

Fact-Finding Survey on the Status of Design and
Implementation of an Antimonopoly Act Compliance
Program in Companies

June 2025
Japan Fair Trade Commission

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Part I Purpose of the Survey

For promoting fair and free competition in markets in Japan, it is necessary to achieve an environment where competitive business activities are conducted autonomously by promoting compliance related to the Antimonopoly Act (AMA) (hereinafter referred to as “AMA compliance”) in individual companies, etc. The Japan Fair Trade Commission has conducted various fact-finding surveys on AMA compliance from the perspective of supporting companies’ efforts related to AMA compliance. (See Table 1.) Based on the results of the abovementioned fact-finding surveys and similar efforts by competition authorities in other jurisdictions, etc., the Japan Fair Trade Commission prepared and published on December 21, 2023 the *Guide for the Design and Implementation of an AMA Compliance Program* (hereinafter referred to as the “AMA Compliance Guide”). The Japan Fair Trade Commission is working to make the content of the Guide known to companies and other entities and raise their awareness about it.

With regard to AMA compliance, a fact-finding survey of listed companies was conducted in 2012, and the report presents “measures to ensure the effectiveness of the AMA compliance.” On the other hand, even in recent years, we have been in a situation where there continues to be cases suggesting that AMA compliance is not functioning effectively. For example, cease and desist orders have been issued against companies that have been engaged in AMA violations, requiring them to implement measures to prevent recurrence, including the establishment of compliance programs.

Given these situations, the Japan Fair Trade Commission decided to conduct a fact-finding survey of listed companies on AMA compliance for the first time since 2012 (hereinafter referred to as the “Fact-Finding Survey”). In order to present measures to further improve the effectiveness of AMA compliance at companies, it is necessary to collect and analyze the latest examples of efforts at each company. Therefore, in the Fact-Finding Survey, in addition to the overall status of the design and implementation of an AMA compliance program, we also decided to investigate the status of responses to recent developments related to AMA compliance, specifically, the status of treatment of the risk of AMA violations in algorithm use, that of AI use in audits related to the AMA, that of design and implementation of compliance programs for the pass-through of labor and other costs, and that of efforts for prevention and early detection of private monopolization and unfair trade practices.

In addition, while past fact-finding survey reports on AMA compliance and the AMA Compliance Guide have described efforts to prevent and detect AMA violations at an early stage, the relationship among the efforts and the priority of the efforts were not always clear. Therefore, in the Fact-Finding Survey, we not only individually aggregated and analyzed the survey results regarding the existence and content of efforts related to AMA compliance, but also aggregated and analyzed the individual survey results in a

comprehensive and cross-sectoral manner using an economic analysis method, thereby attempting to determine the relationship among efforts and the priority of efforts for definition.

While companies that have been caught committing AMA violations in the past and have been ordered to establish a compliance system under a cease and desist order are considered to have made some progress in designing and implementing an AMA compliance program, it is considered that a certain number of companies that have not been caught in the past consider that “our company will not be caught committing AMA violations” and have not designed or implemented an AMA compliance program. However, according to the Fact-Finding Survey, companies that had been caught committing AMA violations in the past thought that they would not be caught before they were actually caught and changed that way of thinking. Companies that have never been caught for such violations should use the failure cases of companies that have been caught as a springboard for designing and implementing their own AMA compliance program. In the Fact-Finding Survey, examples of such failure cases were also collected and analyzed.

The Japan Fair Trade Commission decided not only to compile the results of the Fact-Finding Survey in this Report, but also to revise (update) the AMA Compliance Guide based on the results. Please review the AMA Compliance Guide as well, since it is considered that referring to this Report together with the AMA Compliance Guide will further deepen your understanding of AMA compliance.

We hope that this Report and the AMA Compliance Guide will help your company further improve the effectiveness of AMA compliance.

Table 1. List of Survey Reports on Compliance with the AMA in the past

Date Published	Title	Survey Targets
May 2006	Corporate Compliance System - The present status and issues of the corporate compliance mainly with the Antimonopoly Act -	Companies Listed on the First Section of the Tokyo Stock Exchange (1,696 Companies)
May 2007	Compliance Efforts in the Construction Industry - Focusing on the Antimonopoly Act -	Licensed by the Minister of Land, Infrastructure, Transport and Tourism (1,700 Companies)
May 2008	Compliance Efforts of Foreign-owned Companies and Survey on Corporate Compliance from the Lawyer's Point of View - Focusing on the Antimonopoly Act -	Foreign-Owned Companies (1,466 Companies)
March 2009	Survey on the Status of Compliance System Development in Enterprises - Status Since the Enforcement of the Antimonopoly Act (Revised January 2006) -	Companies Listed on the First Section of the Tokyo Stock Exchange (1,738 Companies)
June 2010	Compliance Efforts of Individual Companies with the Antimonopoly Act - Measures to Enhance the Effectiveness of Compliance -	Companies Listed on the First Section of the Tokyo Stock Exchange

		(1,684 Companies)
November 2012	Survey on Corporate Compliance Efforts with the Antimonopoly Act	Companies Listed on the First Section of the Tokyo Stock Exchange (1,681 Companies)
March 2015	Compliance Efforts of Japanese Companies for Foreign Competition Laws - Aiming at Compliance Efforts as Global Rules -	Companies Listed on the First Section of the Tokyo Stock Exchange (1,814 Companies)
December 2016	Compliance Efforts of Trade Associations for Achieve Antimonopoly Act	Trade Associations (1,041 Associations)
June 2020	Status of Measures Taken by Cooperatives, Etc. Regarding Compliance with the Antimonopoly Act	Cooperatives, etc. (1,781 Associations)
June 2023	Report on the Effectiveness of Measures to Prevent Recurrence in Cease and Desist Orders	Enterprises which Have Received a Cease and Desist Order, etc. of the Unfair Trade Restrictions in the Past (719 Enterprises)

Part II Overview of the Survey

1. Questionnaire Survey

On October 7, 2024, letters of request for cooperation and the “Points of Attention Regarding Responses to Web-Based Questionnaire Survey” (Attachment 1) were sent to 1,643 companies listed on the Tokyo Stock Exchange’s Prime market (as of the end of August 2024, excluding foreign enterprises). Responses to the Questionnaire (Attachment 2) were received during the period from October 8, 2024 to January 17, 2025 by means such as a web-based questionnaire¹ from 869 companies (52.9% response rate).

Of the total 1,643 companies targeted for the Questionnaire, 178 companies had been subject to disposition, etc.² by the Japan Fair Trade Commission under the provisions of the AMA within the past 20 years and 1,465 companies had no history of disposition, etc. The response rate of the Questionnaire was 84.3% (150 companies) for companies with a history of disposition, etc. and 49.1% (719 companies) for companies with no history of disposition, etc. It was statistically significant that more companies with a history of disposition, etc. responded in this Questionnaire Survey³. In light of the fact that the conditions other than the presence or absence of a history of disposition, etc. are the same for both companies in responding to this Questionnaire Survey, and the fact that companies with a history of disposition, etc. tend to take various measures related to AMA compliance (detailed in Part III below), this suggests that companies with a history of disposition, etc. are more interested in measures taken by the Japan Fair Trade Commission to improve AMA compliance.

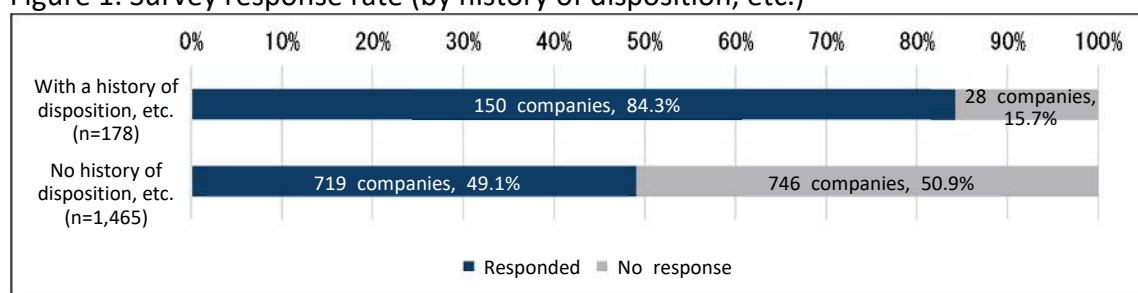
¹ The deadline for responding to the web-based questionnaire was November 18, 2024, but in order to collect more responses, the deadline was extended to January 17, 2025 as the final deadline, and it was decided that responses in an electronic file would also be accepted. Responses submitted after that date have been included in the aggregation in consideration of communications received on or before that date to the effect that the submission would be delayed.

² The term “disposition, etc.” in the main text includes 1) provision of recommendations for AMA violations in FY 2004 and FY 2005, 2) issuance of cease and desist orders or orders for payment of surcharge (excluding surcharge payment orders issued in relation to adjudication cases pending since before FY 2003) for AMA violations from FY 2005 to the end of October 2024, 3) finding of AMA violations in the recommendation under 1) or order under 2), and 4) recognition of commitment plans related to the AMA by the end of October 2024.

It should be noted that the determination of whether or not a company has been subject to the disposition, etc. set forth in 1) through 4) above is made, in principle, with respect to the companies targeted for the Questionnaire. However, if a company targeted for the Questionnaire is a pure holding company, the determination is made with respect to both the company targeted for the Questionnaire and its major subsidiaries (subsidiaries that responded to Question 1-2 of the Questionnaire). (However, any changes to the legal personality in the past (extinction due to absorption-type merger, new establishment due to share transfer, etc.) are not taken into account.) In addition, it is considered probable that other than companies that have been subject to the disposition, etc. described in 1) through 4) above, there are companies that have been sanctioned by foreign competition authorities for violations of foreign competition laws, received recommendations, orders, etc. for AMA violations retroactively prior to the past 20 years, or received warnings or cautions other than those described in 1) through 4) above within the past 20 years. For the sake of convenience, in the main text, “with a history of disposition, etc.” and “companies with a history of disposition, etc.” mean companies that have been subject to disposition, etc. within the past 20 years, and “with no history of disposition, etc.” and “companies with no history of disposition, etc.” mean other companies.

