

Since our Group regards compliance with laws and social norms as a condition for the survival and development of the company, our course of action 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 adhering to laws and social norms. Accordingly, we have established a compliance basic policy and have been promoting compliance activities such as training sessions on corporate ethics for all employees. We position the strengthening of compliance as the most crucial issue for ensuring corporate continuity. Against the backdrop of expanding global business activities, under the medium-term management plan we are advancing initiatives aimed at addressing diverse compliance risks that vary by country, region, and era.

System

In our Group, the Risk Management & Compliance Committee, which is held twice a year, has been established as an organization to work at enhancing the effectiveness of risk management, and to better maintain and promote compliance. The committee is chaired by the Chief Risk Management Officer (CRO), who is appointed by the Board of Directors, 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 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 measures related to compliance, etc. in each department on a regular basis from Risk & Compliance Managers, and when necessary, supports improvement, and shares information within our Group. The summary of the status of compliance with laws and regulations and compliance measures is reported to the Board of Directors at least once a year, where these are evaluated for validity and reviewed.

Furthermore, we have established a system to prevent compliance violation or resolve the problem early on, including the Consultation Hotline as an internal reporting system based on the Whistleblower Protection Act.

management and shared across the entire Group through the Risk Management & Compliance Committee, and they are used to help prevent recurrence.

Consultation Hotline

We have set up a Consultation Hotline as an internal reporting helpdesk to prevent compliance violations or resolve problems early on. When an employee discovers a compliance violation or potential compliance violation, the employee shall address the problem in normal operation in principle, through measures that include reporting the matter to their superior. However, if the employee thinks it would be difficult to address the problem promptly and effectively, they can use the Consultation Hotline.

In FY2024, in order to enhance the reliability of the Consultation Hotline and make it more user-friendly, we established an outsourced contact point in addition to the existing reporting channels—the Risk Management & Compliance Office, external lawyers, and outside audit & supervisory board members—and we also introduced a dedicated web-based reporting system.

Compliance Training

We hold training sessions on corporate ethics for officers and employees, including new graduates and medium-career hires, 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 “Antitrust Law,” insider trading regulations, and regulations on the “Combating Bribery of Foreign Public Officials.” We also conduct training with an emphasis on practicality, such as holding in-house seminars themed on familiar legal matters lectured by internal instructors and on-demand online training.

Various training 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

Our Group strives to ensure the transparency of transactions. In our compliance manuals, we have specified matters to be observed: Comply with antitrust laws, Conduct fair transactions with suppliers and comply with the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors,” Prevent unfair competition, Prohibit excessive entertainment and gifts, and Prohibit bribery of foreign officials, etc. With regard to anti-corruption advocated by the 10 principles of the United Nations Global Compact (UNGC), we joined the UNGC, and formulated anti-corruption policies covering our company, affiliated companies and their subsidiaries.

●Number of compliance violations

Indicators	Scope	Unit	FY2021	FY2022	FY2023	FY2024
Consultation Hotline Reports	Consolidated*	Cases	1	8	8	10
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 incidents (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

Activities

Top Message Transmission

Every year, a top message is transmitted to all employees in order to clearly convey the Group’s stance for compliance.

Legal Compliance Status Report

Cases of compliance violations or potential legal compliance violations that occur within our Group are reported twice a year on a regular basis to the Risk Management & Compliance Office from each division/department, plant/laboratory, and affiliate.

The details, including the response status, are reported to

●Measures for promoting compliance (FY2024)

General Compliance	Training for new graduates, medium-career hires, medium-level employees, and managers
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 (including the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises); Internal audit related to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors; and promotion of priority initiatives set out in the Declaration of Partnership Building
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	Training on the Foreign Exchange Law; Internal audits related to the Foreign Exchange Law
Consultation Hotline	Establishment of an outsourced contact point; Introduction of a dedicated web-based reporting system; Distribution of compliance cards with QR codes linked to consultation hotline; Promoting awareness of the contact point through the in-house newsletter and posters
Other	Training for newly appointed board members; Training for board members; Training on joint research and development contracts