

Compliance

JFR Compliance Philosophy

At the Group, our goal is to grow the Group by broadly contributing to society as a company which is fair and reliable, as stated in our Group Mission Statement. In the "JFR Principles of Action" created in June 2019, we set down basic rules of conduct to be understood and followed everyday by our directors and employees on the basis of an awareness of their roles and responsibilities and with a strong moral sense in order to fulfill our social obligations as each one of the directors and employees of the Group works towards the realization of the Corporate Credo and the Group Vision.

These documents detail the norms the management team at each operating company wishes to communicate to the employees. We are also spreading knowledge to employees through e-learning and the company intranet.

Creation of a Compliance Committee

The Group has created a "Compliance Committee" (whose members include a corporate lawyer) chaired by the President and Representative Executive Officer in order to ensure appro-

appropriate responses to issues of compliance management. The Committee formulates guidelines for responding to major compliance violations, maintains close communication with units tasked with promoting compliance, puts in place a compliance system infrastructure (creating a promotion system, formulating promotion plans, etc.) and provides ongoing supervision of relevant operations, and promotes legal and ethical compliance.

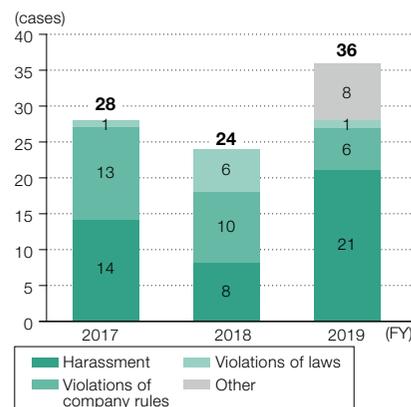
Reports on the discussions in the Compliance Committee are made to the Audit Committee regularly (around twice a year) and whenever appropriate.

JFR Group Compliance Hotline (a whistleblowing system)

The Group has established a whistleblowing system that enables all officers and employees as well as all individuals working at the Group (including part-timers and employees seconded from business partners) to notify the Compliance Committee directly with respect to compliance-related issues, and to seek corrective action. The Company has set up points of contact for whistleblowers both internally and outside the Group (a corporate lawyer). The Group's internal company rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting any disadvantageous treatment of any whistleblower. And in March 2020, the hotline was registered as conforming to the Consumer Affairs Agency's "Whistleblowing Compliance Management System certification (self-declaration of conformity registration system)" (WCMS certification) standards.



Number of internal reports and breakdown



Risk Management & Compliance System Diagram

