

# Material Topics

## Anti-Corruption



Goal	Progresses in and after FY2022	2023 Onward
<ul style="list-style-type: none"> <li>Promote communication about anti-corruption policy and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Group-wide compliance training for employees in 40 countries around the world starting April 2022 (see p 33)</li> </ul>	<ul style="list-style-type: none"> <li>Hosting quarterly training sessions (see p 33)</li> </ul>
<ul style="list-style-type: none"> <li>Identify risks and confirmed cases of misconduct in the workplace, and implement preventative measures</li> </ul>	<ul style="list-style-type: none"> <li>Implemented the KWE Group integrated internal hotline</li> </ul>	<ul style="list-style-type: none"> <li>Appoint Head of Global Compliance</li> <li>Global whistleblower hotline beginning operations</li> </ul>

### Concept & Policy

#### KWE Group Compliance Policy

KWE Group governs itself with great accountability and high ethical standards. We conduct our corporate activities to the greatest degree of legitimacy to maintain trust and credibility.

- All Board Members, Officers, and employees sincerely and sensibly comply with all applicable laws and regulations, including but not limited to internal regulations.
- In the course of making business decisions, conducting business transactions, and while managing daily operations, we are mindful of any and all applicable laws and regulations governing those activities, and we make compliance with those laws and regulations a priority.
- We take immediate and strict disciplinary action against any individual reported to be in violation of this policy. Once a potential violation has been reported, we implement necessary corrective and preventive measures.

### Compliance Framework

The KWE Group compliance framework operates as part of the overall risk management framework.

- The Chief Risk Officer has overall responsibility for ensuring compliance within the KWE Group and for addressing any instances of non-compliance.
- General managers control the compliance frameworks of the subsidiaries under the regional headquarters and are responsible for ensuring compliance in the regional headquarters and for addressing any instances of non-compliance.
- General managers and the presidents of affiliated companies outside Japan report to the Chief Risk Officer and follow his or her instructions in these cases:
  - When a significant instance of non-compliance related to company business is discovered or suspected.
  - When a question of compliance cannot be determined for a matter for approval.
- The president of an affiliated company outside Japan pro-

motes appropriate corporate conduct based on the guidance of the regional general manager, and in accordance with the KWE Code of Conduct and the KWE Group Compliance Policy.

There are increasingly complex and diverse legal and regulatory requirements in our global business, including widespread extraterritorial application and higher financial penalties, increasing complexity and diversity in compliance awareness in the supply chain, and the globalization of compliance risk. In light of these complexities, we appointed a Group General Counsel, a qualified attorney, in April 2021 and a Head of Group Compliance in April 2023 to strengthen group governance overall.

For more information about the KWE Group risk management framework, see: <https://www.kwe.com/about/sustainability/risk/>

## Anti-Corruption

### Close Coordination Between the General Counsel and Corporate Departments Ensuring Compliance at the Group Level

To adapt to changing business environments, we appointed a new Head of Group Compliance in the corporate division in April 2023. This person is advising on compliance and ethics, establishing group regulations, conducting training, and investigating reports of non-compliance.

### Restructuring the Internal Hotline

In May 2023 we debuted a global whistleblowing hotline to provide a more appropriate way for employees to report problems. All KWE Group employees worldwide can access the hotline to report known or potential infringements of laws or group policies. The hotline enables anonymous reporting in different languages online or via phone, email, or fax. Widespread accessibility has made it easier to share concerns and promotes the early detection and addressing of potential problems.



Global whistleblower hotline web site (image)

### Compliance Training

Employee knowledge and awareness is critical for ensuring that internal controls function properly and effectively. That's why we've been conducting group-wide compliance training since April 2022. We will continue working to create additional training programs and increase employee understanding of compliance issues and the internal hotline system throughout the Group.

On the basis of the unified global compliance training program shown below, KWE Group companies may add

KWE Group Compliance Training Program (e-learning)

	Scheduled	Course
2022	April – June	Ethics and code of conduct
	July – September	Antitrust and competition law (basic)
	October – December	1. Workplace harassment (for employees) 2. Diversity, equity, and inclusion (for managers)
2023	January – March	Global anti-bribery and corruption (basic)
	April – June	Workplace violence and bullying
	July – September	Conflicts of interest
	October – December	Global workplace harassment (for employees)
2024	January – March	Antitrust and competition law (advanced)
	April – June	Global anti-bribery and corruption (advanced)
	July – September	Financial integrity

their own program tailored to the company's specific legal and regulatory environment to improve the effectiveness of the training. Two examples are KWE Japan's stratified training program and APPL's global anti-corruption interactive webinar program.

### No Incidents of Non-compliance

In FY2022, there were no cases of legal action for anti-competitive practices or infringement of antitrust or antimonopoly law.

#### QUOTE

#### Ongoing development of ethical and legal business standards

I'm very pleased to be working as a member of KWE. My goal as Head of Group Compliance is first to identify our compliance risks, including corruption risks, and then provide our employees and business partners with the knowledge and tools needed to control and resolve them.

KWE will be building a responsible compliance program that adapts to changes in global business activity and laws, and will maintain a good reputation for its conduct based on compliance and ethics.

Head of Group Compliance  
Stephen Walton

