

Compliance

Basic Policy (Fundamental concept)

- ISEKI Group will ensure thorough compliance of each employee to promote healthy and transparent management.

Compliance system

To prevent misconduct and scandals from occurring, ISEKI Group ensures thorough compliance under the leadership of the Compliance Working Group (WG), which consists of departments in charge of the overall management of each division. The Director in charge of Compliance is responsible for the overall management of the WG. In January 2023, we set up the Compliance and Legal Affairs Department, which ensures that Group employees maintain and enhance awareness toward ethics and accelerates overall compliance activities. The Department

also administers and promotes the Compliance WG as the secretariat.

Monthly reports on compliance activities are made to the ESG Committee, which is comprised of Directors and Corporate Officers and chaired by an Independent Outside Director. In addition, the Internal Audit Department audits the status of compliance activities and reports the results to the Board of Directors, the President and Representative Director, Outside Directors, and Audit & Supervisory Board Members.



Education and awareness-raising

To raise awareness of each individual employee toward compliance, ISEKI Group is implementing various training programs and awareness-raising activities for employees in a planned way.

Activities for enlightenment

<Activities for penetration and education on compliance>

- Ensuring of thorough understanding of the "ISEKI Group Code of Ethical Behavior"

The Company has distributed the "ISEKI Group Code of Ethical Behavior" to all employees of the Group and works to ensure that all business activities meet corporate ethical requirements.

● Awareness-raising by issuing "Compliance News"

As a means to provide information regarding compliance, the Company issues the quarterly "Compliance News" bulletin. With a focus on priority compliance initiatives, it contains information such as messages from the management team and examples of practical measures undertaken by employees. We thus work to raise compliance awareness among employees.

Training activities

Every year, the Company carries out a wide range of education and training programs concerning compliance themes in the day-to-day conduct of business affairs, especially on points warranting special attention.

● Incorporation into company-wide events and educational training programs

- Sales subsidiary president meetings
- Manager meetings
- Executive training
- Newly-appointed manager training
- Newly-hired employee training

● Individual training programs

- Sales subsidiary employee meetings of sales departments
- Facility personnel training of facility departments
- Specialized employee training of development departments

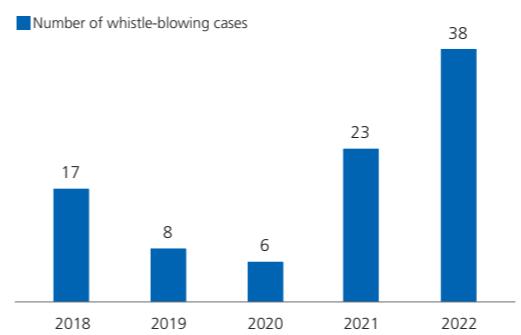
Examples of initiatives undertaken

> Whistle-blower system

ISEKI Group has set up a group-wide whistle-blower system (Ethical Hotline) for the use of all employees, retirees and suppliers. The aim is to enable early detection of problems within the Company and minimize the crisis caused by corporate scandals. In addition to an internal help desk, an external third-party help desk independent from management executives has been set up, in light of the purposes of the Corporate Governance Code. The third-party help desk is available for whistle-blower reports in Thai and Indonesian, in addition to English and Chinese.

In FY2022, the system handled 38 cases. All cases were appropriately responded, and their summaries have been reported to the ESG Committee, with consideration given to the protection of whistle-blowers and privacy of relevant parties.

Number of whistle-blowing cases



> Initiatives for fair trade and prevention of corruption

ISEKI Group ensures that all Group employees have a fair and equitable relationship with suppliers, which is set out in ISEKI Group Code of Ethical Behavior.

In relation to a series of procedures for fair transactions of products and services at sales subsidiaries in Japan, ISEKI Group has established and appropriately operated "Sales Administrative Rules."

In addition, we have formulated conduct guidelines and a manual for compliance with the Anti-Monopoly Act and educated our employees on the Subcontract Act, thereby thoroughly ensuring fair and equitable transactions as the entire Group.

Furthermore, the Basic Rules on the Prevention of Bribery Involving Foreign Public Officers, etc. have been established to prevent corruption involving foreign public officers, etc. and ensure fair transactions. We work to ensure thorough compliance with the Rules mainly at overseas bases and overseas Group companies. In FY2022, ISEKI was subject to no legal action due to corrupt practices.

> Initiatives to eliminate anti-social forces

The ISEKI Group Code of Ethical Behavior sets out that the Group will not have any relationship whatsoever with anti-social forces. To fulfill our social responsibilities for ensuring sound business operations and eliminating anti-social forces, we have established the Rules for Response to Anti-Social Forces. Under the leadership of Representative Directors, we are working on the creation and enhancement of relevant internal systems in cooperation with external specialized institutions.

Furthermore, we set out specific procedures in the Anti-Social Forces Response Manual and offer in-house education programs to ensure that our officers and employees can respond properly to anti-social forces.

> Initiatives for protecting personal information

To ensure proper handling of personal information, ISEKI Group has established and published the "Personal Information Protection Policy." To prevent leakage of and damage to personal information, the Personal Information Handling Regulations sets out specific ways to handle personal information, as well as the establishment of appropriate measures for safe management. We strive for appropriate management of personal information by ensuring thorough compliance with relevant rules through periodic education and awareness-raising for officers and employees.

Being aware of the importance of the protection of personal information, we will keep providing relevant information to officers and employees and working to strengthen the protection of personal information both in Japan and abroad.

> Electronic information security

With regard to electronic information security management, administrative departments that handle system information strive to prevent information leakage, in accordance with the Rules on Electronic Information Security Management. The IT planning department preemptively reviews the systems and facilities to be introduced by administrative departments to ensure that they do not have any security issues.

In addition, we have set up the Electronic Information Security Management Committee led by an Officer in charge of IT Planning to set policies and directions concerning electronic information security management. If an issue arises in relation to electronic information security management, the Committee deliberates on how to respond and make reports to company executives.

As countermeasures against cyberattacks that take increasingly diverse and sophisticated forms, we have also adopted a new service that constantly monitors unauthorized external access, thereby strengthening the information security management system.