

Compliance

Regarding compliance with legislation and social norms to be a prerequisite for our continued survival and development as a company, we have established a “Compliance Committee” as the organization for actively promoting, maintaining and improving compliance throughout the entire group. The committee is chaired by the president and consists of members that include outside specialists.

The Compliance Committee specifies the matters to be observed by the Group’s employees, revises guidelines and creates manuals. It also receives reports from each division / department chief, plant / laboratory chief, related committees and presidents of subsidiaries. In addition, it periodically audits the state of compliance and provides recommendations for improvements when necessary. The committee also holds explanatory sessions on various laws and regulations and compliance, with the secretariat playing the leading role, in its efforts to ensure compliance with laws and regulations.

Matters to be Observed Stipulated in the Compliance Manual

We have specified the matters to be observed from various points of view, including the prevention of corruption.

Restrictions on acts of endowment and political donations

- (1) Political donations and donations to various organizations must be made by observing the relevant laws and regulations, such as the Public Offices Election Act and the Political Funds Control Act, and by following the proper methods.
- (2) Prior approval must be obtained by following internal rules before donating money or making any other donation.
- (3) Sound, transparent relationships with politicians and the government must be created by refraining strictly from actions that may lead to the misunderstanding that we have cozy relationships with them, not to mention bribery, payoffs, and illegal political donations.

Prohibition of excessive entertainment and gift-giving

- (1) Entertainment and gift-giving for public officials or quasi-public officials that contravene the regulations under the National Public Service Ethics Act, etc. are prohibited.
- (2) Entertainment and gifts to business partners must be given within the bounds of common sense of the general public.
- (3) Response to entertainment or a gift offered by our client or business partner, etc. must not be made before consulting our superiors when the entertainment or the gift is suspected to be beyond the bounds of common sense of the general public.

Prohibition of bribery of foreign public officials

It is prohibited to provide foreign public officials, etc. with money or any other favors to gain illegal profits in the course of business or in return for favors provided by them in business, either directly or via a third party such as a consultant. It is also prohibited to promise or offer to provide such favors.

Matters to be observed that are stipulated in the compliance manual are described at <http://www.nissanchem.co.jp/eng/profile/compliance.html>

Measures for Promoting Compliance (FY2016)

Internal training (explanatory sessions): Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, Insider Trading Regulations, General Data Protection Regulations

Response to Guidelines for the Prevention of Bribery of Foreign Public Officials: Internal notification of the law, revision to the compliance manual

Response to the revised Act on the Protection of Personal Information: Revision to the Regulations for Information Management

Consultation Hotline

We have a system that permits direct whistleblowing to the Compliance Committee.

When an employee discovers a compliance violation or potential compliance violation, they shall address the problem in normal operations, in principle, through measures that include reporting the matter to their superior. However, if they think it is difficult to address the problem promptly and effectively, they can use the hotline to prevent compliance

violations or resolve the problem early on. Whistleblowers can remain anonymous and if they state their name, we make sure that they are not disadvantaged by the use of the hotline.

In FY2016, there were no cases of whistleblowing. We inform employees of the system via our in-house newsletter.

| Consultation Hotline Reports (Number) | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|---------------------------------------|--------|--------|--------|--------|--------|
| | 0 | 2 | 1 | 1 | 0 |