

Anti-corruption

Basic ideas and policies

The Showa Denko Group takes the expectations of all stakeholders seriously and is committed to fulfilling its promises to them in a sincere manner. In all countries and regions, we will eliminate acts of corruption, such as breach of loyalty, abuse of authority, forcible transactions using undue influence, bribery, embezzlement, concealment, obstruction of justice, and money laundering as well as other unfair and anti-social actions. We clearly state our policies on “Anti-corruption” and “Compliance with competition laws” in the respective sections of Our Code of Conduct, which sets out the basic behavioral rules that all Group employees are expected to follow when performing their day-to-day duties. Moreover, we work to ensure the implementation of the policies by all employees.

Compliance with anti-bribery laws and regulations, and prevention of corruption

Bribery of public servants, etc. (including executives and employees of companies under substantial control of national and local governments, executives and employees of public international organizations, candidates for public office and others) or executives and employees of companies in the private sector and the compulsion, offer, and inducement to bribe are acts that cause corruption in national economy and politics, and prevent the sustainable growth of the international community. The Showa Denko Group has formulated the Showa Denko Group’s Global Anti-Bribery Policy, and we are implementing drastic measures to comply with anti-bribery laws and regulations enforced in each country. The Showa Denko Group has also been holding an e-learning seminar to provide basic knowledge on bribery to its employees in Japan and abroad, and a total of over 800 employees have participated so far. Through this e-learning seminar, we clearly explain that it is a violation of the bribery regulations enforced in each country and of the Group’s internal rules to provide government officials or executives/employees of companies in the private sector with excessive entertainment or gifts, either directly or through third parties, for the purpose of unfairly obtaining sales orders or to receive entertainment or gifts, engage in collusion or make facilitation payments for such purpose. The Group also educates employees on how to avoid bribery-related risks.

Also, for the provision of benefits and exchange/entertainment opportunities that do not constitute bribery, we conduct sufficient examinations as to the reason why we need to provide them, recognizing that providing them for the purpose of making profit unfairly may lead to corruption. Moreover, we

prohibit, in principle, individual employees and workplaces from accepting any money or gifts from suppliers and other related parties. Specifically, we prohibit in our in-house rules the provision and receipt of benefits, exchange/entertainment opportunities, and gifts that could be suspected as being intended to produce unfair profit. We also set an upper limit on the amount of money that can be spent for the purpose of socializing, thereby preventing the provision of excessive benefits. We have also set an approval process for the provision of such benefits.

Furthermore, we are enhancing anti-corruption measures targeting businesses and transactions with high corruption-related risks. In particular, for transactions with governmental agencies, we ensure through internal audits that no form of bribery—including the provision and receipt of entertainment or gifts—collusion or embezzlement has occurred. In addition, through the Sustainable Procurement Guidelines, we raise the awareness of all our suppliers, agents, consultants, distributors and other intermediaries about Showa Denko's anti-corruption policy, which prohibits the entertaining of government officials and giving/receiving of inappropriate benefits. Also, in the self-check questionnaire on CSR that we ask suppliers to fill out, we include questions about corruption risks to evaluate the suppliers in regard to such risks and prevent their materialization.

[Showa Denko Group's Global Anti-Bribery Policy](#) (108kB)

[Showa Denko Group's Sustainable Procurement Guidelines](#) (316kB)

Compliance with competition laws

For complying with competition laws, which are designed to ensure fair and open competition, in each country, we formulated our own anti-cartel rules in 2010 and have been implementing the rules to control cartel risks appropriately in our daily business operations. Also, since 1999, we have been carrying out internal audits every year to check for illegal sales activities to ensure compliance with competition laws and reported the results to top management. We also published a range of guidelines, including the handbook on antimonopoly laws for sales personnel, the Antitrust Compliance Guideline, and the Compliance Program of EU Competition Laws, with an eye to raising employees' compliance awareness regarding competition laws across the Group. Furthermore, we have been holding an annual seminar on competition laws for the Group's sales personnel (including national staff of Group companies outside Japan), inviting external experts in competition law to serve as lecturers. (Cancelled in 2020 due to the COVID-19 pandemic)

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