

# 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

Each division in Shinko and each Group company in Japan promotes compliance in the division or company, having appointed persons responsible for compliance.

We are also working to strengthen compliance throughout the Group by having each overseas Group company establish its own compliance promotion system, and by annually confirming the status of compliance promotion at each 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 workplaces, and adding reminders on the Shinko Way in annual training and messages from top management given to all employees.

[See The Shinko Way \(page 11\)](#)

## Utilization of the Global Business Standards

We have established the Global Business Standards (GBS) as a concrete expression of the Shinko Way Code of Conduct which stipulates rules and guidelines that employees are to follow.

The GBS are produced for uniform application in countries and regions around the world with different cultures, common sense, and legal systems. They provide standards of behavior that each and every employee is to follow, organized by specific issues. They serve as a guidebook in daily business activities by explaining in detail wide-ranging compliance matters, including prevention of bribery and corrupt practices as well as compliance with competition law.

## Development of Regulations and Guidelines

The Shinko Group practices thorough compliance based on the Shinko Way Code of Conduct and the GBS. To ensure compliance throughout the Shinko Group, we established Compliance Regulations that stipulates basic matters on compliance. Moreover, we developed bylaws and guidelines in areas that have an especially large impact on business, such as compliance with anti-monopoly and competition laws, anti-bribery and anti-corruption, and responses to antisocial forces.

In addition, we have established Conflict of Interest Regulations which is designed to avoid, mitigate, and manage losses caused by conflicts of interest and defines necessary responses.

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

## Compliance Training

We systematically provide ongoing training to increase the awareness of compliance among all employees. In particular, in areas where business risks are high, such as bribery, corruption, and competition law violations, we conduct regular and repeated training for all parties involved in the Shinko Group to reduce risks.

In FY2024, for employees in Japan we provided e-Learning on compliance in general, such as the prevention of cartels and bid rigging, anti-bribery, and security trade control. We also continued to provide training on quality compliance as in the previous fiscal year. For overseas employees, we also provided e-learning or group training on overall compliance at all sites.

### FY2024 Compliance Training Results (Shinko Group)

	Participants
For employees in Japan <sup>1</sup>	5,552
For employees in Overseas <sup>2</sup>	781

<sup>1</sup> Including a Group company in Japan <sup>2</sup> Group companies outside Japan

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.

## Internal Whistle-Blowing System

The Shinko Group has established an internal whistleblowing system to enable all employees to make whistleblowing reports or seek consultation on compliance. These points of contact accept reports of violations of laws and regulations, including violations of competition law and bribery, breaches of the Shinko Way Code of Conduct and internal regulations, as well as quality fraud. It also provides consultation for situations where employees are unsure about reporting. The internal whistleblowing system accepts reports and inquiries not only from domestic and overseas employees of the Shinko Group, but also broadly from temporary staff, trainees, and former employees.

We inform all employees about the whistleblowing 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.

We also accept anonymous reports and requests for consultation through this system.

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 whistleblowers 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.

Going forward, we will make sure everyone is informed about the internal whistle-blowing system, strive to encourage its use, and aim to foster an open organizational culture so as to prevent compliance violations and detect them early, should any occur.