³ Where the expression “statistically significant” is used as a result of cross tabulation regarding multiple questions in the main text, the results of the chi-square test (a test used to examine whether cross-tabulated questions are related) are shown.

Figure 1. Survey response rate (by history of disposition, etc.)



In addition to the above, the attributes (whether or not the company is a pure holding company, capital, net sales, and number of employees (all on a non-consolidated basis)⁴, and industry (33 industry classifications and 17 industry classifications)) of the 869 companies responding to the Questionnaire were as follows.

Table 2. Whether or not the company is a pure holding company (Question 1-2)

Response alternative		Real number	%
1)	Not applicable	720	82.9
2)	Applicable	149	17.1
Total		869	100.0

Table 3. Capital (non-consolidated basis, Question 1-3)

Response	Real number	%
Less than 500 million yen	62	7.1
From 500 million yen to less than 1 billion yen	30	3.5
From 1 billion yen to less than 5 billion yen	182	20.9
From 5 billion yen to less than 10 billion yen	178	20.5
10 billion yen or more	417	48.0
Total	869	100.0

Table 4. Net sales (non-consolidated basis, Question 1-3)

Response	Real number	%
Less than 10 billion yen	46	5.3
From 10 billion yen to less than 50 billion yen	215	24.7
From 50 billion yen to less than 100 billion yen	173	19.9
From 100 billion yen to less than 500 billion yen	307	35.3
From 500 billion yen to less than 1 trillion yen	57	6.6
1 trillion yen or more	71	8.2
Total	869	100.0

⁴ In the case where a company targeted for the Questionnaire is a pure holding company, we asked about the capital, sales, number of employees, and industry of the major subsidiary that is responsible for the main business of the group of the company targeted for the Questionnaire, and then requested that the company respond to each question on the Questionnaire based on the status of that subsidiary unless otherwise instructed. While we requested that the companies provide written responses regarding the capital, sales and number of employees, there were a few responses that seemed to respond using figures on a consolidated basis or wrong units. (As it is difficult to verify the accuracy of the figures and their impact on the results of aggregation and analysis is minimal, we have not revised the responses.)

Table 5. Number of employees (non-consolidated basis, Question 1-3)

Response	Real number	%
Less than 500	150	17.3%
From 500 to less than 1,000	197	22.7%
From 1,000 to less than 5,000	397	45.7%
From 5,000 to less than 10,000	53	6.1%
10,000 or more	72	8.3%
Total	869	100.0

(Note) Number of persons employed excluding temporary employees such as part-timers

Table 6. 33 industry classifications (Question 1-4) and 17 industry classifications⁵

Industry (33 industry classifications)		Real number	%	Industry (17 industry classifications)		Real number	%
1	Fishery, Agriculture & Forestry	5	0.6	1	FOODS	41	4.7
2	Foods	36	4.1	2	ENERGY RESOURCES	5	0.6
3	Mining	2	0.2	3	CONSTRUCTION & MATERIALS	97	11.2
4	Oil and Coal Products	3	0.3	4	RAW MATERIALS & CHEMICALS	91	10.5
5	Construction	62	7.1	5	PHARMACEUTICAL	18	2.1
6	Metal Products	18	2.1	6	AUTOMOBILES & TRANSPORTATION EQUIPMENT	36	4.1
7	Glass and Ceramics Products	17	2.0	7	STEEL & NONFERROUS METALS	27	3.1
8	Textiles and Apparels	13	1.5	8	MACHINERY	59	6.8
9	Pulp and Paper	9	1.0	9	ELECTRIC APPLIANCES & PRECISION INSTRUMENTS	86	9.9
10	Chemicals	69	7.9	10	IT & SERVICES, OTHERS	144	16.6
11	Pharmaceutical	18	2.1	11	ELECTRIC POWER & GAS	19	2.2
12	Rubber Products	8	0.9	12	TRANSPORTATION & LOGISTICS	33	3.8
13	Transportation Equipment	28	3.2	13	COMMERCIAL & WHOLESALE TRADE	62	7.1
14	Iron and Steel	13	1.5	14	RETAIL TRADE	55	6.3
15	Nonferrous Metals	14	1.6	15	BANKS	46	5.3
16	Machinery	59	6.8	16	FINANCIALS (EX BANKS)	29	3.3
17	Electric Appliances	74	8.5	17	REAL ESTATE	21	2.4
18	Precision Instruments	12	1.4	Total		869	100.0
19	Other Products	16	1.8				
20	Information & Communication	72	8.3				
21	Services	56	6.4				
22	Electric Power and Gas	19	2.2				
23	Land Transportation	15	1.7				
24	Marine Transportation	4	0.5				
25	Air Transportation	2	0.2				
26	Warehousing and Harbor Transportation	12	1.4				
27	Wholesale Trade	62	7.1				
28	Retail Trade	55	6.3				
29	Banks	46	5.3				
30	Securities and Commodities Futures	13	1.5				
31	Insurance	7	0.8				
32	Other Financing Business	9	1.0				
33	Real Estate	21	2.4				
Total		869	100.0				

(Note) The display order has been changed from the Questionnaire to indicate the correspondence between 33 industry classifications and 17 industry classifications.

⁵ For details of 17 industry classifications, see the Tokyo Stock Exchange website (https://www.jpx.co.jp/markets/indices/line-up/files/fac_13_sector.pdf).

2. Interviews

Interviews with 21 companies that gave interesting responses in the above Questionnaire Survey were conducted from February 17, 2025 to April 25, 2025 in person or via web conference⁶.

Furthermore, in response to opinions from outside experts, etc. to the effect that it would be desirable for the AMA Compliance Guide to contain more informative information for SMEs, we conducted face-to-face interviews between October 22, 2024 and December 3, 2024 with seven SMEs selected on a voluntary basis through referrals from economic organizations, etc. in order to further enhance the provision of information to SMEs, after gaining an understanding of the current status of efforts by SMEs related to AMA compliance.

Part III Survey Results

1. Aggregation and Analysis Results for Individual Survey Items

The results of simple aggregation of responses to the Questionnaire are shown in Attachment 3. The results of aggregation and analysis⁷ of individual survey items in the Questionnaire are shown below.

Please also refer to the AMA Compliance Guide for the significance and importance of each survey item.

As described in Part II, 1 above, the population of the Questionnaire Survey was all 1,643 companies listed on the Tokyo Stock Exchange's Prime market. The response rate of the Questionnaire was higher for companies with a history of disposition, etc. than for companies with no history of disposition, etc. As described in (1) to (4) below, in the Questionnaire, companies with a history of disposition, etc. tended to give more positive responses regarding the existence of efforts related to AMA compliance than companies with no history of disposition, etc. Please note that the responses of companies with a history of disposition, etc. may have a certain influence on the simple aggregation results (Looking at the population as a whole, there is a possibility that the percentage of positive responses regarding the existence of efforts related to AMA compliance may decrease to a certain extent.)

⁶ In addition to the 21 companies mentioned in the main text, necessary information was collected through email exchanges, as appropriate, from companies that did not cooperate in interviews in person or via web conferencing, or were deemed to need to collect additional information on the results of the Questionnaire responses (23 companies in total).

⁷ The Japan Fair Trade Commission has established the Economic Analysis Office to strengthen the system for conducting high-quality economic analysis that can serve as a basis for the enforcement of laws and regulations under its jurisdiction and for policy formulation (https://www.jftc.go.jp/231031_keizaibunseki_torikumi.html). The Economic Analysis Office is in charge of economic analysis services in the examination of cases suspected of AMA violations, including the handling of lawsuits, the review of business combination, various fact-finding surveys, etc. In the Fact-Finding Survey, the Economic Analysis Office also supported the design of the Questionnaire and the aggregation and analysis of the results of the Questionnaire.

(1) Overall Efforts for Compliance Related to the AMA

A. Commitment and Initiative of the Top Management (See the AMA Compliance Guide, Part II-1, (1) (p. 8))

To improve AMA compliance, it is important for the top management to send a clear message that they will not tolerate any AMA violations⁸. According to this Questionnaire Survey, 833 companies (95.9% of respondents) reported that their top management was sending messages of some kind regarding AMA compliance.

In addition, in the Questionnaire (Question 3-1-1), the content of a message by the top management (compliance target (overall or AMA) and specificity of the message (abstract or specific)) was requested with the four response alternatives below (multiple choices allowed). The results of the responses were as follows.

[Response alternatives]

- An abstract message calling for the importance of overall compliance is being sent (overall and abstract).
- With regard to compliance in general, a specific message that denies the motives of officers and employees who intend to engage in violations, such as “we do not want even a single yen of profit from compliance violations” (overall and specific).
- An abstract message calling for the importance of the AMA is being sent (AMA and abstract).
- With regard to the AMA, a specific message that denies the motives of officers and employees who intend to engage in violations is being sent, such as “we do not want even a single yen of profit from the AMA violations” (AMA and specific).

- There are 761 companies whose top management sends messages of some kind regarding overall compliance (selecting “overall and abstract” or “overall and specific”)⁹, accounting for 87.6% of all responding companies, while there are 312 companies whose top management sends messages of some kind referring to the AMA (selecting “AMA and abstract” or “AMA and specific”)¹⁰, accounting for only 35.9% of all responding companies.

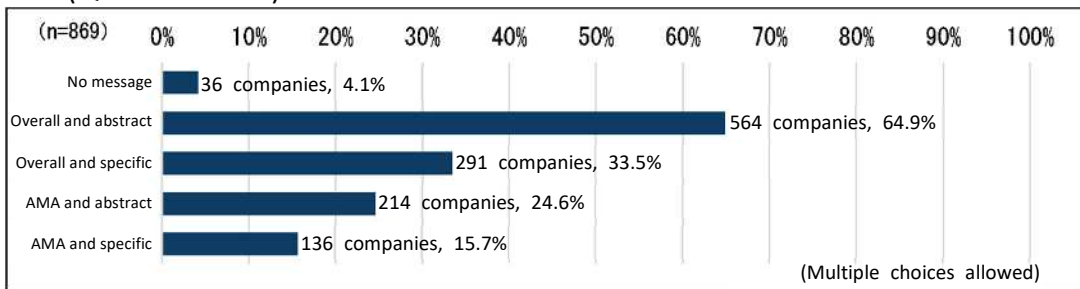
⁸ P. 8 on the AMA Compliance Guide

⁹ This question (Question 3-1-1) is a multiple-choice question, and if we simply added together companies that select “overall and abstract” (564 companies in the Figure 2) and companies that select “overall and specific” (291 companies in the Figure 2), companies that select both “overall abstract” and “overall and specific” would be double-counted. The number of companies selecting both “overall and abstract” and “overall and specific” is 94, and the number of companies in the main text is 761 as calculated by subtracting the number of companies selecting both “overall and abstract” and “overall and specific” (94 companies) from the number of those selecting “overall and abstract” (564 companies in Figure 2) and those selecting “overall and specific” (291 companies in Figure 2).

