

# Aisin Group

## Anti-Corruption Guideline

Aisin Corporation



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**[AISIN Group Anti-Corruption Policy]**

**AISIN Group Anti-Corruption Policy**

In accordance with “Aisin Group Principles of Corporate Behavior,” we, the Aisin Group of companies, contribute to the realization of sustainable economic growth and the resolution of social issues through fair and transparent business in a socially responsible manner, while complying with applicable laws, rules and regulations.

(Bribery Prohibition)

1. We do not directly or indirectly provide, offer or promise money, goods or other benefits to foreign or domestic government officials or any other persons for any unlawful purpose including securing an improper advantage, contract or concession.

In addition, we do not directly or indirectly receive, request or accept a promise to receive money, goods or other benefits from foreign or domestic government or any other persons or officials in exchange for any unlawful purpose including securing an improper advantage, contract or concession.

(Appropriate Entertainment and Gifts)

2. We give or receive entertainment and gifts within the scope that is socially and legally appropriate, in light of its purpose, frequency, counterparty, amount, etc. that would not cause distrust or suspicion from a third party.

(Prohibition of Corrupt Practices)

3. We do not engage in abusive corrupt or related unlawful practices, which could abuse professional powers and positions of one’s own power or that of a third party, such as bribery, embezzlement, insider trading, and coercion in providing benefits, and also fraudulent bidding.

(Appropriate Accounting)

4. We manage our accounting in a transparent and fair manner, in accordance with the applicable international and jurisdictional-specific accounting standards. We enter and record all transactions and assets accurately and thoroughly.

Aisin Corporation  
President

吉田守孝

## **【Background of Drawing up this Guideline】**

In recent years, in accordance with globalization of business activities, securing a fair competition in international transaction is becoming more and more important. Not only in the United States, in UK, China, and Japan, etc., in addition to the cumulative imposition of heavy penalties due to the extraterritorial application of the regulations prohibiting bribery to foreign public officials, our society's reaction toward misconduct is becoming more and more severe. Also, in coping with SDGs, the activities of corporations regarding corruption prevention draws our society's attention.

In addition to declaring in Aisin Group Principles of Corporate Behavior to keep a sound and proper relationship between politics and government, never have contact with anti-social powers and entities, in April 2020, we have also formulated the "AISIN Group Anti-Corruption Policy" as a group and globally common policy. We drew up this Guideline to help those working for Aisin Group to accurately understand our anti-corruption policy and never engage in corrupt practices.

Aisin Group never pursue profit that can be obtained only through unlawful means. We encourage each and every person working for Aisin Group to comply with this Guideline and work with confidence in a fair and square manner.

## **【Scope of Application】**

This Policy and Guideline applies to every person working for any Aisin Group companies, including officer, employee, limited-term employee, temporary personnel, dispatched personnel, etc. Every person working for Aisin Group is obliged to comply with this Policy and Guideline within the scope of its job responsibility.

### **1. Bribery Prohibition**

Policy 1:

We do not directly or indirectly provide, offer or promise money, goods or other benefits to foreign or domestic government officials or any other persons for any unlawful purpose including securing an improper advantage, contract or concession. In addition, we do not directly or indirectly receive, request or accept a promise to receive money, goods or other benefits from foreign or domestic government or any other persons or officials in exchange for any unlawful purpose including securing an improper advantage, contract or concession.



## **( 1 ) Prevention of Offering Bribes**

### **① Meaning of Offering Bribes**

Offering bribes means the act of providing or offering to provide money, goods and other benefits, or promising to provide benefits by one self or through a third party to public officials, etc., to influence the duty of government officials, etc. with a purpose to obtain or retain business advantages.

### **② What We Must Comply With**

- When contacting with public officials, etc., never act in a way that constitute offering bribes or do any actions that is suspected to be offering bribes.
- Not only yourself do not offer bribes, never offer bribes through a third party, such as an intermediate including advisers and consultants, customers, suppliers, subsidiaries, and affiliates.

