

Sustainability

## Combating Corruption

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Teijin Limited established "Teijin Group Anti-Corruption Policy" in September, 2021 and established anti-corruption procedures and systems.

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# Teijin Group Anti-Corruption Policy

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## Teijin Group Anti-Corruption Policy

The Teijin Group is committed as its corporate philosophy to enhancing the quality of life through a deep insight into human nature and needs, together with the application of creative abilities. Corruption is against the Group's corporate philosophy and totally unacceptable as it leads to violations of human rights, distorts the market and erodes the quality of life. Therefore, we (Note 1) hereby establish the "Teijin Group Anti-Corruption Policy".

### 1. Fundamental Principles

In this policy, "corruption" refers to the abuse of entrusted power for an improper gain, including but not limited to all forms of corruption, such as extortion, bribery (Note 2), conflicts of interest (Note 3), and illicit receipt of rebates and kickbacks. We recognize that the prevention of bribery is a particularly important issue for us. Thus, we strictly prohibit any direct or indirect involvement with bribery in violation of applicable laws and regulations. In addition, we do not permit any facilitation payment that is made for the purpose of obtaining an improper gain (Note 4).

We comply with all applicable anti-corruption laws and regulations. We prohibit any direct or indirect involvement with corruption in violation of laws and regulations. We meet our stakeholders' expectations by sincerely working to combat corruption through our business activities.

Furthermore, we broadly promote fair business practices and strive to contribute to the realization of peaceful, just, and inclusive societies.

### 2. Implementing a compliance program under the commitment of top management

The Teijin Group CEO will assume full responsibilities for taking necessary measures to implement this policy in the Teijin Group, including; repeatedly communicating this policy both inside and outside the company; maintaining and allocating appropriate the authority and resources to the Chief Social Responsibility Officer; and establishing a group compliance program that includes procedural rules and organizational structure.

### 3. Adopting a risk-based approach

To identify corruption risks within the Group, we assess risks from various aspects including the nature of our business operation, our business relationship, and our products or services and the scale and location of our business activities. We will take priority measures on the business activities with a high risk of corruption.

### 4. Education and training

We establish and implement a system for conducting regular education and training on the implementation of this policy and the related procedures for Group officers and employees.

### 5. Third party due diligence

We prohibit not only direct involvement with corruption but also the involvement through third parties such as sales agents. We strictly control contracts and transactions with third parties such as agents and develop procedures for monitoring third party activities regularly in order to prevent any involvement in corruption through a third party.

### 6. Effective operation of the whistleblowing hotline system

We establish and implement an effective whistleblowing hotline system that allows all the officers and employees to make a report whenever they become aware of corruption. We keep confidentiality of these reports and prohibit any disadvantageous treatment against the reporters.

### 7. Appropriate responses when any misconduct is identified

If corruption is detected or suspected, we prudently investigate any allegation, analyze the root cause of the misconduct, and take remedial actions to prevent recurrence. Any officers and employees who were involved in corruption shall be subject to strict disciplinary actions regardless of their positions.

### 8. Control measures before and after mergers and acquisitions

We carry out due diligence of any target company from a perspective of corruption risk prior to mergers and acquisitions as well as business alliances. We also integrate the company's compliance program into that of our Group through the post-merger integration.

**9. Monitoring and continuous verification / review**

We regularly monitor the implementation of this policy, verify its effectiveness and, if necessary, review it under the supervision of the Board of Directors.

**10. Recording and reporting our efforts**

We keep accurate records in our accounting books to avoid any doubt of our involvement in corruption. We also endeavor to disclose our anti-corruption efforts to the extent possible recognizing that anti-corruption is an important concern for both internal and external stakeholders.

Note 1 "We" refers to the Teijin Group and its officers and employees.

Note 2 "Bribery" refers to any payment of money, any provision of entertainment, gifts, or any other benefit, any payment of expenses, any donations or subsidies, etc. to public officials, etc. (including private citizens when commercial bribery is prohibited) in order to obtain an improper gain in violation of any applicable laws and regulations. This includes cases where we receive bribes in violation of any laws and regulations.

Note 3 "Conflict of interest" refers to a situation in which any individual or company is confronted with conflicts between the duties and demands of their position and their own private interests.

