



Corrective Process Against Negative Impacts | Compliance

GRI 2-12,25,27/3-3

Policy (our fundamental view)

The NOF Group has developed an internal control system for ensuring adherence to laws and regulations, the Articles of Incorporation, and various internal rules of the Company and appropriateness of business operations. Regarding observance of social norms and laws and regulations, the Company has formulated its NOF Basic CSR Policy as well as its code of conduct known as the NOF Code of Ethical Conduct based on the Policy. The Compliance Committee is established to ensure thorough adherence to the Policy and Code. The planning of various compliance-related

measures and the status of their operation are reported as appropriate to the Board of Directors for management and supervision.

Overview

The NOF Group instituted the Code of Ethical Conduct in April 2002 to ensure that each member-company and each employee always conforms to social ethics and wins society's trust. In this connection, the Group set up the Ethics Committee (changed the name to Compliance Committee in April 2020) in an effort to strengthen its responsibility to society and ensure the transparency of its business activities. In addition, desks for whistle-blowing and consultations from employees have been set up in the Compliance Committee Secretariat, the Audit and Supervisory Committee's Office, and external third-party institutions.

Organizational setup

Regular meetings of the Compliance Committee are held two times every year. The Committee also meets as required when a compliance issues arises, identifies issues, and devises and follows up on countermeasures. The results are reported to the Board of Directors and deliberated as necessary.

Basic CSR Policy

We will fulfill our corporate social responsibility and conduct sustainable business activities.

1. We will, each and all, act in accordance with the highest standards of corporate ethics.
2. We will respect human rights, and enable a diversity of personnel to demonstrate their abilities.
3. We will promote responsible care activities, based on the five kinds of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.





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Risks and opportunities for compliance

Risk items	Risks caused by individual risk items	Risk response status (summary)	Opportunities
Insider trading	<ul style="list-style-type: none"> Loss of credibility due to occurrence of insider trading, embezzlement, breaches of trust, bribery, accounting fraud, window dressing, transactions with antisocial forces, or other grossly negligent acts that are regarded by society as malicious Poor governance of overseas subsidiaries leads to numerous accounting and compliance problems, which are exposed by local authorities and result in a loss of public trust 	<ul style="list-style-type: none"> Relevant items were published in the Code of Ethical Conduct and Compliance Manual to educate and raise the awareness of Group employees The Group-wide Basic Anti-Bribery Policy and Tax Policy were established and announced internally and externally Regulations for prevention of insider trading were formulated and put into operation Based on the consideration that risks to overseas subsidiaries are key risks for the entire company, we established a system to ensure the appropriateness of business operations and promoted internal control audits 	<ul style="list-style-type: none"> Improvement of reputation as a company highly trusted by society Stabilization of the business foundation
Embezzlement and breaches of trust			
Bribery			
Accounting fraud and window dressing			
Transactions with antisocial forces			
Inadequate governance of overseas subsidiaries and bases			
Violations of laws and regulations	<ul style="list-style-type: none"> Receipt of administrative or criminal penalties or claims for compensation for damages due to violations of laws and regulations or false reporting to government agencies Decline in trust from society due to criminal acts by employees Surging costs to comply with tightened regulations 	<ul style="list-style-type: none"> With regard to revisions of laws and regulations, a Group-wide law and regulation management system was established to ensure that information on revisions reaches people in charge in a timely manner. In addition, internal notifications are sent out by the corporate divisions in charge, and internal audits are conducted regularly to check the status of responses and provide guidance In response to tightening regulations, we systematically implemented measures to deal with facilities and worked to optimize costs 	<ul style="list-style-type: none"> Securing of an advantage over competitors by establishing a system to adapt to revisions of laws and regulations Securing of trust from society
Contract deficiency problems			
False reports to government agencies, etc.			
Illegal overtime work			
Employee misconduct (drugs, drunk driving, groping, etc.)			
Tightened regulations	<ul style="list-style-type: none"> Receipt of compensation claims due to mental illness caused by work-related stress, harassment, and human rights violations 	<ul style="list-style-type: none"> Employees undergo "stress check" examinations to understand organizational stress and strengthen their own awareness of prevention We established a support system through the enactment of Rules for Handling Return-to-Work Support Programs We raised awareness of harassment through articles published in in-house newsletters (NOF News) We promote plans for the development of an environment for viewing educational materials using the company intranet 	<ul style="list-style-type: none"> Securing of a stable workforce and improving trust from society by establishing a system of mutual trust with employees
Difficulty (inability) to ship			
Mental illness			
Harassment Human rights abuse			