

Compliance

To remain a company that is trusted by stakeholders and needed by society, it is more important than ever that directors, officers, and employees (hereinafter referred to as “employees”) comply completely with laws in their daily conduct and undertake fair and proper business operations with integrity. Accordingly, the Shinko Group practices thorough compliance based on the Code of Conduct of the Shinko Way.

◆ Compliance Promotion System

Shinko has established the Shinko Way Promotion Committee and the Shinko Way Division to strengthen our corporate governance and compliance systems.

By operating this committee, the Shinko Way Division promotes the dissemination and instilment of the Shinko Way, which lays out the principles of behavior for the Shinko Group’s employees, and carries out initiatives to ensure that the Shinko Way is practiced throughout the Shinko Group.

Furthermore, in each division of Shinko and in domestic and overseas Group companies, we are conducting initiatives to strengthen compliance throughout the Shinko Group, having first prepared a promotion system for each division and company.

◆ Spreading Knowledge and Practice of the Shinko Way

We have taken a variety of measures to further instill the Shinko Way and ensure that employees can always act in awareness of it. These measures have included distributing pamphlets on the Shinko Way and wallet-sized cards containing its main points to all employees, putting up posters in all workplaces, and adding reminders on the Shinko Way in annual training and messages from top management given to all employees.

◆ Utilization of the Global Business Standards

The Global Business Standards (GBS) are compliance standards shared within the Fujitsu Group. The GBS give concrete shape to the Shinko Way Code of Conduct, which stipulates rules and guidelines that employees should follow.

The GBS are produced for uniform application in countries and regions around the world with different cultures, common sense, and legal systems. They serve as a guidebook in daily business activities, providing standards, explained in the local language, of behavior that each and every employee should follow, organized by specific issues.

Compliance Promotion Organization



Global Business Standards (GBS) contents

- 1 We respect human rights
 - 1.1 Respect for human rights
 - 1.2 Discrimination or harassment
 - 1.3 Creating a work environment that promotes trust and respect
- 2 We comply with all laws and regulations
 - 2.1 Respect and observance of laws and regulations
 - 2.2 Financial Reporting and Company Records
 - 2.3 Environment and Products
 - 2.4 Health and Safety
 - 2.5 International Trade
 - 2.6 Money Laundering
- 3 We act with fairness in our business dealings
 - 3.1 Fair Competition
 - 3.2 Bribery
 - 3.3 Dealing with Governments
 - 3.4 Fair and Ethical Purchasing
 - 3.5 Marketing and Advertising
 - 3.6 Political and Media Activity
- 4 We protect and respect Intellectual Property
 - 4.1 Protecting IP
 - 4.2 Respect for Third Party IP
- 5 We maintain confidentiality
 - 5.1 General Principles
 - 5.2 Protecting confidential Company information
 - 5.3 Protecting confidential Customer or Third Party information
 - 5.4 Handling personal data
- 6 We do not use our position in our organization for personal gain
 - 6.1 General Principle
 - 6.2 Conflicts of Interest
 - 6.3 Gifts and Entertainment
 - 6.4 Insider Dealing
 - 6.5 Protecting Company Assets

◆ Development of Regulations and Guidelines

To ensure compliance throughout the Shinko Group, we established Compliance Regulations and General Compliance Guidelines. Subsequently, we developed bylaws and guidelines in areas that have an especially large impact on business, such as compliance with antimonopoly and competition laws, anti-bribery, and responses to antisocial forces.

In light of changes in the external environment, including the tightening of laws and regulations in and outside Japan and growing risks, we establish and revise bylaws and guidelines as appropriate.

◆ Internal Whistle-Blowing System

The Shinko Group has established a Corporate Ethics Helpline in Japan, with points of contact in and outside the company, so that employees can make whistle-blowing reports or seek consultation on compliance. We have also developed an environment outside Japan that gives access to a whistle-blowing system operated by outside organizations.

We inform all employees about this system through compliance training, our intranet, posters, and distribution of wallet-sized cards printed with the contact information.

Furthermore, we have set up a Supplier Compliance Hotline to take whistle-blowing reports from suppliers.

Moreover, we do not allow whistle-blowers to be treated unfavorably because they used the whistle-blowing system to make a report or seek consultation, and we take great care in handling information so that whistle-blowers are not identified. When a whistle-blowing report has been made, we conduct an appropriate investigation. If the investigation finds a problem in light of the Code of Conduct and the GBS, we implement corrections (including disciplinary action) and take measures to prevent a recurrence.

We also accept anonymous reports and requests for consultation when requested.

◆ Compliance Training

We systematically provide ongoing training to increase the awareness of compliance among all employees. In particular, we try to lower risk through a system that ensures all relevant personnel in the Shinko Group routinely and periodically receive training related to the field of laws and ordinances, which pose a high business risk.

In FY2017, we provided group training programs (a total of 17 times, attended by 609 people) on prevention of cartels to all relevant persons of the Shinko Group in Japan.

In Japan, we also provided seminars for officers and executives given by outside instructors, e-Learning on prevention of cartels and anti-bribery, and training on compliance in general.

Outside Japan, we provided e-Learning on prevention of cartels, anti-bribery, and security trade at all sites as well as group training programs at some sites.

In the years ahead, we will continue to implement various training programs in an effort to foster compliance awareness and reduce risk throughout the Shinko Group.



Group training on compliance

RBA Code of Conduct Initiative

The Shinko Group has carried out initiatives reflecting its high regard for the code of conduct of the Electronic Industry Citizenship Coalition (EICC).

In light of circumstances such as the increase in the number of companies joining the EICC from outside the electronic industry recently, the EICC expanded the eligibility of participant companies in 2016 and then changed its name to the Responsible Business Alliance (RBA) in October 2017. With this, it changed slightly the content and structure of the code of conduct, changing its name from the EICC Code of Conduct to the RBA Code of Conduct.

The Shinko Group continues to have a high regard for the code of conduct of the RBA. To improve compatibility with the standards stipulated by the code of conduct in the four sections of labor, health and safety, the environment, and business ethics, we are working to enhance our management system and practice the processes stipulated by this code of conduct.

Specifically, we perform risk assessments of each section and checks on the extent of adherence to regulatory compliance and customer requests. Based on the results, a yearly target and an implementation plan are drawn up, and after review by top management, a range of measures are implemented.

Adherence to the management system and regulatory compliance, compatibility with standards and the state of implementation of the plan are audited, and adjustments are made to correct the system as necessary.

These annual activities and the audit outcome are reported to and reviewed by top management, and their opinions are reflected in the following year's activities.

Furthermore, we ask our suppliers for their understanding with regard to the RBA Code of Conduct, and we are working on initiatives to promote the code of conduct throughout the supply chain as a whole by encouraging them to base their activities on the code.

Given that the Fujitsu Group joined the RBA in March 2017, the Shinko Group too plans to broaden the scope of its activities based on the RBA Code of Conduct.

