

Compliance

Since our Group regards compliance with laws and social norms as a condition for the survival and development of the company, our Basic CSR Policy stipulates that we need to conduct “sensible business activities” and conduct ourselves as “good corporate citizens and decent members of society”. In response, we have recognized that compliance means complying with laws and social norms, formulated compliance rules, and established a compliance basic policy.

Compliance Basic Policy

1. We consider compliance to be an important management issue and ensure thorough compliance in every aspect of its business activities, thereby establishing corporate ethics.
2. All officers and employees of Nissan Chemical Group shall be sufficiently aware of compliance and prevent the occurrence of a compliance violation.
3. In the event that a compliance violation has occurred or is likely to occur, we take a prompt and appropriate response.

System

In our Group, the Risk Management & Compliance Committee, which is held twice a year, has been established as an organization to enhance the effectiveness of risk management, and to maintain and promote compliance. The committee is chaired by the Chief Risk Management Officer (CRO), who is appointed at the Board of Directors meeting, and is composed of the Risk & Compliance Managers of each division/department, plant/laboratory, and domestic consolidated subsidiary appointed by the CRO. The important matters and countermeasure plans, etc. related to compliance are approved at the Board of Directors meeting after discussion at the committee.

The Risk Management & Compliance Office under the Corporate Planning Department has been established as a specialized organization to promote continuous improvement in all of our Group’s compliance activities. In addition to providing education and guidance on risk management and compliance, the Risk Management & Compliance Office receives reports on the status of compliance with laws and regulations and the status of education and training in each department on a regular basis from Risk & Compliance Managers, and when necessary, supports improvement, and shares information within our Group.

Furthermore, we have established the Consultation Hotline to serve as an internal reporting system to prevent compliance violation or resolve the problem early on.

Number of Compliance Violations

Indicator	Scope of reporting	Unit	2017	2018	2019	2020
Consultation Hotline Reports	Consolidated*	Cases	0	3	2	2
Legal actions received for anti-monopoly/anticompetitive practices (under investigation)	Consolidated*	Cases	0 (0)	0 (0)	0 (0)	0 (0)
Fines charged and settlement fees for anti-monopoly/anticompetitive practices	Consolidated*	1,000 yen	0	0	0	0
Confirmed corruption incident (under investigation)	Consolidated*	Cases	0 (0)	0 (0)	0 (0)	0 (0)
Fines charged and settlement fees for corruption	Consolidated*	1,000 yen	0	0	0	0
Other incidents related to compliance (excluding environmental)	Consolidated*	Cases	0	0	0	0
Fines charged and settlement fees for other compliance related incidents (excluding environmental)	Consolidated*	1,000 yen	0	0	0	0

* Includes domestic unconsolidated group companies

Consultation Hotline

We have Consultation Hotline to prevent compliance violation or resolve the problem early on. When an employee discovers a compliance violation or potential compliance violation, he or she shall address the problem in normal operation in principle, through measures that include reporting the matter to their superior. However, if he or she thinks it is difficult to address the problem promptly and effectively, they can use the Consultation Hotline.

The contact point for reporting shall be the Risk Management & Compliance Office, outside attorneys, or outside Audit & Supervisory Board members, and the means for reporting may be selected from e-mail, mail, or telephone. Upon receipt of a report, the contents are reported to the Audit & Supervisory Board members. The Board of Directors periodically receives reports from the Risk Management & Compliance Office on the status of the operation of the internal reporting system and supervises it. While accepting anonymous consultations, we have established a system that allows us to provide peace of mind by clearly defining in our rules the prohibition of interference with investigations, finding informants, and harassment.

Compliance Training

We hold training sessions on corporate ethics for officers and employees, including new employee, working to ensure that each and every one of us looks at compliance and actively promotes it.

In addition, regarding various laws and regulations, we regularly hold training on important business

themes such as the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors”, insider trading regulations, and regulations on the “Combating Bribery of Foreign Public Officials”. We also conduct training with an emphasis on practicality, such as systematically holding in-house seminars themed on familiar legal matters, lectured by internal instructors.

Various trainings are provided to officers and employees of our company as well as those of affiliated companies as efforts to improve the knowledge of the entire Group.

Compliance Manual

The Compliance Manual sets forth rules so that executives and employees, etc. (regular employees, contract employees, part-time workers, temporary workers and dispatched workers) of the Nissan Chemical Group comply with laws and regulations, company rules, social norms, and ensure compliance. It is regularly reviewed depending on the situation, such as the enforcement and revision of laws and regulations. In addition, by including information about the Consultation Hotline system and details about its features in the Compliance Manual, we are raising awareness about our internal reporting system.

Anti-corruption Initiatives

Nissan Chemical formulated anti-corruption policy in 2019 and promote initiatives for all stakeholders including our employees.

Anti-Corruption Policy
https://www.nissanchem.co.jp/eng/csr_info/communication/employee/acp.html

Measures for Promoting Compliance (FY2020)

General Compliance	Director and management level compliance training, new employee training
Anti-monopoly Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	Training related to the Anti-monopoly Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors; Internal audit related to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
Information Management	Information management training; Internal audit related to information management and My Number Act related management
Insider Trading Regulation	Training for insider trading prevention
Anti-bribery	Training for the prevention of corruption and Combating Bribery of Foreign Public Officials
Security Export Control	Foreign Exchange Law related training
Consultation Hotline	Continuous dissemination of related information via the in-house newsletter and posters
Other	Training for newly-appointed board members, training for board members, contract related training, and promotion of concluding memorandum on elimination of antisocial forces