

Compliance

KOITO aims to continue being a company that is trusted by all stakeholders and declares in the KOITO Group Corporate Behavior Charter that “we will comply with all applicable laws and regulations and will engage in fair, transparent, and free market competition, as well as proper trade, and responsible procurement,” and “in our global corporate activities, we will also comply with international rules and local laws, respect local culture and customs, and maintain sound relationships with government and government agencies.” KOITO has identified reinforcement of “compliance” as one of our materialities. To foster an organization and atmosphere to place importance on compliance, the entire KOITO Group is committed to engage in compliance activities.

Compliance Management Structure

KOITO has formed the Compliance Committee chaired by a Representative Director to improve compliance. The Compliance Committee establishes a Compliance Policy, supervises the appropriate operation of “corporate ethics consulting desk,” and determines countermeasures and preventive measures in case important compliance issues occur.

Personnel in charge of compliance are also appointed at the domestic and overseas subsidiaries to strengthen compliance and grasp the compliance status in close collaboration. In this way, KOITO promotes compliance-related initiatives in the entire Group.

Reinforcement of Compliance

●Fostering Compliance Awareness and Promoting Education

The KOITO Group Corporate Behavior Charter is printed on portable cards and distributed to all employees for use as the guideline for their actions and to foster their awareness of compliance. Surveys targeting all employees are conducted every year to measure their knowledge and understanding of the Charter. Results are then reported to the Board of Directors and Compliance Committee.

As for education on compliance, KOITO provides various training for different roles and job duties. As for employees, KOITO provides education in the job-rank based and theme-based training in various fields, such as the Antimonopoly Act, the Subcontract Act, and harassment for employees. Compliance training by outside instructors is also provided to Directors and Corporate Officers.

In addition, KOITO also provides compliance education to suppliers. We are asking suppliers to ensure compliance at the annual procurement policy briefing session.

●Anti-corruption Initiatives

Through establishing the “Anti-bribery Regulations” and implementing internal education, KOITO is working to prevent corruption, such as bribery, extortion, fraud, embezzlement, money laundering, conflicts of interest, illegal financing to political parties and facilitation payments.

The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

Nobody in the Group was fined or dismissed for corruption in FY 2021.

●Prevention of Anti-competitive Practices

Through establishing the “Antimonopoly Act Regulations” and implementing internal education, KOITO is working to prevent anti-competitive practices, such as market division, price-fixing, abuse of dominant position and dumping.

With the attendance of Audit and Supervisory Board Members, the Internal Audit Department conducts annual audit to departments concerned with the Antimonopoly Act and Subcontract Act, and the findings are reported to the Compliance Committee. If any problems were found during the audit, the details of the improvement are also reported to the Committee.

The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

Nobody in the Group was fined or dismissed for anti-competitive practices in FY 2021.

Whistle-blowing System

KOITO has established “corporate ethics consulting desks” inside and outside the company which allows employees to report or consult on compliance and harassment issues. After investigating all cases reported or consulted, we are taking appropriate measures and report them to the Board of Directors and the Compliance Committee.

When operating the Corporate Ethics Consultation Desk, we are strictly managing information on whistleblowers so that users can report and consult with peace of mind. In addition, we are prohibiting disadvantageous treatment of whistleblowers, and stipulating penalties for its violations in our internal regulations.