¹⁰ As in Note 9, the number of companies is calculated by subtracting the number of those selecting both “AMA and abstract” and “AMA and specific” (38 companies) from the number of those selecting “AMA and abstract” (214 companies in Figure 2) and “AMA and specific” (136 companies in Figure 2).

- The number of companies whose top management is sending a specific message that denies the motives of officers and employees who intend to engage in violations, such as “we do not want even a single yen of profit from the AMA violations” (companies selecting “AMA and specific”) is 136, accounting for only 15.7% of all responding companies.

Figure 2. Presence or absence and content of messages from the top management (Question 3-1-1)



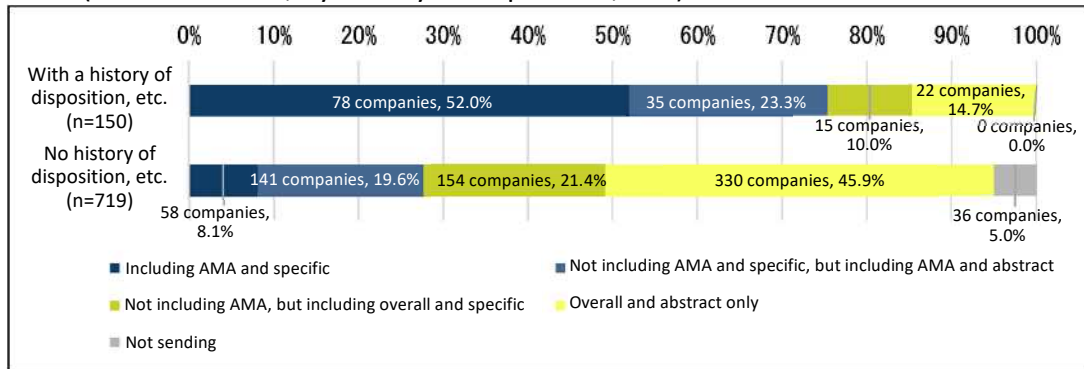
A cross-tabulation analysis conducted to determine how the presence or absence and content of messages from the top management (compliance target (overall or AMA), specificity of messages (abstract or specific)) differed depending on the presence or absence of a history of disposition, etc. yielded the analysis results below.

- Among companies with a history of disposition, etc., the top management of all responding companies (150 companies) sent messages of some kind. (All of the 36 companies whose top management did not send any message had no history of disposition, etc.)
- Among companies with a history of disposition, etc., the percentage of companies whose top management is sending messages of some kind referring to the AMA (companies selecting “AMA and abstract” or “AMA and specific”) is 75.3% (113 companies), while it is only 27.7% (199 companies) among companies with no history of disposition, etc.
- The percentage of companies whose top management is sending a specific message that denies the motives of officers and employees who intend to engage in violations, such as “we do not want even a single yen of profit from the AMA violations” (companies selecting “AMA and specific”) is 52.0% (78 companies) among those with a history of disposition, etc., while it is only 8.1% (58 companies) among those with no history of disposition, etc.
- Among companies with a history of disposition, etc., the percentage of companies whose top management is sending only abstract messages calling for the importance of overall compliance (companies selecting “overall and

abstract” only) is 14.7% (22 companies), while it is 45.9% (330 companies) among companies with no history of disposition, etc.

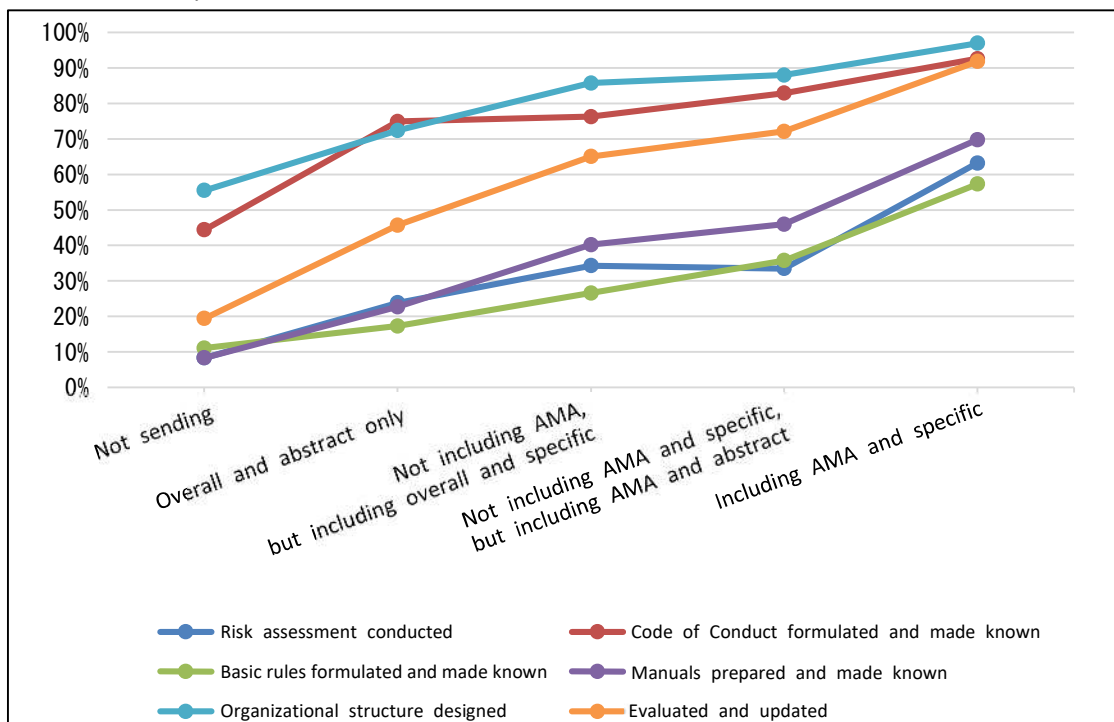
In particular, with regard to the third and fourth points above, it was statistically significant that the top management of companies with a history of disposition, etc. sent more specific messages on AMA compliance referring to the AMA, rather than just an abstract message on overall compliance. This seems to suggest that the top management of companies with a history of disposition, etc. are more aware and committed to AMA compliance.

Figure 3. Presence or absence and content of messages from the top management (Question 3-1-1, by history of disposition, etc.)



In addition, a cross-tabulation analysis conducted to determine how the status of implementation of various efforts listed in the AMA Compliance Guide differed depending on the presence or absence and content of messages from the top management (compliance target (overall or AMA) and the specificity of messages (abstract or specific)) revealed the statistical significance that companies whose top management sent a specific message that denied the motives of officers and employees who intended to engage in violations, such as “we do not want even a single yen of profit from the AMA violations” (136 companies selecting “AMA and specific”), were more likely to implement various measures listed in the AMA Compliance Guide than companies whose top management did not send any message (36 companies), companies whose top management sent messages but did not refer to the AMA in the messages (521 companies not selecting “AMA and specific” or “AMA and abstract” but selecting “overall and specific” or “overall and abstract”), and companies whose top management sent abstract messages calling for the importance of the AMA (176 companies not selecting “AMA and specific” but selecting “AMA and abstract”). This seems to suggest that companies whose top management sends specific messages on the AMA are more active in various efforts listed in the AMA Compliance Guide.

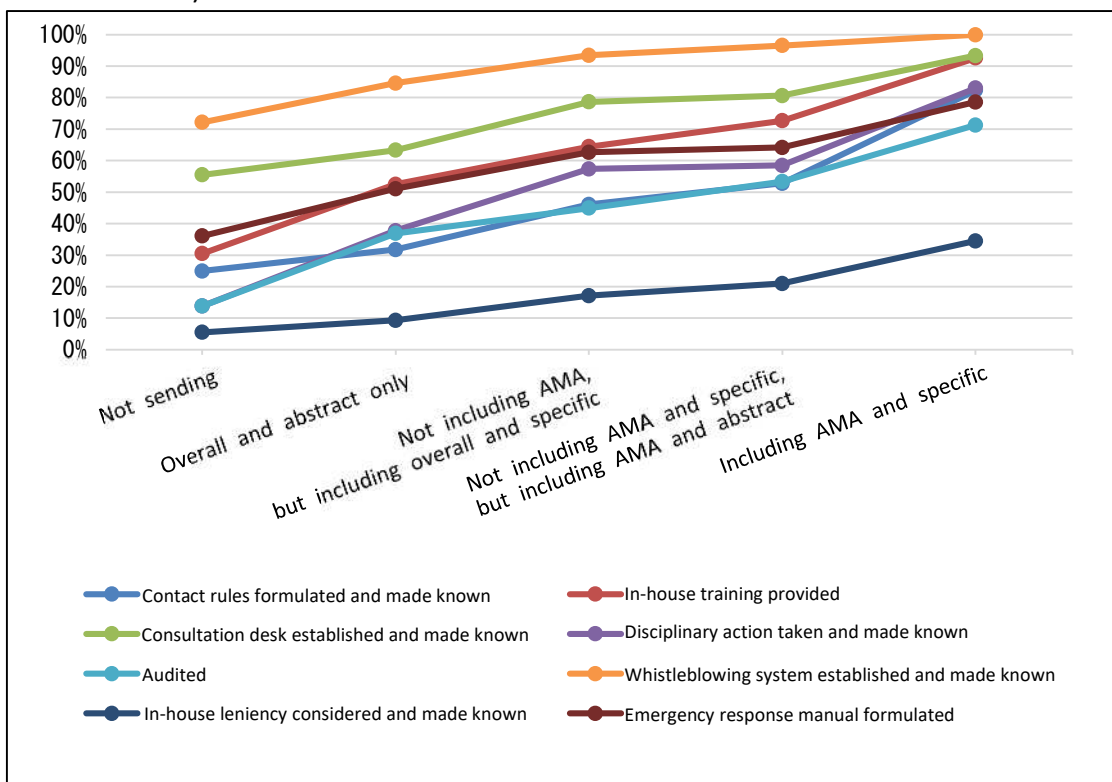
Figure 4. Correlation between messages from the top management and Guide items 1)