### **③ Other Points to Note**

- **Offering bribes to parties other than public officials, etc. may also be subject to criminal punishment**

In UK and China, etc., and under regulations of some countries, even if the counter party does not belong to public officials, etc. (in case of private person or entity), offering bribes to such party may still be punished as crime if offering “money, goods, and other benefits” intending to make them engage in unlawful duty. This is what we call a commercial bribery (offering bribes to a private person). Of course, even if not constituting a crime, such practice is not allowed in Aisin Group, therefore when contacting persons other than public officials, etc., we have to be careful not to cause suspicions or misunderstanding from a third party.

- **Regarding Facilitation Payment**

Depending on countries and regions, you may be requested, without a basis of applicable laws and regulations, to pay public officials, etc. a small amount of money for customs clearance, security check, issuance or extension application of entry and stay visa, installation of water and sewage or telephone (facilitation payment). Such facilitation payment is also prohibited as offering bribes to public officials, etc.

- **If you are coerced into make payment**

If your counterparty asks for bribe, and there is no other realistic alternative

means and coerced into payment, please record and book payment as concrete and accurate as possible, and contact the department in charge of compliance without delay.

Also, if you are coerced into paying some kind of money, etc. in order to avoid dangers to your life, body, or physical freedom (assault, threat, arrest, incarceration, etc.), please place top priority on your safety, and respond to the counterparty's request. However, as stated, please make record afterward and report to the department in charge of compliance without delay.

## Case Study



Mr./Ms. A went to visit and greet the authority that A is newly in charge of, where A happened to find out A's junior in A's high school is the responsible person. Then, A has invited B for a meal which is to be paid by A's company fee. During the meal, A told B, "Hope you take a good care of our business!"



If you are offering bribes to a public official regarding his/her duty, you will be charged with bribery. Never offer bribes to a public official for purpose of stimulating sales activities or obtaining special consideration. Not only offering goods and money, treating a meal, taking out for leisure or entertainment will also be considered as bribes. When privately meeting with each other purely as a senior and junior, never talk about your job, make sure to split bills, so as not to cause misunderstanding.

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### 【Keywords】

#### ◆Public Officials, etc.:

means any officer of a government, ministry and agency, local authority (assembly member, police officer, firefighter, tax inspector, customs official, etc.), officials and employee of government-affiliated company or entity (professor of a national university, etc.), officers and employee of a public international organization, officers and employee of a political party, candidate of a public office (candidate of an election, etc.), or any person officially acting on behalf of the aforementioned persons (government designated inspection and examination body). Please note that this definition is much broader than what we use in our daily life.

#### ◆Business Advantage :

means simplification or acceleration (speeding up) of procedure, obtaining license, tax exemption, obtaining business transaction, obtaining high evaluation and assessment, obtaining confidential information, muzzling of fraudulence or misconduct, overlooking violation of laws and regulations, avoidance and reduction

of punishment.

◆ Money, Goods, and other Benefits :

means money, gift, entertainment, mediation, loan, sponsor fee, commission, price reduction, providing or mediating an employment, job, education, or medical opportunities to the other party's relatives, providing service, intersexual liaison, etc., anything of value in any forms.

## (2) Prohibition of Receiving Bribes

### ① Meaning of Receiving Bribes

Receiving bribes means the opposite of offering bribes, that is you request for, promise, or receive money, goods, or other benefits from a third party in consideration for you or have other person engage in unlawful duty for such party offering the bribes.



### ② What We Must Comply With

- Never engage in unlawful duty, or have your subordinate or others do the same.
- Never receive bribes yourself, but also never through your family, friends, and close relatives.

## Case Study



You are invited by a supplier to a family trip. You have hesitated, but finally decided to go because the supplier said they wanted to express their gratitude for your day to day cooperation.



To give a job to a supplier or cooperate with a supplier is a part of your job, but not as your personal favor. Accepting money or goods with a high value may lead to future favorable treatment, therefore never accept such offer.

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### 【Keyword】

◆ Unlawful Duty for a Third Party :

Includes obtain or retain business transaction, provide high evaluation or assessment, provide confidential information, muzzling of fraudulence or misconduct, etc.

## 2. Appropriate Entertainment and Gifts

Policy 2 :

We give or receive entertainment and gifts within the scope that is socially and legally appropriate, in light of its purpose, frequency, counterparty, amount, etc. that would not cause distrust or suspicion from a third party.