Note 4 "Facilitation payment" refers to a small amount of payment to public officials, etc. for the purpose of facilitating procedures related to ordinary administrative services.

Resolution by the Board of Directors of TEIJIN LIMITED on September 30, 2021

**Related information**

[Our philosophy >](#)

## Main Activities

### Establishment of Internal Regulations

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We established the Teijin Group Anti-Corruption Policy under which we lay out procedures and establish the framework for preventing corruption. In addition, we have formulated conduct guidelines for preventing corruption and work to ensure that our corporate officers and employees rigorously adhere to these guidelines.

In principle, our guidelines prohibit entertaining or providing gifts to public officials and other members of public institutions. In the event that there are logical grounds for providing benefits to or incurring expenses for public officials, prior approval must be obtained by responsible personnel in our organization. In addition, when making a donation or offering aid, employees are required to make use of a checklist to confirm that such donation or aid does not constitute the bribery of public officials.

In addition, we perform due diligence to confirm the eligibility of potential business partners from the perspective of preventing corruption conducted by external partners. We also conduct appropriate due diligence of target companies when conducting corporate acquisitions to confirm that there is no past or current corruption. We require suppliers to comply with our CSR Procurement Guidelines including the prohibition of bribery.

### Management of Corruption Risks at Our Business Partners

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We conduct due diligence to confirm the validity of transactions in order to prevent corruption occurring in transactions with business partners.

In particular, when starting or continuing the appointment of a sales agent, we confirm corruption risks based on a checklist (confirming presence/absence of items such as special interests with public officials, past corruption, capabilities to perform duties, and claims for unaccounted-for expenditures) and require that the sales agent sign an anti-corruption oath.

We clearly communicate our CSR Procurement Guidelines, including the prohibition of bribery, to our suppliers and request their thorough adherence to these guidelines. We also enact measures toward transactions with suppliers that have contributed to corrupt behavior, including the suspension of transactions with such suppliers for a set period of time.

Also, when conducting a corporate acquisition or merger, we conduct due diligence of the partner company related to corruption risks.

### FY2022 Activity Results

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#### Risk assessment

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From FY2019 to FY2022, we conducted assessments via an external law firm targeting each business and site of each Teijin Group company in order to clarify the exposure of the risk of corruption throughout the entire Group. In FY2022, the assessment targeted six overseas Group companies. The results of these assessments to date have not identified any business or site with significant corruption risks.

For businesses that deal with public institutions including governmental organizations, however, it was recommended that development of management systems and appropriate regular trainings be conducted, preferably in accordance with Teijin Limited fundamental policies, taking into consideration local characteristics at the site of business.

#### Education

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From the second half of FY2021 to the beginning of FY2022, we implemented anti-corruption e-learning for about 2,300 officers and employees responsible for operations such as sales, procurement, and collaboration with other companies, at each business and site of each Teijin Group company.

## Status of violations of laws and regulations relating to corruption

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In FY2022, it was discovered that two employees had engaged in conduct that contributed to corruption. These employees were dealt with in accordance with internal regulations at their respective Group companies.

In addition to reviewing work procedures and further establishing anti-corruption policies and internal regulations, we will provide anti-corruption educational activities to officers and employees at said companies to prevent a reoccurrence of such conduct.

## Future Issues

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We periodically conduct internal audits and risk assessment surveys and assess and review the PDCA cycle for the prevention of corruption.

In addition, we are committed to regular implementation of relevant education and training regarding anti-corruption within the Group, as well as to promoting extensive use of the internal reporting system and consultation hotlines when employees face risks such as bribery. We are working to gradually develop a reporting system for outside business suppliers.

## Status of the Provision of Capital

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In principle, the Teijin Group does not make political donations. In the case of expenditures necessary for the conduct of business, however, donations may be made within the scope of relevant regulations and in accordance with the Regulations for Teijin Group Responsibilities and Authorities.

Also, within the Teijin Group, Teijin Pharma Limited, Group companies that engage in the pharmaceutical, medical devices, and regenerative medicine businesses have established policies relating to transparency in relationships with medical institutions and disclose the status of the provision of funds to such organizations in accordance with these policies.

### Related information

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