Item		Not sending	Overall and abstract only	Not including AMA, but including overall and specific	Not including AMA and specific, but including AMA and abstract	Including AMA and specific	Total
Total number of responses		36	352	169	176	136	869
Risk assessment conducted	Number of responses	3	84	58	59	86	290
	%	8.3%	23.9%	34.3%	33.5%	63.2%	33.4%
Code of Conduct formulated and made known	Number of responses	16	264	129	146	126	681
	%	44.4%	75.0%	76.3%	83.0%	92.6%	78.4%
Basic rules formulated and made known	Number of responses	4	61	45	63	78	251
	%	11.1%	17.3%	26.6%	35.8%	57.4%	28.9%
Manuals prepared and made known	Number of responses	3	80	68	81	95	327
	%	8.3%	22.7%	40.2%	46.0%	69.9%	37.6%
Organizational structure designed	Number of responses	20	255	145	155	132	707
	%	55.6%	72.4%	85.8%	88.1%	97.1%	81.4%
Evaluated and updated	Number of responses	7	161	110	127	125	530
	%	19.4%	45.7%	65.1%	72.2%	91.9%	61.0%

(Note) A percentage represents the percentage of total responses received for each category. For each item, responses are aggregated according to the aggregation conditions in 2, (1), Table 10 below.

Figure 5. Correlation between messages from the top management and Guide items 2)

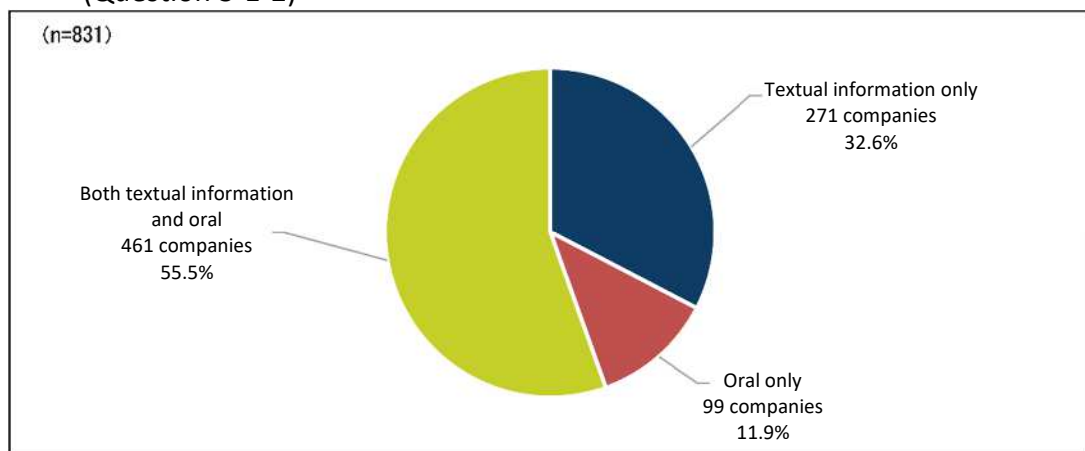


Item		Not sending	Overall and abstract only	Not including AMA, but including overall and specific	Not including AMA and specific, but including AMA and abstract	Including AMA and specific	Total
Total number of responses		36	352	169	176	136	869
Contact rules formulated and made known	Number of responses	9	112	78	93	112	404
	%	25.0%	31.8%	46.2%	52.8%	82.4%	46.5%
In-house training provided	Number of responses	11	185	109	128	126	559
	%	30.6%	52.6%	64.5%	72.7%	92.6%	64.3%
Consultation desk established and made known	Number of responses	20	223	133	142	127	645
	%	55.6%	63.4%	78.7%	80.7%	93.4%	74.2%
Disciplinary measures taken and made known	Number of responses	5	133	97	103	113	451
	%	13.9%	37.8%	57.4%	58.5%	83.1%	51.9%
Audited	Number of responses	5	130	76	94	97	402
	%	13.9%	36.9%	45.0%	53.4%	71.3%	46.3%
Whistleblowing system established and made known	Number of responses	26	298	158	170	136	788
	%	72.2%	84.7%	93.5%	96.6%	100.0%	90.7%
In-house leniency considered and made known	Number of responses	2	33	29	37	47	148
	%	5.6%	9.4%	17.2%	21.0%	34.6%	17.0%
Emergency response manual formulated	Number of responses	13	180	106	113	107	519
	%	36.1%	51.1%	62.7%	64.2%	78.7%	59.7%

(Note) A percentage represents the percentage of total responses received for each category. For each item, responses are aggregated according to the aggregation conditions in 2, (1), Table 10 below.

With regard to how the top management makes their messages known, among the 831 companies (2 companies that did not respond are excluded from the above 833 companies) whose top management sends messages, 271 companies (32.6% of the companies sending messages) had only textual information and 560 companies (67.4% of the companies sending messages) had oral information (the sum of “oral information only” and “both textual information and oral information” in Figure 6). It can be seen that oral messages are also used as appropriate in companies whose top management sends messages.

Figure 6. Methods of making known messages from the top management (Question 3-1-2)



(Note) Two companies were excluded from the aggregation because they did not respond.

In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding the examples of current efforts and past failures for the commitment and initiative of the top management.

[Examples of current efforts]

- Even now, about 10 years after the AMA violation case, the top management still sends messages in their own words several times a year, such as, “if even one AMA violation occurs, everything we have built up until then will be reduced to zero,” and these messages have helped promote AMA compliance activities.
- After the occurrence of the AMA violation case, the top management of the group proposed and formulated guidelines stating the importance of properly engaging in competition in compliance with the AMA. The guidelines are recited once a month at a meeting attended by senior executives of each group company, and the top management of each subsidiary also sends a message

based on the message of the top management of the group at its own morning meeting.

- Once a year, a video of the top management's message (about five minutes) is distributed through a company-wide e-learning system. The video emphasizes the importance of an attitude and culture that openly accepts issues raised, and that legal compliance takes precedence over the company's interests and disadvantages. All employees watched the video, and in a questionnaire after watching the video, one said "I understood the seriousness of the company."

[Examples of past failures]

- Securing sales and increasing a market share were regarded as the top priorities, and officers and employees in the sales division had set targets based on them. One of the factors that led to the price adjustment action was that officers and employees in the sales division had a wrong understanding of the means to achieve the targets, which was different from the company's intention, and acted accordingly.
- It has become a practice to coordinate with competitors to secure profits for product lines for which securing profits is difficult, and this has led officers and employees in the field to believe that protecting profits is the right thing to do for the company, and there is no problem with some adjustments.
- Since the company entered a market caught committing AMA violations as a latecomer, it has always worked on its business with a sense of crisis, but given priority only to securing its market position, which led to its anti-competitive behavior.

B. Assessing the Risk of the AMA Violations in Accordance with Respective Situations of Companies and Responding to the Risk in Risk-Based Approach (See the AMA Compliance Guide, Part II-1, (2) (p. 13))

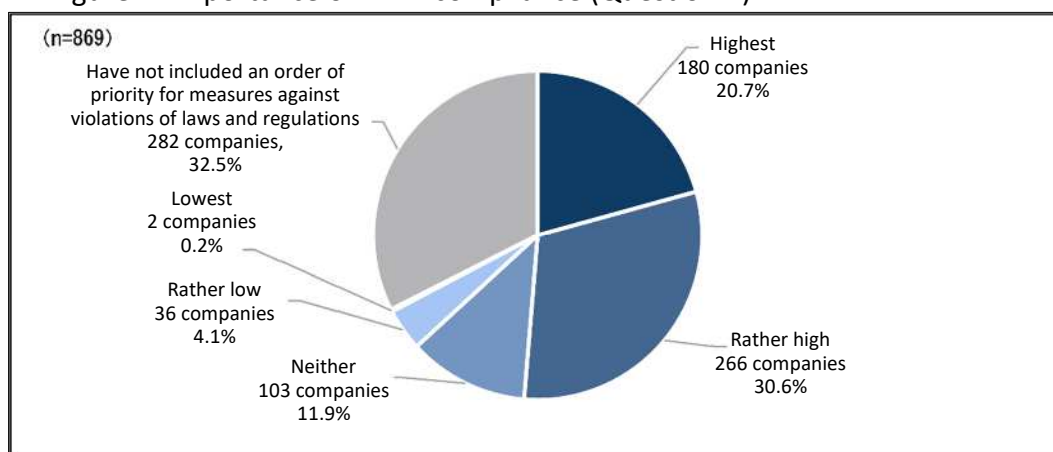
(A) Importance of AMA Compliance

Companies are working to design and implement systems for the prevention and early detection of violations of laws and regulations, not only the AMA. Although laws and regulations the company relates to themselves are important, in reality, corporate resources are limited, and it is considered difficult in practice to respond to all laws and regulations the company relates to with the utmost consideration. Therefore, in order to effectively design and implement systems for the prevention and early detection of violations of laws and regulations, it is considered possible to take particularly strenuous measures to address laws and regulations that are highly likely to be violated

and have a significant impact if a violation does occur, by, for example, establishing a specialized department in charge of such laws and regulations and assigning the necessary personnel to that department. In the Questionnaire, with an eye on considering and deciding which laws and regulations the company relates to require the most focused and intensive measures, we asked, in the design and implementation of systems for the prevention and early detection of violations of laws and regulations, how the company places the order of priority in the design and implementation of an AMA compliance program, and 282 companies responded “for measures against violations of laws and regulations, the company has not included an order of priority” (32.5% of all responding companies)¹¹.

Further, among the companies that have included an order of priority for measures against violations of various laws and regulations (587 companies), 446 companies (76.0% of the companies that have included an order of priority) responded with “the highest” or “rather high” with regard to the order of priority of the design and implementation of an AMA compliance program. Among them, 180 companies answered “the highest” (30.7% of the companies that have included an order of priority).

