



Compliance

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Given the growing importance of Group-wide compliance and risk management in the wake of diversification and globalization of corporate activities, EKK has established the Sustainability Committee and, under that, the Risk Management Subcommittee, setting up systems to continuously maintain appropriate risk management and compliance at the EKK Group. The general manager of EKK's Corporate Administration Division is in charge of compliance throughout the Group. We comply with key laws and regulations applicable to each respective operation by establishing units in charge of individual laws and regulations, as well as creating internal rules and regulations.

Both domestic and overseas Group companies also have their own internal auditing and compliance staff. The Group has prescribed Compliance Rules and the EKK Employee Compliance Code of Conduct based on the EKK Charter of Corporate Behavior. The Group clearly demonstrates a high-priority commitment to compliance and promotes universal knowledge of said rules and code of conduct throughout its entire workforce.

Compliance Promotion Month

The EKK Group has designated October of every year as Compliance Promotion Month. Every October, the Group conducts consciousness-raising and educational activities on compliance, mainly domestically.

In FY2022, the Group had employees read a compliance-related text together and conducted video-based educational activities. In order to understand internal issues, a compliance-related questionnaire was also sent out, eliciting 3,145 responses from employees. The results of this questionnaire were used to determine priority matters for the Group as we work to further improve compliance consciousness.

Reporting System

The EKK Group has set up (internally and externally accessible) internal whistleblower hotlines available to personnel of all Group companies globally. Through the hotlines, the Group aims to prevent improprieties in its business operations and gather information on legal/regulatory compliance.

Thirteen incidents were reported in FY2022.

Reported incidents are investigated. If an investigation reveals impropriety, corrective action is implemented organizationally. Cards with the hotlines' contact information are distributed to employees to promote widespread knowledge and usage of the hotlines.

Internal Audits

Internal auditors appointed by the president audit whether internal organizational units and affiliates' operations are being executed properly and rationally.

Specifically, they check the status of compliance and risk management regimes, including at subsidiaries, assess the effectiveness of internal controls over financial reporting and monitor whether internal controls as a whole are functioning properly in accord with relevant regulations.

Such activities enable effective internal audits to be conducted through periodic reporting to and discussion with Audit & Supervisory Board members. Internal audit findings are also periodically reported to the Meeting of Division Managers and the Board of Directors.

Anti-Corruption Controls

The EKK Group endeavors to prevent corruption. The Group's Principles of Corporate Behavior state, We will ensure that we engage in fair, transparent, and free competition, that transactions are appropriate, and that responsible procurement is carried out, when selling products and purchasing materials. Also, we will maintain a sound and proper relationship with political bodies and government agencies.

In accord with these principles, the EKK Employee Compliance Code of Conduct prohibits bribery and other collusive or corrupt acts involving suppliers, customers or public employees. The Anti-Bribery Standards and Anti-Bribery Guidelines impose restrictions on and prescribe decision-making criteria for gift-giving/receiving and entertainment in the course of business activities.



Risk Management

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EKK formulates and implements Risk Management Policies and Risk Management Regulations on an ongoing basis to identify latent risks inherent in business activities, prevent their manifestation and effectively respond when emergencies occur.

The Risk Management Subcommittee, a body established under the Sustainability Committee, discusses Company-Wide Risk Management Annual Goals for each fiscal year in addition to identifying and assessing risks in internal departments and Group companies and promoting risk prevention on an organization-wide basis.

After being reported to the Board of Directors and the Meeting of Division Managers, the goals are cascaded down to internal departments and Group companies.

Business Continuity Planning (BCP)

The EKK Group identifies potential risks and implements risk prevention/mitigation measures to ensure business continuity even in the event of a major natural disaster such as a catastrophic earthquake, typhoon or flood.

Every plant and Group company formulates business continuity plans and conducts business continuity management activities tailored to its operations and environment and annually updates its list of identified risks.

Plants and Group companies identify natural disaster and other risks that warrant particular caution and devise preventive/mitigative measures against them. The Risk Management Subcommittee, singles out risks among these that pose a major threat to business continuity and discusses risk management targets for particularly serious threats.

Additionally, the EKK Group is building a global production network that enables alternate production to be coordinated among multiple sites so that supplies of products and services to customers are not interrupted by a major natural disaster.

Information Security

EKK is strengthening the EKK Group's information security, establishing a CSIRT (Computer Security Incident Response Team) Department in July 2020.

The CSIRT Department spearheads information-sharing and server security exercises involving EKK-CSIRT members selected from divisions and domestic Group companies. From FY2021, the exercises' scope will be expanded to include overseas Group companies also.

Information security regulations are accessible on intranet sites for employees to refer to whenever necessary.

The Group uses an online training course presented in Q&A format to increase employees' knowledge of information security. In FY2022, 99% of domestic employees (approximately 3,600) completed the training. We are also working to follow up with the remaining employees to help them complete the course.

The course imparts requisite knowledge through questions about information security regulations and standards and security incidents that have occurred in recent years. In FY2022, as part of our efforts toward labor savings and improved operational efficiency, we began trials of an automated processing system for various IT monitoring tools.