Please accept this gift and make arrangement for us.

### (1) Meaning of Appropriate Entertainment and Gifts

An entertainment or gift with a transparency that is explainable to anybody to be socially appropriate from the aspect of purpose, frequency, counterparty, amount, etc., and will never cause a third party's suspicion to be an inappropriate conduct.

### (2) What We Must Comply With

- Never accept entertainment or gift that is beyond the scope of socially appropriate practice.
- Follow necessary pre and post internal procedures, and maintain a proper recordkeeping.
- When paying entertainment fee, pay in advance or pay on invoice, to make sure money will not remain in the possession of the counterparty.
- When entertaining, never accompany family members, etc. nor is permissible to entertain only family members, etc.
- Make sure to choose a gift which the purpose and means of usage is specific and limited.

### (3) Other Points to Note

#### • **Providing Entertainment for Key Person**

Providing entertainment for individuals who have the power or title to make important decisions for Aisin (key persons) is likely to be misconstrued as being related to such decision-making. For example, a customer's manager in charge of procurement is a key person. With respect to the entertainment provided for such key persons, therefore, be sure to follow the relevant internal procedures and record the details of such cases of entertainment, including their organizers and purposes.

#### • **Providing Entertainment at Frequent Intervals**

Even if specific cases of entertainment are appropriate on an individual basis,



it may be collectively regarded as inappropriate if such entertainment, etc. is provided repeatedly over a short period of time. In other words, by formally dividing entertainment into several parts, you can effectively provide entertainment whose combined scale exceeds an acceptable range. When entertaining someone more than once, therefore, be sure that a reasonable interval has passed since the previous occasion.

#### • **Guided Tours to Nearby Tourist Spots**

Guided tours to nearby tourist spots are allowed within the limit recognized as relevant to the plant tours or other primary purposes of the missions of the counterparty. Check their relevance from the following perspectives:

<Perspectives on Guided Tours to Nearby Tourist Spots>

- Is the purpose of the guided tour to use up spare time unavoidably remaining in the study tour itinerary?
- Are the money and time spent, and the distance traveled, for the guided tour within an appropriate scope if compared to the itinerary overall?
- In view of the position, title, country and frequency of visits of the person you wish to entertain, as well as the transaction you are doing with that person, is it necessary to provide him or her not only with information directly relating to business, but also with the knowledge of your community's culture and society in general?
- Have you ensured transparency? Specifically, as needed, have you checked with the company or government office to which the person you are going to entertain belongs, as to whether he or she has obtained approval from said company or government office regarding his or her study tour itinerary?

#### • **Selection of Gifts**

Select gifts whose purposes and methods of use are clearly identifiable and limited. Giving gifts with unrestricted purposes or methods of use may be cast doubt that the gifts are offered for inappropriate purpose.

<Perspectives on gift selection>

- Foods, consumables and other items that can be consumed in a relatively short period of time are preferable to other types of gifts.
- Monetary gifts are prohibited. Do not choose marketable securities, precious metals or other articles that are highly liquid or easy to convert

into cash.

## Case Study



Mr./Ms. A will be promoted to be a section chief from next financial year. This inside story has been known to Supplier X, and A has been invited and went to a feast at a fine dining. Also, an expensive goods was delivered to A's home as a "congratulatory gift for promotion". A has hesitated, "Can I really receive this?", but finally decided to accept Supplier X's kindness.



An excessive "entertainment and gifts" is likely to be suspected as bribes and also may constitute violation of laws. Make sure to consider the amount, subject matter, frequency, and counterparty and if such "entertainment and gifts" are appropriate. If you have been offered with an "entertainment and gifts" disproportionately expensive, please decline (return) such entertainment or gifts.

### **3. Prohibition of Corrupt Practices**

Policy 3 :

We do not engage in abusive corrupt or related unlawful practices, which could abuse professional powers and positions of one's own power or that of a third party, such as bribery, embezzlement, insider trading, and coercion in providing benefits, and also fraudulent bidding.