Figure 7. Importance of AMA compliance (Question 2)



A cross-tabulation analysis conducted to determine how such an order of priority differed depending on the presence or absence of a history of disposition, etc. yielded the analysis results below.

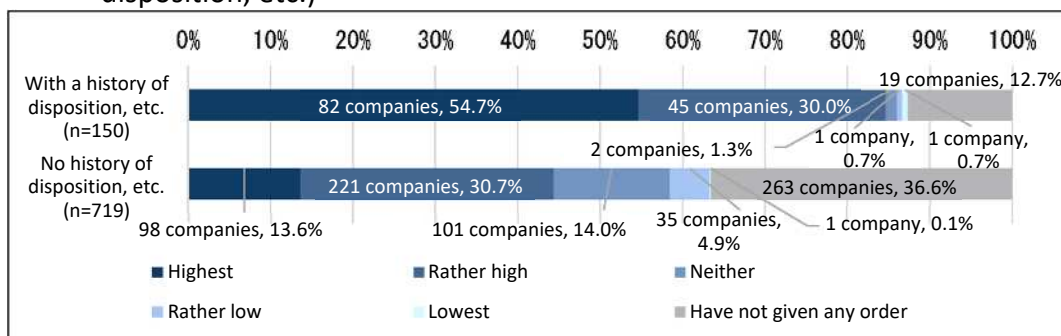
¹¹ “Placing order of priority” in the Questionnaire is based on the consideration and decision described in the main text. However, it seems that there are a certain number of companies that have chosen the response alternative of “for measures against violations of laws and regulations, the company has not included an order of priority” because they literally do not consider and decide the specific order to take measures for various laws and regulations.

- The percentage of companies that responded with “the company has not included an order of priority for measures against violations of laws and regulations” was 12.7% (19 companies) of companies with a history of disposition, etc., while it was only 36.6% (263 companies) of those with no history of disposition, etc.
- The number of companies that have included an order of priority for measures against violations of laws and regulations was 131 in those with a history of disposition, etc., and 456 in those with no history of disposition, etc. Of these, 96.9% (127 companies) of companies with a history of disposition, etc. have placed the order of priority for the design and implementation of an AMA compliance program as “the highest” or “rather high,” and 70.0% (319 companies) of companies with no history of disposition, etc. have so given order of priority.
- Of companies that have included an order of priority for measures against violations of laws and regulations, 62.6% (82 companies) of companies with a history of disposition, etc. have placed the order of priority for the design and implementation of an AMA compliance program as “the highest,” while only 21.5% (98 companies) of companies with no history of disposition, etc. have so placed the order of priority.

With regard to the first point above, it was statistically significant that more companies with a history of disposition, etc. included an order of priority for measures against violations of laws and regulations. With regard to the second and third points above, it was statistically significant that companies with a history of disposition, etc. placed a higher order of priority on the design and implementation of an AMA compliance program.

On the other hand, according to the second point above, it was found that 70.0% of companies with no history of disposition, etc. placed a high order of priority on the design and implementation of an AMA compliance program in the case where they had included an order of priority for measures against violations of laws and regulations. This fact seems to suggest that even for companies with no history of disposition, etc., if an order of priority is included for measures against violations of laws and regulations, the possibility that a higher order of priority is placed on the design and implementation of an AMA compliance program is increased.

Figure 8. Importance of AMA compliance (Question 2, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding the examples of current efforts and past failures related to the order of priority included for measures against violations of laws and regulations, including the AMA.

[Examples of current efforts]

- Every year, each division of the head office conducts a risk assessment to identify, analyze, and assess risks related to its business and consider countermeasures. In response to the occurrence of the AMA violation case, the head office selects the AMA as a priority theme (a theme requiring risk identification intensively) and focuses on identifying risk events that may lead to the AMA violations.
- The meeting body in charge of company-wide risk management monitors the risks of existing businesses and new businesses of group companies. The meeting body analyzes the importance of risks from the perspective of the probability of occurrence and the degree of impact, and then identifies key risks from a company-wide perspective. Based on past violations, the company has designed and implemented various rules and carried out educational and training activities to prevent recurrence, fully recognizing the risk of AMA violations. As a result of these activities, we believe that the risk of AMA violations is sufficiently controlled.
- Each business division is asked to identify its own risks, and then, at a meeting in which the heads of business divisions participate, the risk corresponding to the “knock-out factor” (an element that, if realized, would have a major impact on business execution itself) is identified from risks identified by each business division, and each business division is working on the risk treatment positioned as the top priority. Prior to the occurrence

of the AMA violation case, the risk of AMA violations was lumped together as a compliance risk. After such occurrence, the company has identified the risk of AMA violations individually and is working on the treatment of that risk positioned as that corresponding to the “knock-out factor.”

[Examples of past failures]

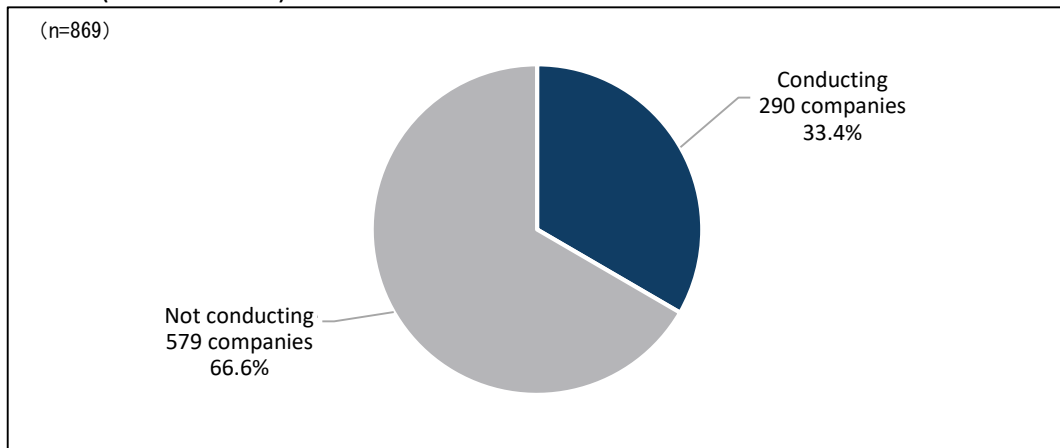
- Our company’s market share of goods and services was not so high, and there was an unconscious assumption that no AMA violations will occur. In the past, competitors were caught committing AMA violations for similar products and services. There was probably a prejudice that the competitor has by far the highest market share compared to our company, and owing to its position, has engaged in AMA violations, which is no concern of our company with a low market share, and we did not fully understand and recognize this issue at that time. After being caught committing an AMA violation, in our interactions with examiners of the Japan Fair Trade Commission, we understood that an AMA violation could arise even if the company’s market share was not overwhelming.
- In the company-wide risk assessment process, the risk of AMA violations was identified only in the abstract as one of general risks involving laws and regulations to be noted in the course of business activities, and not as a specific risk based on changes in the company’s business, regulatory environment, or market position. In addition, no efforts were made to understand the actual situation of sales sites. The overall risk assessment was conducted by the risk management division, but the involvement of the legal and compliance division with expertise in the AMA was limited.
- In response to the past AMA violation case at the head office (parent company), the head office (parent company) has positioned the risk of AMA violations as a risk to be treated intensively, and has made efforts to promote AMA compliance mainly in the business divisions where AMA violation cases have occurred in the past. However, the risk of AMA violations at our subsidiaries was not marked. As a result of not being able to get around to the subsidiaries, the AMA violation case occurred at a subsidiary.

(B) Risk Assessment by Type of AMA Violation or by Product, Base and Division

Other than unreasonable restraint of trade (Article 2, paragraph 6 of the AMA), there are other possible AMA violations in which companies may be involved, such as private monopolization (Article 2, paragraph 5 of the AMA)

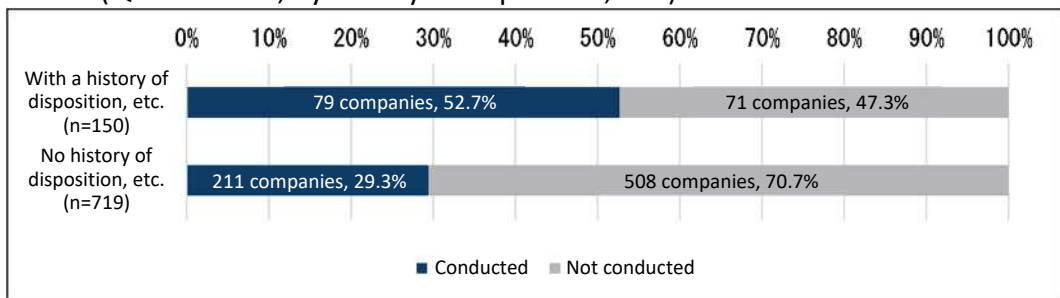
and unfair trade practice (each item of Article 2, paragraph 9 of the AMA). In addition, the types of potential violations are different for each product handled, base and division. Regarding a risk assessment by violation type, or by product, base and division, only 290 companies (33.4% of all responding companies) responded as “conducting.”

Figure 9. Risk assessment by violation type or by product, base and division (Question 3-2)



A cross-tabulation analysis conducted to determine how the conduct of a risk assessment by violation type or by product, base and division differed depending on the presence or absence of a history of disposition, etc. revealed that 52.7% (79 companies) of companies with a history of disposition, etc. conducted the risk assessment, while only 29.3% (211 companies) of companies with no history of disposition, etc. conducted it, showing a statistically significant difference. This seems to suggest that companies with a history of disposition, etc. are more sensitive to the risk of AMA violations and are more likely to conduct a detailed risk assessment by violation type or by product, base and division.

Figure 10. Risk assessment by violation type or by product, base and division (Question 3-2, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, comments below were received regarding examples of current efforts for the risk assessment by violation type or by product, base and division.

