

Compliance



Basic Philosophy

The Sanki Engineering Group strives to maintain legally compliant behavior based on corporate ethics across all aspects of its operations by upholding the Sanki Engineering Group Compliance Declaration, the Sanki Engineering Group Code of Conduct and Action Guidelines, and the Sanki Engineering Group Conduct Standards.

Sanki Engineering Group Compliance Declaration, Sanki Engineering Group Conduct Standards
<https://www.sanki.co.jp/en/csr/policy/compliance.html#etc02>

Sanki Engineering Group Code of Conduct and Action Guidelines
<https://www.sanki.co.jp/en/csr/policy/conduct-code.html>

Compliance Promotion System

We have established a Corporate Ethics Committee, chaired by the president, who nominates officers responsible for corporate ethics to oversee the committee's activities. The committee reviews, monitors, and provides guidance with respect to compliance guidelines and action plans for the entire Group, and the Board of Directors regularly verifies the effectiveness of its activities.

● Compliance Audit

The Internal Audit Office seeks to strengthen compliance by providing guidance on audits. In fiscal 2022, internal audits were carried out at 20 worksites, including 16 in Japan and 4 subsidiaries in Japan and overseas. In addition, we conducted hearings with onsite staff by visiting Company sites and via web conferencing to foster compliance awareness.

● Whistleblowing System

We set up the Corporate Ethics Hotline for reporting on compliance-related issues, the Fair Trade Hotline for reporting on violations of the Anti-Monopoly Act, the Women's Hotline for accepting consultations from women, and the Consulting Office for Harassment and Other Concerns. All hotlines are open to all employees, and information is posted on the corporate website.

With regard to each hotline, we act swiftly to resolve the issues that are reported, with due consideration for the protection of anyone seeking consultation or providing information in accordance with the Corporate Ethics Regulations. All reported information is presented to corporate ethics officers, and important information is reported to the Board of Directors. At the Corporate Ethics Hotline, the reporter's name is handled in secrecy by corporate ethics officers and will not be disclosed to others without the reporter's prior consent. The reporter will not be placed at a disadvantage for consulting or reporting to the hotline.

In fiscal 2022, there were 11 reported incidents (10 internally and 1 externally), and all incidents were handled appropriately.

Number of Reports and Consultations in Fiscal 2022

	Number of Reports
Corporate Ethics Hotline	10
Fair Trade Hotline	0
Women's Hotline	0
Consulting Office for Harassment and Other Concerns	1
Consultations	10

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Corporate Governance System

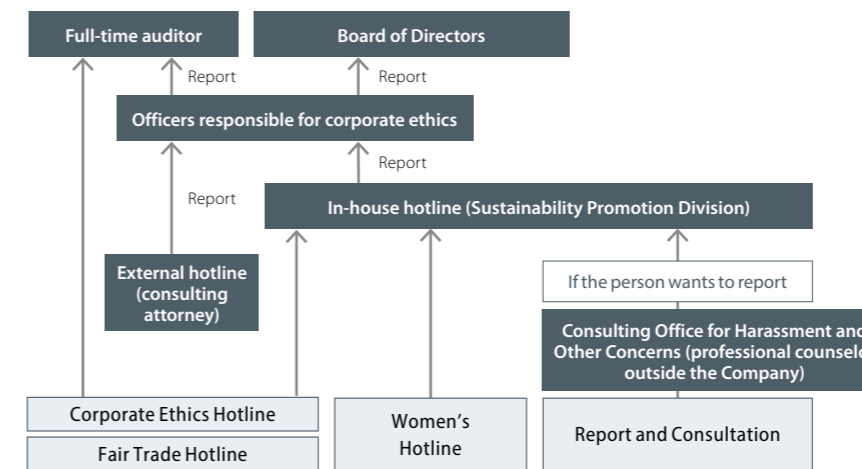


E-mail hotline@eng.sanki.co.jp

Reporting and Consulting Channels

<https://www.sanki.co.jp/en/csr/governance/hotline/>

Whistleblowing System



Compliance Promotion Activities

● Compliance Confirmation Sheets from All Executives and Employees

In order for all Group executives and employees to refresh their awareness of the responsibilities they must fulfill in their respective positions and roles, compliance confirmation sheets covering items such as observance of the Code of Conduct and Action Guidelines, and eliminating antisocial forces, are submitted at the beginning of each fiscal year.

Number of People Submitting Compliance Confirmation Sheets (Fiscal 2023)

	Sanki Engineering (Target Employees)	Group Companies (Target Employees)
Compliance confirmation sheets concerning performance of duties ^{*1}	38 (38)	→37 (37)
Compliance confirmation sheets ^{*2}	2,027 (2,063)	498 (509)

● Response to Antisocial Forces

We clearly state that severing relationships with antisocial forces is a condition for doing business with our partners and ask them to submit a Letter of Intent Regarding the Elimination of Antisocial Forces. As of March 31, 2023, we have received the letter from a cumulative total of 3,906 companies.

