

We, the Sanyo Chemical Group, declared in our Code of Corporate Ethics that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity, we are committed to improving our society and are following our company mission, “Establish a better society through our corporate activities.”

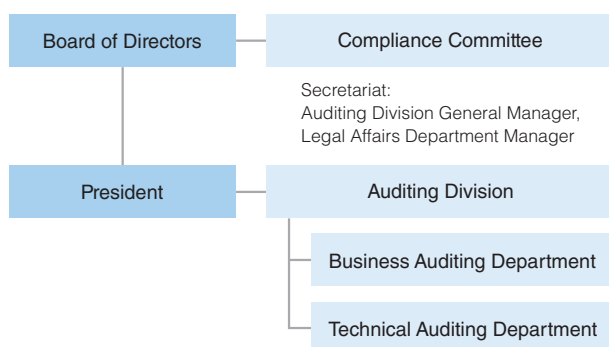
## Compliance system

We have appointed a Director in charge of corporate ethics and established the Compliance Committee, which is under the direct control of the Board of Directors.

The Compliance Committee is a deliberative and decision-making body on the basic policy and measures regarding compliance. The committee holds regular meetings. In FY2022, the committee studied the content to be learned by employees at corporate ethics study meetings, which are held on a company-wide basis, identified important risks that can be reduced through compliance activities, and formulated countermeasures.

We have also set up the Auditing Division under the direct control of the President, so as to strengthen our internal auditing function.

### ► Structure



## Internal auditing

The Auditing Division conducts internal auditing. It objectively inspects and evaluates the business management and operation systems and the status of business execution in terms of legitimacy, effectiveness, and efficiency. Based on the results, it makes proposals for improvement or corrective recommendations, in order to facilitate the Company's sound management and sustainable development.

## Internal whistleblowing system

If an employee becomes aware of a compliance problem, the employee should basically discuss it with his/her supervisor and/or the personnel concerned. However, if the problem cannot be resolved through such discussions, the whistleblowing contact points (compliance hotline) that conform with the Whistleblower Protection Act are set up both inside the Company and outside in

accordance with the internal Whistleblowing Regulation. The General Manager of the Auditing Division, who is a member of the Compliance Committee Secretariat, serves as the internal contact point for whistleblowing. The corporate lawyer is available for the contact point outside the Company. We operate the regulation requiring that the whistleblowers' confidentiality be carefully protected to prevent the identification of whistleblowers.

In FY2022, four reports in total were submitted through the compliance hotline. All of these reports were related to harassment. The facts were investigated with utmost care so that whistleblowers would not be disadvantaged. For problems identified, guidance was offered and disciplinary action was taken for target individuals, and education was offered to correct the situation. Previously, the Sexual Harassment, Maternity Harassment, and LGBT Contact Points dedicated to harassment problems were in place separately from the whistleblowing contact points. In April 2023, a consultation desk for harassment problems was newly established outside the Company. A mechanism will be created so that the whistleblowing contact points and the consultation desk are readily accessible to whistleblowers (employees seeking consultation services). The status of operation of the whistleblowing contact points is reported to the Compliance Committee.

### ► Number of cases for which the hotline was used (FY)

2018	2019	2020	2021	2022
1	4	1	2	4

## Education and awareness-raising activities

Every year, the Sanyo Chemical Group holds sessions to study corporate ethics across all departments with the objective of preventing the occurrence of corporate misconduct. In recent years, these sessions have placed particular focus on the kind of corporate culture that may form the background to corporate misconduct. Participants learn that corporate culture reform leads to improved compliance by watching videos (short dramas). In FY2022, participants watched a video on the theme of “a workplace where negative information is reported” and held group discussions. In total, 1,885 participants joined the sessions. After the sessions, a questionnaire survey was conducted to evaluate the overall compliance activities of the Group and reflect the results on the education activities in the following fiscal years.