[Examples of current efforts]

- In evaluating the risk of AMA violations, our company first classifies types of the AMA violations (price-fixing cartels, bid-rigging, abuse of superior bargaining position, etc.) as risks and examines the impact and likelihood of occurrence of such risks by violation type in its business. Next, based on the competitive environment and market characteristics, the company identifies areas where specific risks are likely to occur for each product and service handled, and prepares a risk map considering risk factors for each base and country. After that, the company analyzes risks for each division where the risk of AMA violations varies, such as the sales division, procurement division or marketing division, and conducts the assessment according to the risk factors unique to each division. The above risk assessment is periodically reviewed. Risk management methods and assessment standards are also updated in light of industry trends and the status of legal revisions.
- In order to ascertain the risk of AMA violations, the company conducts interviews with division heads and general managers who make important decisions in their daily work, and in doing so, reminds them of such risk from an educational standpoint. Specifically, the company first confirms the content of the duties of interviewees (regarding products handled by them, their customers, regions, etc.) and whether or not they have had contact or exchanged sensitive information with competitors, and then explains the seriousness of the risk of AMA violations, as well as the importance of avoidance of unnecessary contact with competitors, the leniency program, and prompt reporting of suspected violations, based on examples from other companies. As a result of these reminders, the interviewees and their subordinates have begun to avoid unnecessary contact with competitors, and also to actively consult with the company when making new transactions with or contacting competitors.

C. Design and Implementation of Policies and Procedures for Promoting the AMA Compliance (See the AMA Compliance Guide, Part II-1, (3) (p. 20))

In the AMA Compliance Guide, the Code of Conduct, the AMA Compliance Basic Rules (hereinafter referred to as the “Basic Rules”) and the AMA Compliance Manual (hereinafter referred to as the “Manual”) are listed as the internal rules and manual for AMA compliance. Table 7 shows the definition of these terms in the Questionnaire.

Table 7. Definition of the internal rules, manual, etc. for AMA compliance

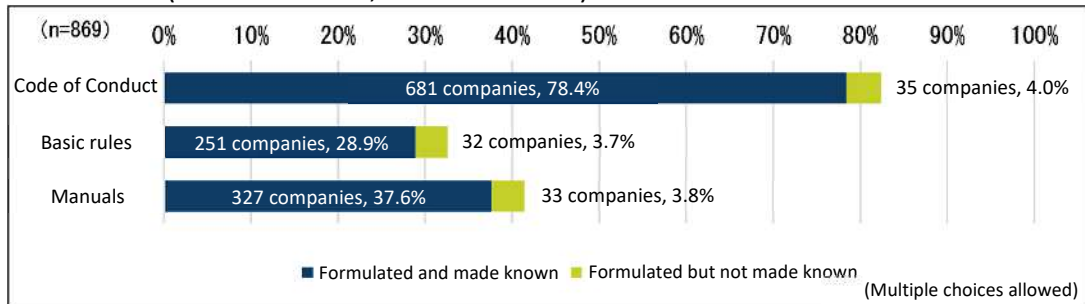
Category	Definition
Code of Conduct	Guidelines that specifically and clearly indicate the ethical behavior and attitude to be taken by individual officers and employees in their daily business activities in order to realize the corporate philosophy and values
AMA Compliance Basic Rules	Internal rules that comprehensively stipulate matters concerning the design and implementation of an AMA compliance program
AMA Compliance Manual	A guidebook that summarizes knowledge and matters to be noted concerning the AMA in an easy-to-understand manner

(Note) The Questionnaire is intended to include cases where matters concerning AMA compliance are described not only in internal rules, manuals, etc. specialized in AMA compliance, but also in internal rules, manuals, etc. concerning overall compliance.

There were 92 companies (10.6% of all responding companies) that had not formulated their Code of Conduct, basic rules or manuals, while 777 companies (89.4% of all responding companies) had formulated at least one of them.

Among them, 716 companies (82.4% of all responding companies) have formulated their Code of Conduct, indicating that many companies are in the process of formulating one. (However, there are 35 companies (4.0% of all responding companies) that have formulated their Code of Conduct but have not made it known.) On the other hand, only 283 companies (32.6% of all responding companies) have formulated basic rules and 360 companies (41.4% of all responding companies) have formulated manuals, indicating that many companies have not yet formulated rules or manuals with the AMA in mind. (In addition, there are 32 companies (3.7% of all responding companies) that have formulated basic rules but have not made them known, and 33 companies (3.8% of all responding companies) that have formulated manuals but have not made them known.)

Figure 11. Whether or not a Code of Conduct, etc. have been formulated and made known (Question 3-3-1, Question 3-3-2)

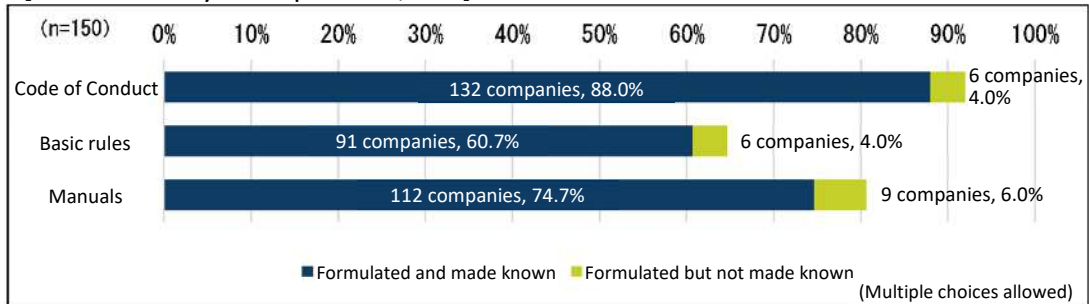


A cross-tabulation analysis conducted to determine how the formulation and dissemination of the Code of Conduct, basic rules and manuals differed depending on the presence or absence of a history of disposition, etc. yielded the analysis results below.

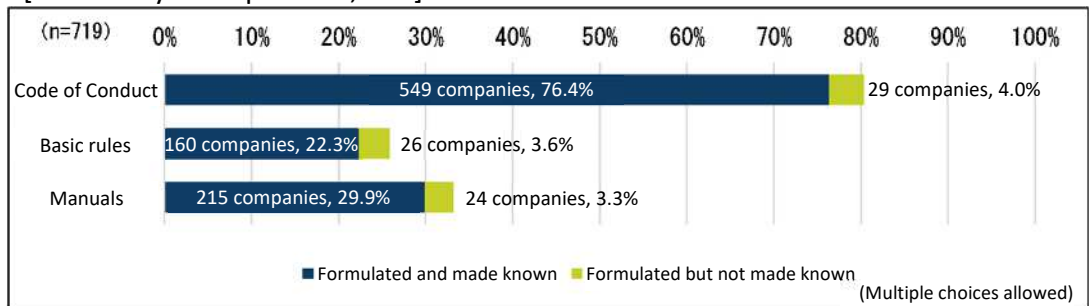
- Of the 92 companies that had not formulated their Code of Conduct, basic rules or manuals, 91 companies had no history of disposition, etc. (Among companies with a history of disposition, etc., there was only one company that had formulated none of them.)
- There were 92.0% (138 companies) of companies with a history of disposition, etc. formulated their Code of Conduct, and 80.4% (578 companies) of companies with no history of disposition, etc. formulated one. There was no significant difference in whether or not the Code of Conduct had been formulated depending on the presence or absence of a history of disposition, etc.
- While 64.7% (97 companies) of companies with a history of disposition, etc. formulated basic rules, only 25.9% (186 companies) of companies with no history of disposition, etc. formulated them.
- While 80.7% (121 companies) of companies with a history of disposition, etc. formulated manuals, only 33.2% (239 companies) of companies with no history of disposition, etc. formulated them.

Figure 12. Whether or not a Code of Conduct, etc. have been formulated and made known (Question 3-3-1 and Question 3-3-2, by history of disposition, etc.)

[With a history of disposition, etc.]

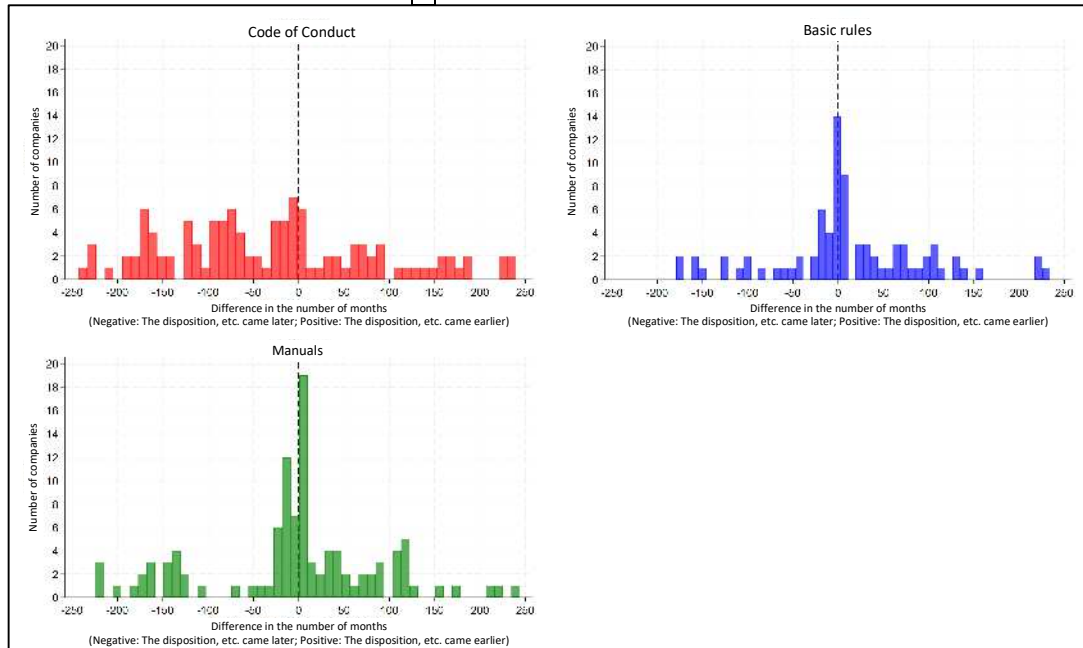


[No history of disposition, etc.]



