

## Compliance

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.”

### Internal compliance system

In FY2025, the Compliance Committee was reorganized into the Risk Management Committee. Compliance-related matters that were previously handled by the Compliance Committee are now handled by the Risk Management Committee.

In FY2024, the Compliance Committee discussed the content to be learned by employees at company-wide corporate ethics study sessions and a review of the compliance systems of overseas Group companies.

### Internal auditing

The Internal Audit Office conducts internal auditing. It objectively verifies and evaluates the business management and operation systems and the business performance status in terms of legitimacy, effectiveness, and efficiency. Based on the results, it makes proposals for improvement or corrective recommendations to facilitate the company's sound management and sustainable development.

### Education and awareness-raising

We provide specific standards for employees to follow in their daily actions in the Advice on Compliance and the Code of Conduct for Employees.

#### Corporate ethics study sessions

The Sanyo Chemical Group annually holds corporate ethics study sessions in all departments to prevent the occurrence of corporate misconduct. Recently, these sessions have placed particular focus on the kind of corporate culture behind corporate misconduct to learn how corporate culture reform leads to improved compliance.

Taking seriously the fact that four cases of harassment occurred within the Group in FY2022, we have been holding study sessions on harassment since FY2023. In FY2024, participants watched a mini-drama on the topic of harassment, followed by a group discussion, with a total of 1,450 participants (approximately 95% of the total). After each session, check the questionnaire survey was conducted to evaluate the Group's overall compliance activities, with a view to reflecting the results in education activities in the following fiscal years.

#### Legal training program

We provide legal training sessions for domestic Group employees, where the Legal Affairs Dept. staff give lectures on a variety of topics. We also create an environment where employees can easily seek advice, by designating a staff member of the Legal Affairs Dept. to serve as a contact person for each organization (business division, affiliated company, etc.) and by providing “on-site legal consultation” where the Legal Affairs Dept. staff visit domestic business sites to offer legal advice.

### Whistleblowing system

When an employee is aware of a compliance issue, the basic rule is to discuss it with their supervisor or the personnel concerned. If the issue cannot be resolved, the employee can use whistleblowing contact points (such as the compliance hotline) that conform with the Whistleblower Protection Act. The internal contact point is the Internal Audit Office Senior Manager, while an external contact point is a corporate lawyer. We operate the regulation requiring that the whistleblowers' confidentiality be carefully protected to prevent their identification.

In April 2023, we opened a consultation desk for harassment in addition to the whistleblowing contact points, working to create a system that makes it easier for whistleblowers (consultants) to use these services.

#### ► Harassment whistleblowing/consultation services (internal/external)

(FY)

	2020	2021	2022	2023	2024
Number of reports (cases)	1	2	4	1	4

In FY2024, four reports in total were submitted through the compliance hotline. All of these reports were related to harassment. We investigate facts with the utmost care to ensure that whistleblowers are not penalized. If a problem is confirmed, we provide guidance, disciplinary action, and education to those involved. We also report the operation of the whistleblowing service to the Risk Management Committee.

### Handling of violations

The Risk Management Committee Regulations stipulate how to respond when a compliance violation is discovered (including how to address the issue and publicizing it both internally and externally).

When a violation is discovered, the facts are examined in detail, and disciplinary action is decided based on the Rules of Employment and the Disciplinary Actions Regulations in light of various internal rules, such as the Operational Responsibilities Regulations. Company-wide measures to prevent recurrence are also discussed and decided. In FY2024, there was one case where disciplinary action was taken.