sumitomo Bakelite Co., Ltd., thereby establishing standards of conduct and compliance for Officers and employees, as well as a zero-tolerance approach to bribery and extortion of benefits. We advance anti-bribery initiatives based on the anti-bribery laws and regulations in the countries where our Group companies are located, and the level of bribery risk in each country and business field. Furthermore, the Code of Ethics for Group of Sumitomo Bakelite Co., Ltd. prohibits corrupt acts such as embezzlement, breach of trust, money laundering, and insider trading, which constitute abuse of authority or position in one's duties for personal or organizational gain. These corrupt acts are also prohibited by the employment rules and other internal rules of individual Group companies.

For Anti-Bribery Policy of Group of Sumitomo Bakelite Co., Ltd., Basic Rules and Regulations for Bribery Prevention for Group of Sumitomo Bakelite Co., Ltd., and various data related to anti-corruption, see the following links.

[Anti-Corruption](#)

[Detailed Data Related to Sustainability \(Governance\) > Compliance](#)

Compliance with Competition Laws

In the Code of Ethics for Group of Sumitomo Bakelite Co., Ltd., the Group stipulates compliance with trade regulations under Competition Law (Antimonopoly Law). The Group also prohibits cartels or bid-rigging with competitors, demands on dealers, etc. to maintain resale prices (unless otherwise permitted by law), and unreasonable demands on business partners abused of a dominant position.

Furthermore, as part of our program to comply with competition laws, we operate the Price Deliberation Committee, the approval procedures for price determination and revision, and the approval procedures for interviews with competitors.

Audit/monitoring

In accordance with the Basic Policy on Internal Control System, the Internal Auditing Regulations, the Basic Rules and Regulations for Internal Control over Financial Reporting, the 'Monozukuri' Auditing Regulations, the Security Trade Control Regulations, and other company regulations, the Internal Audit Department, Production Management & Engineering Division, and other departments involved in internal auditing audit and assess the compliance of the 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 with monitoring 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.

For more information on the results of our internal audits, see the following links.

[Detailed Data Related to Sustainability \(Governance\) > Compliance](#)

['Monozukuri' Audit \(Product Safety and Quality Assurance\)](#)

Whistleblowing System

We have established an internal whistleblowing system (which has been designated as the "Compliance Reporting System" at our Group). Under this system, employees can report to an internal contact point (GM 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 preemptively prevent compliance violations. In addition to our Group's Directors, Officers and employees, our Group's stakeholders including those who have left the Company, those going through the recruitment process, and business partners can also report incidents. The privacy of whistleblowers is rigorously protected to ensure that they are not placed at a disadvantage as a consequence of reporting violations.

Moreover, some of our Group companies have established their own unique internal whistleblowing systems, which are distinct from our Group-wide Compliance Reporting 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.

For details related to the Group-wide Compliance Reporting System and reports to the internal whistleblowing system, see the following links.

[The Group's Compliance Reporting System](#)

[Detailed Data Related to Sustainability \(Governance\) > Compliance](#)