● Training and Handbook for Ensuring Thorough Compliance

Sanki Engineering conducts training for all executives and employees on a regular basis in order to ensure thorough dissemination of and compliance with the Code of Conduct and Action Guidelines. Separate special training is provided for mid-career hires when they join the Company and for new sales representatives when they start their position.

We also distribute the Sanki Engineering Group Sustainability Handbook, a pocket-sized reference on policies related to compliance and sustainability, including specific explanations for practical situations and information on hotlines for reporting and consultation.



Poster promoting the whistleblowing system

*1 Directors and executive officers submit compliance confirmation sheets related to the execution of operations.
 *2 Individuals who did not submit compliance confirmation sheets were unable to do so due to reasons such as maternity leave and medical treatment.



Sustainability Handbook

Compliance-Related Training (FY2022)

Theme	Target	Frequency and Participation (Attendance Rate)
Compliance topics including the Code of Conduct and Action Guidelines, Anti-Monopoly Act, human rights, and preventing bribery	All Group executive officers and employees	10 sessions 2,632 employees (99%)*
	Mid-career hires	5 employees (100%)
Compliance with the Anti-Monopoly Act	Newly assigned sales staff	38 employees (100%)
Human Rights Policy, Environmental Policy	All Group executive officers and employees	2,628 employees (99%)*

Survey on Status of Compliance in the Workplace

We conduct a survey every fiscal year on the status of compliance in the workplace, targeting all executive officers and employees. It incorporates questions on compliance and human rights risks, including about issues related to harassment in the workplace, by customers and business partners. Survey results are disclosed to all Group executives and employees.

Initiatives for Preventing Bribery

We are working to prevent corrupt practices under the Sanki Engineering Group Action Guidelines, which prohibits bribing public officials and providing benefits such as excessive business entertainment. In addition to establishing a program specifically related to bribery as part of our corporate ethics training, we provide e-learning for all employees. Points to consider when making practical business decisions and points to keep in mind outside Japan are also explained in the Sanki Engineering Group Sustainability Handbook.

Reinforcing Compliance with the Anti-Monopoly Act

Ongoing Measures for Recurrence Prevention

The following are key measures on reinforcing compliance that we undertook to date. In October 2022, we revised the Anti-Monopoly Act Compliance Manual. Applying the results of the survey on compliance in the workplace, we will continue our Group-wide effort to prevent violations of the Anti-Monopoly Act in fiscal 2023.

Policies and Manuals

- Formulated the Sanki Engineering Group Compliance Declaration and Sanki Engineering Group Conduct Standards
- Issued and revised the Compliance Handbook
- Issued the Sustainability Handbook
- Issued and revised the Anti-Monopoly Act Compliance Manual
- Clearly stipulated breaches of laws such as the Anti-Monopoly Act as grounds for disciplinary action

Structural Reinforcements

- Resolved to establish a comprehensive, Group-wide Anti-Monopoly Act Compliance Program at a meeting of the Board of Directors and ran/implemented the program
- Assigned a compliance manager in each division and began supervising the process for deciding the bid amount for public works and operating a system of advance application and reporting when attending a meeting with any companies in the same industry
- Introduced regular rotations for sales staff assignments
- Established a Compliance Risk Subcommittee within the Risk Management Committee
- Reconsidered membership in outside groups
- Began an in-house leniency system (voluntary reporting system)
- Established the Fair Trade Hotline for reporting on violations of the Anti-Monopoly Act and sought awareness among employees

Training and Education

- Submitted compliance commitment letters
- Raised awareness of compliance-related hotlines
- Top management visited all business bases to hold corporate ethics training sessions through direct exchange with all Group executives and employees
- Held special training on the Anti-Monopoly Act for newly assigned sales staff and mid-career hires
- Conducted e-learning on the Anti-Monopoly Act for all employees

*Individuals who did not participate in training were unable to do so due to reasons such as maternity leave and medical treatment.

FY2023 Survey on Compliance in the Workplace

Survey period: May and June 2023
Participants: all Group executive officers and employees

Q Do you think that compliance-conscious behavior has permeated our Group?

- Yes. 37%
- Somewhat. 58%
- I'm leaning toward "no" here. 4%
- No. 1%

Q Please choose all of the following statements that apply to your current working environment. (Multiple answers are allowed.)

- I think that personal relationships in the workplace are relatively good. 69%
- It seems easy to take various kinds of leave. 60%
- Your supervisor is willing to listen to your opinions and suggestions. 47%

Q What do you think is important for creating a workplace that is less prone to compliance violations? (Multiple answers are allowed.)

- Improving personal morals and awareness 75%
- Improving communication in the workplace 51%
- Eliminating work overload and understaffing 48%