

System for promoting compliance

The Compliance Department, established in the Risk Management Department as a department responsible for instilling the Standards of Conduct across the Group and advancing compliance efforts, is working to enhance the Group's compliance.

In addition, pursuant to internal rules and regulations on internal audits, the Internal Auditing Department, which is under the direct control of the President, investigates and evaluates whether activities of respective divisions conform to laws and regulations, the articles of incorporation, the Company's rules and regulations, corporate policies, etc. and whether they are reasonable, and works to make improvements based on the results.

If there is any act violating the Standards of Conduct that causes concern that it might produce a material effect, it will be

reported to the President and officers in charge of risk management will make an investigation. As needed, the Compliance Committee chaired by officers in charge of risk management or the President of the Company is convened to work to resolve it through such actions as examining circumstances, analyzing causes, identifying remedies, investigating whether there are any similar events, devising measures for preventing recurrence, and sharing the results in the Company and across the Group.

* For the risk management and compliance system, please refer to the diagram of the Risk management and compliance system below.

Internal whistleblowing system

The Haseko Group has set out the "Haseko Group Whistleblower Protection Rules" pursuant to the Whistleblower Protection Act and relevant laws and regulations. In addition, the Company has established an office in the Compliance Department of the Risk Management Department, as well as in a law firm as an external contact, dedicated to receiving public-interest whistleblowing reports by officers and employees and requests for consultation regarding harassment and compliance issues in general (including issues concerning the prevention of corruption such as graft and bribery).

The Company has put in place a system for protecting whistleblowers and preserving their anonymity and created an environment where employees feel free to file a report or request consultation in order to ensure that any wrongful act or misconduct be immediately detected and corrected.

Accounts submitted to the office responsible for consultation on internal whistleblowing, and the status of subsequent responses provided, are reported to the representative directors, outside directors, and corporate auditors on a regular basis.

Risk Management

Basic approach to and policy for risk management

The Haseko Group has set out the "Haseko Group Risk Management Policy" with the aim of properly managing various internal and external business risks associated with its operations and continuing to maintain and enhance its corporate value.

The Company has put in place its risk management system, and has ensured that rules and measures under the policy are known and implemented by all Haseko Group officers and employees.

Risk management system

The Haseko Group has adopted a risk management system in which the President of Haseko Corporation serves as Chief Officer to implement the "Haseko Group Risk Management Policy." The Company has also appointed a Chief Risk Management Officer, who is responsible for overall risk management, including risk prevention and crisis response across the Group, and officers in charge of risk management, who are responsible for leading risk management in each operating division of Haseko Corporation and Group companies. In addition, each Group company has its risk management department, which makes advice and recommendations regarding the formulation and implementation

of Group-wide measures for promoting risk management and monitors the progress of these measures.

The Company has also established the Risk Management Committee under the chairmanship of the President of Haseko Corporation. The Committee meets once every quarter, while convening an extraordinary meeting as needed when a serious risk event occurs, and works to collect, analyze, assess, and address risk events across the Company. The results of discussions of the Risk Management Committee are reported as needed to the Board of Directors, which assesses and oversees the implementation and effectiveness of the risk management system.

Risk management and compliance system

