

Corporate Ethics and Compliance

Guideline of the Corporate Ethics and Compliance

"Corporate Ethics and Compliance Guidelines" is the fundamental guideline for thinking about the corporate ethics and compliance of Nissha Group that each employee can implement to realize Nissha Philosophy. We set forth the following 4 Foundational Rules and 10 Important Points. All executives and employees work to promote and thoroughly implement corporate ethics and compliance.

Foundational Rules

1. We value and hold on to high ethical standards, integrity in our actions, and act with good common sense through our responsible behavior.
2. We pursue the Co-existence with the Stakeholders including our customers, shareholders, suppliers, local communities and our employees.
3. We will comply with all laws and regulations, internal corporate regulations, and socially accepted rules and norms.
4. If we witness any actions contrary to the "Corporate Ethics and Code of Conduct" or are suspicious of certain behaviors or decisions, we should immediately report to and consult with our supervisors.

10 Important Points

1. Free and Fair Competition
2. Prevention of Corrupt Practices
3. Product Quality and Safety
4. Protection of Intellectual Property
5. Appropriate Handling of Information and Resources
6. Compliance with Import/Export Regulations
7. Proper Disclosure of Information and Compliance with Insider Trading Regulations
8. Environmental Protection and Conservation
9. Creating a Comfortable Workplace, and Community and Social Contribution
10. Respect for Human Rights

Promotion Structure and Initiatives

All Nissha Group bases in Japan and abroad appoint managers and group leaders in charge of promoting corporate ethics and compliance. These managers and group leaders not only conduct training in their respective divisions but also implement corporate ethics and compliance on a day-to-day basis through organizational management, serve as a liaison for referring specific cases to Corporate Legal Affairs, and take on the role of consultant in their workplace.

In order to increase awareness of the managers and group leaders, we distribute quarterly issues of Corporate Ethics and Compliance News.

Designating every October and November as corporate ethics and compliance month, we organize group-wide training at all bases in and outside Japan. In the fiscal year ended December 2018, we implemented e-learning for employees at bases in Japan, and got them to consider the creation of organization where scandals are less likely by looking at cases from other companies. For employees at production bases, who do not use a PC, and employees at overseas bases, we conducted practical training and a check test tailored to each base's operations, laws, and customs. Outside attorneys and Legal Affairs at Nissha's Global Headquarters in Kyoto, serve as instructors in group training sessions at a number of bases.

We carried out a company-wide questionnaire after training was completed, and collected a broad range of information on workplace conduct that might constitute a breach of corporate ethics and compliance, and what conduct should be improved. Cases where improvement is warranted are dealt with, and their results are reported together with the outcomes of training to the Corporate Ethics and Compliance Subcommittee.

Moreover, in the fiscal year ended December 2018, we had an opportunity to learn about handling of confidential information from other companies' cases. In addition to a briefing on the contents of the Unfair Competition Prevention Act, we provided training by an external instructor for employees responsible for mergers and acquisitions (M&A) on the regulations regarding insider trading. Also we posted information about insider trading regulations, through quarterly publication on the Nissha intranet to enlighten employees.

Corporate Ethics and Compliance Structure