In addition, a comparison of the time when companies with a history of disposition, etc. received the first disposition, etc. with the time when the Code of Conduct, basic rules, and manuals were formulated showed that while some companies had formulated the Code of Conduct before they received the disposition, etc., many companies had formulated the basic rules and manuals around the time of receipt of disposition, etc. It is statistically significant that more companies with a history of disposition, etc. have formulated basic rules and manuals. However, since the time of formulation of these rules and manuals is concentrated around the receipt of a disposition, etc., this seems to suggest that many companies have not formulated basic rules and manuals until they are caught committing an AMA violation and may have formulated basic rules and manuals as part of measures included in the disposition, etc. and recurrence prevention measures.

Figure 13. Comparison of the time of disposition, etc. and the time of formulation of a Code of Conduct, etc.¹²



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding examples of current efforts for the Design and Implementation of Policies and Procedures for Promoting the AMA Compliance.

[Examples of current efforts]

- After the occurrence of the AMA violation case, with the belief that our company should return to the origins of our business, the top management has visited various bases throughout Japan and asked officers and employees

¹² For companies with a history of disposition, etc., the month in which they formulated their Code of Conduct, etc. is subtracted from the month in which they received the disposition, etc. to calculate the number of months of difference between the month of receipt of the disposition, etc. and the month of formulation of their Code of Conduct, etc., and the distribution of the number of the companies by number of months of difference (number of months of difference between the month of receipt of the disposition, etc. and the month of formulation of their Code of Conduct, etc.) is shown by histogram. The horizontal axis indicates the number of months of difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc. When the horizontal axis is 0, it indicates that there is no difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc. (meaning that the Code of Conduct, etc. were formulated in the same month as that of receipt of disposition, etc.). When the horizontal axis is positive (negative), it indicates that the Code of Conduct, etc. were formulated after (before) the disposition, etc. (In this case, the distance from “0” indicates the number of months of difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc.) The vertical axis indicates, when the horizontal axis is 0, the number of companies with no difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc. (meaning that the Code of Conduct, etc. were formulated in the same month as that of receipt of disposition, etc.), or when the horizontal axis is positive (negative), the number of companies by number of months of difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc. (such as when the number of months of difference between the month of receipt of disposition, etc. and the month of formulation of the Code of Conduct, etc. is a negative one, the number of companies that formulated the Code of Conduct, etc. in the month one month before the month of receipt of the disposition, etc.).

about the ideal way for our business to organize the principles and values of our company, and then formulated the Code of Conduct (including the conduct of fair business activities in compliance with laws and regulations) as a standard to serve as a basis when officers and employees get lost in judgment in their daily operations, and made it known both internally and externally.

- The Code of Conduct is a code of ethical business conduct that must be followed by all officers and employees of our company group, and it is necessary to formulate and share a common code across the world. The company has formulated the Code of Conduct that includes items related to AMA compliance while also taking into account the opinions of legal personnel in overseas subsidiaries. In addition, in response to a request from legal personnel in foreign subsidiaries, a universal policy on competition laws was also formulated to further embody the Code of Conduct. This policy has been formulated by extracting only the basic concepts of each country's competition law, including not only horizontal acts such as cartels and bid-rigging, but also vertical acts such as unfair trade practices, and through the review of legal personnel in a subsidiary in each country and external specialists such as consultants. Both the Code of Conduct and policy have been translated into the languages of the regions where our overseas subsidiaries are located and are available throughout the group.
- The company has formulated the AMA compliance program pursuant to the AMA Compliance Basic Rules, and the same rules comprehensively provide for matters necessary for the design and implementation of the program (organizational structure and risk assessment, contact rules with competitors, in-house training, consultation system, disciplinary measures, audits, whistleblowing, in-house leniency, response upon detection of a violation, program evaluation and update, etc.).
- The guidelines explaining the points of the AMA Compliance Basic Rules explain the points of the AMA. They also explain that the crime of bid-rigging under the Act on Elimination and Prevention of Involvement in Bid Rigging, etc. and Punishments for Acts by Employees that Harm Fairness of Bidding, etc. and/or the Penal Code may apply to so-called government-led bid-rigging cases, in addition to that under the AMA. A separate manual has been prepared that summarizes recommended or prohibited actions in public bidding cases.

D. Design of Organizational Structure and Allocation of Adequate Resources and Authority (See the AMA Compliance Guide, Part II-1, (4) (p. 29))

Only 19 companies (2.2% of all responding companies) had no specific provision of any organizational structure regarding AMA compliance, and 850 companies (97.8% of all responding companies) had some provision of organizational structure.

With regard to the organizational structure considered to function as the second line in the Three Lines Model¹³ out of individual organizational structures, 578 companies (68.0% of companies with an organizational structure provision) have appointed a compliance officer, 665 companies (78.2% of companies with an organizational structure provision) have established a compliance committee, and 622 companies (73.2% of companies with an organizational structure provision) have established a department or appointed personnel in charge of overall compliance regarding issues such as violations of laws and regulations, outside business divisions. On the other hand, only 81 companies (9.5% of companies with an organizational structure provision) have established a dedicated department or appointed personnel in charge of AMA compliance independent of the department or personnel in charge of overall compliance regarding issues such as violations of laws and regulations, outside business divisions.

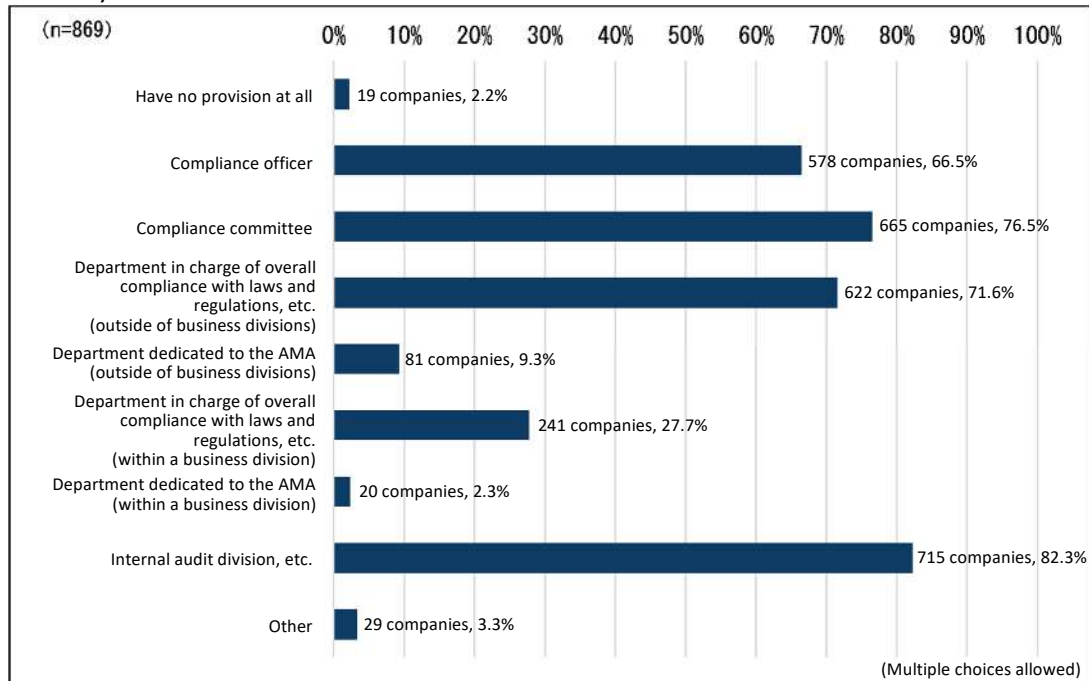
With regard to the organizational structure within the first line business division¹⁴, 241 companies (28.4% of companies with an organizational structure provision) had established a department or appointed personnel in charge of overall compliance regarding issues such as violations of laws and regulations, and 20 companies (2.4% of companies with an organizational structure provision) had established a dedicated department or appointed personnel in charge of AMA compliance independent of the department or personnel in charge of overall compliance.

With regard to the internal audit department or personnel positioned as the third line, 715 companies (84.1% of the companies with an organizational structure provision) had established or appointed it.

¹³ Refer to page 29 on the AMA Compliance Guide for the Three Lines Model. In the Three Lines Model, the first line business division is responsible for risk management through daily monitoring, the second line risk management division is responsible for cross-functional risk management, and the third line internal audit division is responsible for independent evaluation. It is important to clarify the authority and responsibility within the organization and appropriately coordinate these functions with supervision and monitoring by the board of directors or audit & supervisory board members, etc. We request that the Three Lines Model be referred to in the provision of the organizational structure (hereinafter, the first, second or third line refers to the position in the Three Lines Model).

¹⁴ In practice, a department or personnel performing the same function as the second line within the first line business division is sometimes referred to as the 1.5 line.

Figure 14. Provision of an AMA compliance organizational structure (Question 3-4-1)



A cross-tabulation analysis conducted to determine how the provision of the AMA compliance organizational structure differed depending on the presence or absence of a history of disposition, etc. yielded the analysis results below.