#### **(1) Embezzlement**

##### **① Meaning of Corporate Embezzlement**

Embezzlement means to misappropriate assets that belong to others or public. If found guilty, the embezzler will be sentenced to prison. If using company's assets, money, or goods privately abusing your professional position, or appropriate assets, money, or goods entrusted by (possess for) others, such conduct will constitute a corporate embezzlement. If found guilty, more severe punishment will be imposed.

##### **② What We Must Comply With**

Never commit corporate embezzlement, as it not only financially damages our company, but also damages people's trust on our company.

## Case Study



Mr./Ms. A came to know that the computers piled up at the corner of A's office is to be disposed, so took one of them home and used it for a while. One day he brought the computer to a second-hand dealer, and the dealer has purchased it for several ten-thousand yen, which eventually became A's pocket money.



Even if intended to be disposed of, they are your company's assets. Never bring them home or sell them without permission. A's conduct may constitute crimes such as theft and embezzlement. When disposing your company's assets, follow internal rules.



Mr./Ms. A has received from A's company's customer the money payable to A's company. On the way back to A's company, A happened to notice that day is the due date for A's phone bill, so A has paid for A's bill using a part of the money A just has received from the customer. The next day, A has compensated for the shortage A has used for phone bill payment, and deposited the money to A's company's account. The due date for the customer's payment was one week later than its payment, so A thinks that there is no problem as A didn't cause any damage to A's company, and has never caused any troubles to anybody.



The money you have received from your company's customer is the payment for your company, and A is merely keeping the money on behalf of A's company. Here, A has used A's company's money on A's own, which is a conduct of corporate embezzlement. Even the amount is small, never think there is no problem and never appropriate company's money.

## (2) Insider Trading

### ① Meaning of Insider Trading

Insider trading is an act of a person, who has learned a nonpublic and material fact that may have impact the stock price of a publicly traded company (insider information), to buy or sell publicly traded companies' securities or bonds, or encourage others to buy or sell such securities or bonds, or tip insider information to others.



### ② What We Must Comply With

When there is a material fact that may affect the stock price of a publicly

traded company (insider information), the company's relevant person who has learned the insider information in relation to its job, or the information recipient who has received the insider information from the company's relevant person should comply with the following rules:

- Never sell or buy the securities or bonds of such publicly traded company before those material facts are publicly announced.
- Never inform such information to person other than those need to learn in order to perform its duty.
- Follow your company's internal procedures, such as submitting a signed statement, etc.

### ③ **Other Points to Note**

#### • Scope of the Company's Relevant Person and Information Recipient

The scope of the company's relevant person includes not only the officers and employees of the publicly traded company, but also that of parent and subsidiary company who is in the position possible to access to the material information.

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#### **[Keywords]**

##### ◆ Material Facts :

Information that have considerable impact on the investment decision of investors. For example, issuance of securities, merger, split up, or dissolution of company, acquisition of, investment in other company, business transfer, establishment of a joint venture, business alliance, commercialization of new product or technology, financial information (significant revision of performance and expected performance), losses suffered in the course of disaster or operation, administrative punishment, lawsuits, etc.

##### ◆ Company's Relevant Person :

Person in a position who may learn about the material information of a publicly traded company is the company's relevant person. For example, officers or employees (including short-term employee such as temporary staff, etc.) of a publicly traded company, its parent and subsidiary company, and the abovementioned persons one year within their retirement.

##### ◆ Information Recipient :

Family, relatives and acquaintance who has learned material facts from a company's relevant person.

### **(3) Coercion in Providing Benefits**

#### **① Meaning of Coercion in Providing Benefits**

In corporate activity, an act of abusing one's professional power, position, or status to request for money, goods, and assets in return to making favorable decision for parties of direct or indirect interest, and threatening such parties that if such request is refused, a disadvantageous decision will be made.

#### **② What We Must Comply With**

Coercion in providing benefits is a corrupt practice. You will still be held liable even if you have committed through a third party as an intermediate, so never engage in such conduct.

