

Compliance

The KOBELCO Group believes that the essence of compliance is to meet the expectations of society. Meeting society's expectations in regard to compliance with laws and social norms is a prerequisite to maintain trust in the Group as well as to continue to take on the challenge to resolve social issues. Based on this understanding, we have positioned compliance as a top management priority. We are developing systems and implementing initiatives outlined below to ensure rigorous compliance accordingly.

Compliance Code and Standards

The KOBELCO Group established the Corporate Code of Ethics, a concrete code of conduct for ensuring legal compliance, in June 2000. This code sets standards to be observed by all Group companies, directors, and employees to ensure good corporate citizenship through compliance with laws and social norms and contributions to society and through the provision of superior products and services while exercising environmental mindfulness. The code continues to be revised as necessary based on changes in the business environment. Today, we are guided by a new Group

Corporate Philosophy that integrated new statements consisting of KOBELCO's View of the Future and KOBELCO's Mission in May 2020. With this philosophy as our compass, we are pursuing sustainable growth based on our compliance standards: the Core Values of KOBELCO, which represent our commitments to society and the shared values of the Group, and the Six Pledges of KOBELCO Men and Women, a code of conduct for all Group members based on the corporate ethics standards contained in the Corporate Code of Ethics.

Compliance Committee

The Compliance Committee has been established as an advisory body to the Board of Directors. This committee comprises the President, two other internal members, and five external members, constituting a majority to provide a fair and impartial position, with

one of the external members serving as the Committee Chair. The committee drafts plans for Groupwide compliance activities, confirms the progress of these plans, and implements the necessary revisions and improvements.

Compliance Program

Compliance activity plans are implemented based on the KOBELCO Group's Compliance Program. The Compliance Management Department serves as the dedicated organization for carrying out the program in coordination with business divisions and Group companies under the supervision of the Director overseeing Companywide compliance and the Executive Officer in charge of

Companywide compliance. The progress of the compliance activities of Group companies is assessed in the following five areas. These activities are implemented based on the characteristics of the respective business and region to reinforce initiatives for more effective and comprehensive compliance activities throughout the Group.



Status of Compliance Activities

Risk Assessment and Commitment	<ul style="list-style-type: none"> Messages illustrating management's proactive stance toward compliance are distributed internally and externally. In addition, the KOBELCO Group's Anti-Bribery Policy has been made available for viewing on the Company's corporate website. Compliance risks associated with the Group's business and organization are analyzed and assessed regularly based on internal and external trends. Risks pertaining to fair competition laws, anti-bribery, and trade security management have been identified as Top Risks for the Group, and related compliance systems have been established.
Setting Rules and Procedures and Securing Resources	<ul style="list-style-type: none"> The necessary compliance rules and procedures are being developed at domestic and overseas Group companies centered on fair competition laws, anti-bribery, and other Top Risks. Domestic and overseas Group companies are requested to appoint compliance representatives to enhance compliance promotion systems.
Training and Communication	<ul style="list-style-type: none"> The Company and domestic and overseas Group companies continuously conduct stratified compliance training as well as group training and e-learning programs on fair competition laws, anti-bribery laws, and other specific laws. Awareness regarding the internal reporting system is promoted on an ongoing basis through the distribution of cards and posters, the intranet, and Group newsletters.
Monitoring and Response to Reports	<ul style="list-style-type: none"> The Company and domestic and overseas Group companies conduct ongoing monitoring and auditing pertaining to fair competition laws, anti-bribery, and trade security management. Systems are put in place to ensure that all domestic and overseas Group employees can use the internal reporting system, and frameworks are being developed to ensure the swift discovery and remediation of compliance issues. <p>[Number of reports received via the internal reporting system in fiscal 2019: 119 (including domestic and overseas Group companies)]</p> <p>Establishment of new system for reporting to Audit & Supervisory Committee To more thoroughly implement compliance management, the Company established a new internal reporting system in July 2020 that can be used to report to the Audit & Supervisory Committee. This system is independent from management.</p>
Review and Improvement	<ul style="list-style-type: none"> The Company has been conducting the Compliance Awareness Survey targeted at employees of the Company and of domestic Group companies. The Company has been reviewing activities conducted under the KOBELCO Group's Compliance Program based on internal and external trends and the results of the Compliance Awareness Survey.



For more information on the Group's compliance activities, please refer to the Company's corporate website. https://www.kobelco.co.jp/english/about_kobelco/kobesteel/ethics-compliance/index.html



Compliance Top Seminar about domestic and overseas bribery risks, launched in October 2019 and attended by 185 members of management across the KOBELCO Group