

Compliance

Our company has established Compliance Guidelines to serve as a set of guidelines for the practice of an outstanding level of corporate ethics. Through actions based on this policy, we are deepening awareness of compliance within our company and are working to enforce information security.

● Compliance Guidelines and Internal Dissemination

Our Compliance Guidelines establish Corporate Standards of Conduct and a Code of Behavior that apply to all directors and employees. The Standards of Conduct form our basic approach to maintaining a higher level of compliance awareness and behaving at our best as a company trusted by society, based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to Society through filtration business.” According to the Standards of Conduct, the Code of Behavior sets forth behaviors that all directors and employees should maintain awareness of in everyday work.

Since establishing our Compliance Guidelines in FY2011, we have conducted twice-yearly training for directors and employees, ensured that such training is undertaken upon entering the company, and we also make the content available at all times through our intranet to ensure awareness of the policy. To enact measures against forms of harassment, in addition to the Code of Behavior, we also work to further ensure awareness of measures by incorporating them into our work regulations. In the future, we aim to instill even higher-level compliance awareness in our company through the introduction of training that utilizes e-learning and position-specific training.

● Compliance-related training in FY2022 (primarily non-consolidated)

Training theme	Eligible trainees	Number of sessions
Overall Compliance	Head Office employees (including temporary employees, etc.)	2
Intellectual property protection	Employees of Sales Division, SCM Division (at that time), Production Division, etc.	2
Study Group on Human Rights Risks	Employees (including temporary employees, etc.) of the Head Office, Saga Branch Office and Yokosuka Innovation Center, and managers in Japan and overseas	4



Compliance Guidelines

https://www.yamashin-filter.co.jp/eng/sustainability/governance/main/01/teaserItems1/05/linkList/0/link/InformationSecurityBasicPolicy_en.pdf

● Management Structure

Acting on the basis of our Compliance Guidelines, our Board of Directors conducts decision-making on important matters involving compliance, following which our Compliance Committee makes decisions on implementation plans. The Compliance Committee is composed of the president, division managers, and managers from the Internal Audit Office, and it convenes twice a year. In addition, in FY2021 we established the Business Operation Oversight Committee as an advisory body to the Director/President. The committee is tasked with monitoring and putting a brake on risks associated with business execution of group companies, and with facilitating assessment when internal audits are conducted. The committee strengthens our support system by revising subsidiary regulations and standardizing key group regulations in light of differences among countries and regions in order to ensure that group companies can maintain legal compliance and conduct management in an appropriate manner.

● Whistleblowing System

We have introduced and are operating a whistleblowing system to promptly collect information on violations of compliance and to prevent problems and implement countermeasures. In addition to compliance violations, we also subject any corporate ethics violations by employees to reporting, and have set up an internal point of contact for this purpose on the company intranet, as well as an external contact point at an outside law firm. Our Internal Reporting Management Rules include provisions protecting whistleblowers and prohibiting acts of retaliation against whistleblowers. The reporting can be made under anonymity. We have also adopted measures to prevent any disadvantageous treatment of whistleblowers for having made such reports.

When a report is made, we gather the essential information from the informant, including the specifics of any violations, and carry out an investigation. We have mechanisms in place by which to check with the parties involved with reference to the investigation results, and then to handle the matter internally by taking corrective measures or imposing discipline according to our Rules on Administrative Authority. We also conduct monitoring in order to prevent recurrence. In FY2022, no whistleblowing incidents occurred, and there have been no reports leading to significant impact on company management.

● Number of Internal Whistleblowing Incidents (non-consolidated)

	FY2019	FY2020	FY2021	FY2022
Number of Internal Whistleblowing Incidents (cases)	0	2	0	0

Initiatives for the Prevention of Corruption

Our Compliance Guidelines clearly prohibit corruption and bribery, which seriously undermine trust in a company, and deviate from accepted business practices. We comply with relevant laws and regulations in each of the countries and regions in which we operate. We ensure that entertainment and gifts that exceed moderation are neither given nor accepted in the course of our business dealings through internal procedures such as mandatory requests for approval and expense reimbursement, which are consistently checked by superiors.

We also conduct education and training to ensure that corporate officers and other employees (including temporary workers) are made aware of these practices.

During FY2022, we made no expenditures for responses to corrupt practices, or for political contributions. To date, no employees have been disciplined or dismissed as a result of acts of corruption.