### **(4) Fraudulent Bidding**

#### **① Meaning of Fraudulent Bidding**

A fraudulent bidding is a conduct of purchaser using its position, professional or discretionary power to fraudulently give convenience so that a specific bidder wins the bid. Also, in return, if you receive (including request or promise to receive) money, goods, or benefit of any kind, or receive an excessive entertainment, you may be held legally liable for, or punished in accordance with your Work Rules.

#### **② What We Must Comply With**

Same as coercion in providing benefits, a fraudulent bidding is a corrupt practice. You will still be held liable even if you have committed through a third party as an intermediate, so never engage in such conduct.

## **Case Study**



In launching a new product, Company A has to outsource manufacturing of Part X. Company A held a competitive bidding, found out three companies, Company B, Company C, and Company D has participated in the bidding. Then, the procurement personnel of Company A told Company B the bidding price, and Company B has successfully won the bidding. In return, the procurement personnel has promised with Company B that Company B will pay a margin of a certain amount every month.



Here, the procurement personnel have used his/her professional power and position to make a fraudulent bidding and coercing to provide benefit, which is a corrupt practice. Also, in order to reduce production cost, the product of Company B may deteriorate, which may affect the product quality of your company, therefore never engage in such conduct.

## 4. Appropriate Accounting

Policy 4 :

We manage our accounting in a transparent and fair manner, in accordance with the applicable international and jurisdictional-specific accounting standards. We enter and record all transactions and assets accurately and thoroughly.



To manage accounting in a transparent and fair manner in accordance with international and domestic accounting standard is a minimum requirement for a global company. If we fail to comply with them, we will lose trust from our stake holder and will not be able to continue business activities. On the other hand, appropriate accounting procedures help us prevent and early detect corrupt practices such as bribery, excessive entertainment and gift, and embezzlement, etc., so please be aware of the following two points:

- Follow pre and post procedures in compliance with internal rules, etc., enter and maintain an accounting record which accurately and fairly reflects the entertainment, gifts, any and all transactions, to a reasonably detailed degree.
- In doing business, never engage in transactions such as off-the-book trading, fictitious deal, other false deal, or any other transactions that may cause misunderstanding, and never make or receive payment without legal basis.

### Case Study



Mr./Ms. A was induced by a president of an equipment manufacturer Mr./Ms. B, who is ordinarily sociable with A, to manipulate a voucher and appropriate money. A has issued an order sheet nominally to order a prototype X, and has made payment although nothing has been delivered. They have repeated such conduct for many times. Also, they went together to a high-end club and used up all the money paid from A's company to B's company.



Appropriation of money by means of a fictitious order constitute breach of trust or a fraud, so never engage in such conduct. If you have noticed any conduct of the like, consult with your boss, relevant department of your company, or the Corporate Conduct Ethics Consultation Desk.

## **5. Request to Everyone Working for Aisin Group**

### **(1) Your Responsibility**

#### **① Obligation to Take Initiative and Comply**

You have to comply with the AISIN Group Anti-Corruption Policy and this Guideline.

#### **② Obligation to Prevent and Inhibit Occurrence**

If you have found any conduct in violation or suspected violation of the Policy and this Guideline, please prevent and inhibit such violation from actually occurring, by pointing out to the person in question or consult your boss, senior or colleague. If you are unable to solve the problem in your office, then please consult the Ethics Consultation Desk.

#### **③ Obligation to Cooperate with Investigation**

If corrupt practice or suspected corrupt practice such as bribery, inappropriate accounting is found, Aisin Group or the relevant authority may investigate it. You are obliged to fully cooperate with such investigation.

### **(2) Handling of Violation**

The person who has violated the Policy and this Guideline may be punished, including punitive dismissal, etc., in accordance with the Work Rules. Also, may be held legally accountable for pursuant to applicable laws.

## **6. Consultation and Inquiry regarding this Guideline**

If you have any questions or unclear point regarding corrupt practice, such as bribery, embezzlement, fraudulent accounting, etc., or suspected any corrupt practice, or if you are unsure of your own conduct, or you are or may be involved in bribery, embezzlement, or fraudulent accounting, immediately contact the Legal Affairs Department of Aisin Corporation.

e-mail : [gr\\_compliance@aisin.co.jp](mailto:gr_compliance@aisin.co.jp)

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Revision History

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