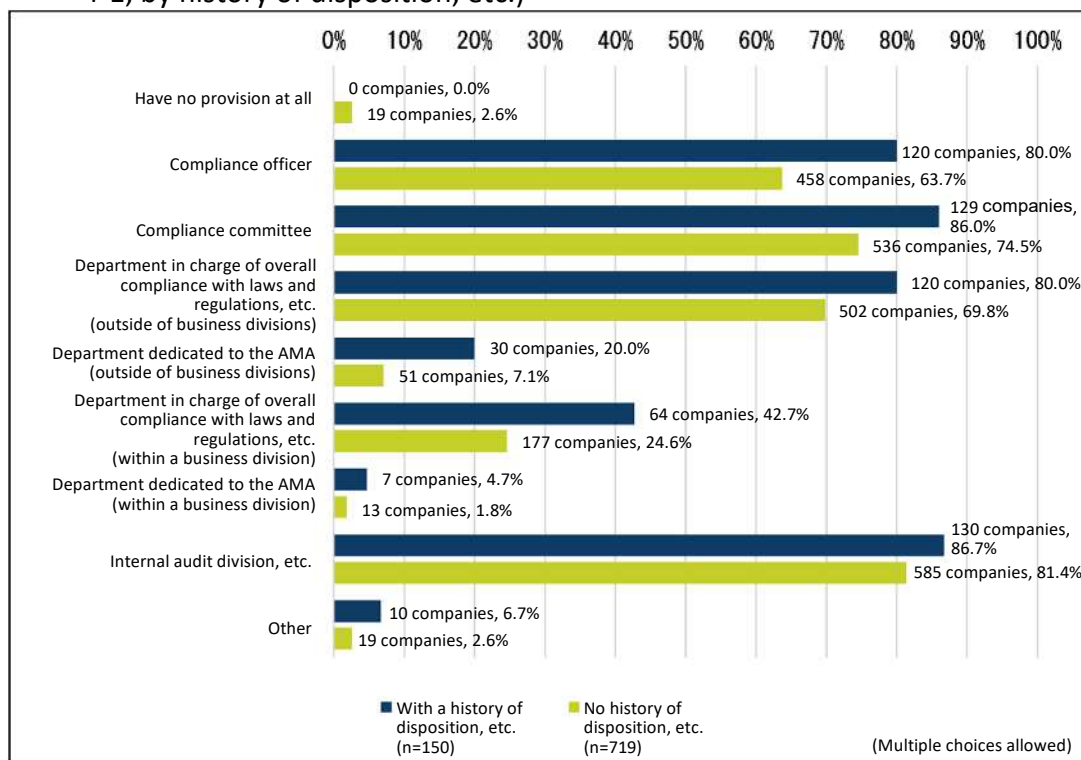
- With regard to the AMA compliance organizational structure, 19 companies that had not have any organizational structure provision were all those with no history of disposition, etc.
- Among companies with some organizational structure provision (150 companies with a history of disposition, etc., 700 companies with no history of disposition, etc.), approximately 60% to 70% of the companies with no history of disposition, etc. have appointed or established a compliance officer, a compliance committee, or a department or personnel in charge of overall compliance regarding issues such as violations of laws and regulations, outside business divisions, while approximately 80% of the companies with a history of disposition, etc. have done so.
- Among companies with some organizational structure provision, the percentage of companies with the dedicated department or personnel in charge of AMA compliance outside business divisions is only 7.3% (51 companies) of companies with no history of disposition, etc., while it is 20.0% (30 companies) of companies with a history of disposition, etc.
- Among companies with some organizational structure provision, the

percentage of companies with the department or personnel in charge of overall compliance regarding issues such as violations of laws and regulations in a business division is only 25.3% (177 companies) of companies with no history of disposition, etc., while it is 42.7% (64 companies) of companies with a history of disposition, etc.

- Among companies with some organizational structure provision, the percentage of companies with the dedicated department or personnel in charge of AMA compliance in a business division is 1.9% (13 companies) of companies with no history of disposition, etc. and 4.7% (7 companies) of companies with a history of disposition, etc. The percentage of companies with such history exceeded that of companies with no such history.
- Among companies with some organizational structure provision, while the percentage of companies with the internal audit division or personnel was approximately 80%, it was 83.6% (585 companies) of companies with no history of disposition, etc. and 86.7% (130 companies) of companies with a history of disposition, etc. The percentage of companies with such history exceeded that of companies with no such history.

Based on the above, it can be seen that the organizational structure for AMA compliance is being further provided by companies with a history of disposition, etc. Even though companies with no history of disposition, etc. have provided a certain organizational structure, there are a certain number of those companies responding that they have not had any particular organizational structure provision. We request that these companies make efforts to establish their organizational structure by referring to this Report and the AMA Compliance Guide.

Figure 15. Provision of the AMA compliance organizational structure (Question 3-4-1, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding examples of current efforts and past failures for AMA compliance organizational structure.

[Examples of current efforts]

- When implementing uniform price revisions for products in a fixed price range or above, matters such as the sequence of events leading to and grounds for the price revisions, and whether or not there has been contact with competitors should be examined at a meeting consisting of the legal officer and heads of business divisions from the perspective of preventing price-fixing cartels. In recent years, whether appropriate price pass-through has been achieved (whether our company is able to secure appropriate profits while accepting requests from customers for price pass-through) has been discussed at the meeting.
- In order to enhance the AMA compliance system, the company established the legal division, as well as the compliance office, and added AMA compliance work to general legal compliance work. While the company also increased the number of personnel for the organizational structure with in-house counsel and experienced sales personnel, internal support, including training, was

enhanced, and communication with sales sites was overwhelmingly improved, making it easier to achieve AMA compliance.

- In order to achieve AMA compliance, it is important to first monitor what cases are occurring in front of you on a daily basis, and if there are any problematic cases, call attention to them in advance or suspend them. To ensure that such action can be taken immediately, the legal division physically assigns one legal division member to each business division. Each member examines what risks are assumed in each workplace, mainly in relation to cartels and bid-rigging, such as who are new business customers, who are competitors, and in what situations they may come into contact.
- The company has established a working group on the AMA in the legal department. In addition to responding to ordinary cases, the legal division members belonging to the working group collect the latest information on the AMA, conduct awareness-raising activities and provide consultations.
- The company has established a department in the head office to supervise the entire group's AMA compliance measures, and appointed the person responsible for and personnel in charge of promoting competition law compliance in each business division. The responsible person formulates detailed rules on contacts with competitors in each business division, approves contacts with competitors, and monitors compliance with the contact rules with competitors.

[Examples of past failures]

- The industry as a whole has been actively interacting with competitors, and I think the common sense of our company has been out of step with the common sense of the world. After being caught committing an AMA violation, external lawyers and other external personnel were appointed as members of the compliance committee to check whether there was a discrepancy between our common sense and the public common sense, and also to provide advice on social trends, which allowed us to gain new awareness.
- At our company, skilled employees who had experience as personnel in the sales division and had acquired knowledge and management skills equivalent to those of the assistant general manager of that division were often assigned to the internal audit division. However, because the personnel in the internal audit division had too much knowledge about sales, they could not question or feel uncomfortable about contact with competitors in the sales site or correctly detect the risk of AMA violations. Since being caught committing an AMA

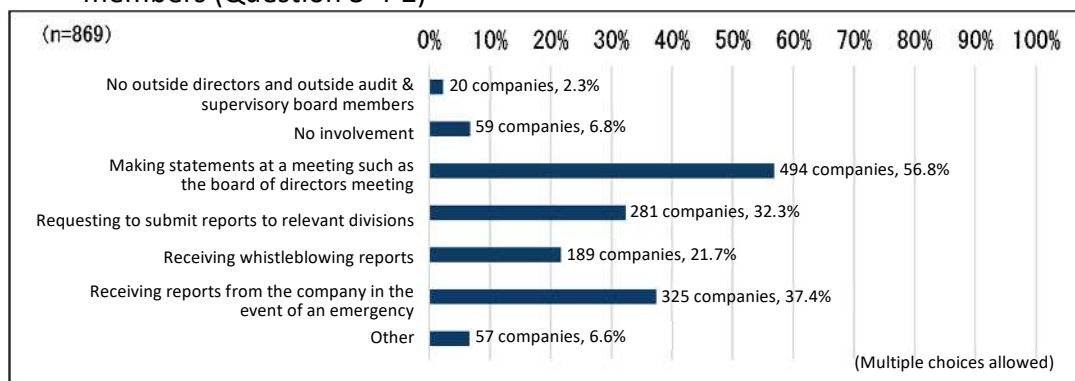
violation, to recognize any deviation at an early stage and correct the situation if our common sense deviates from the public common sense, our company has reinforced mid-career hiring of people who have experienced internal audits at other companies and hired external consultants to accompany internal audits to incorporate external perspectives into the internal audits.

In addition to the above, it is considered that outside directors and outside audit & supervisory board members will also be involved in AMA compliance. Excluding companies that have not appointed outside directors or outside audit & supervisory board members (20 companies)¹⁵, 849 companies have appointed outside directors or outside audit & supervisory board members, and outside directors or outside audit & supervisory board members have been in some way involved in AMA compliance in 790 companies (93.1% of companies that have appointed outside directors or outside audit & supervisory board members).

As a specific method of involvement, outside directors or outside audit & supervisory board members have made statements at a meeting such as a meeting of the board of directors or compliance committee in 494 companies (62.5% of companies whose outside directors or outside audit & supervisory board members are in some way involved in AMA compliance), which is the largest number, and next, 325 companies (41.1% of companies whose outside directors or outside audit & supervisory board members are in some way involved in AMA compliance) have received reports from them when a suspected AMA violation occurs in the company, and 281 companies (35.6% of companies whose outside directors or outside audit & supervisory board members are in some way involved in AMA compliance) have requested reports from them to the compliance department or internal audit division on the status of their efforts regarding AMA compliance.

¹⁵ Although a listed company is required to have an outside director (under Article 327-2 of the Companies Act, Article 437-2 of the Securities Listing Regulations (Tokyo Stock Exchange), etc.), if a company covered by the Questionnaire falls under a pure holding company, the company will be asked to provide responses about the status of major subsidiaries that are responsible for the principal business of the company group. It is possible that such subsidiaries have not appointed an outside director.

Figure 16. Involvement of outside directors and outside audit & supervisory board members (Question 3-4-2)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding examples of current efforts and past failures for the involvement of outside directors or outside audit & supervisory board members in AMA compliance.

[Examples of current efforts]

- Some outside directors are from operating companies, and they are highly sensitive to the risk of AMA violations. From the perspective of providing information to outside directors, our company not only asks the board of directors and the audit & supervisory board to hear explanations from the executive side, but also invites outside directors to visit sales sites and have opportunities to interact with employees on site.

[Examples of past failures]

- When the AMA violation case occurred in our company, an outside director who had served as the top management of another company pointed out that “it is impossible that your class of large companies have not established AMA-related rules” and “as the regulations and systems under the AMA change with the times, make sure to provide input in education and training.”

E. Integrated Efforts by Corporate Group. (See the AMA Compliance Guide, Part II-1, (5) (p. 36))

It is necessary for a corporate group to design and implement an AMA compliance program in an integrated manner on a group basis¹⁶. While it is considered that what kind of companies they actually have in mind when designing

¹⁶ See page 36 in the AMA Compliance Guide.

and implementing the program differs depending on the current situation of each corporate group, consolidated subsidiaries and equity method affiliates (non-consolidated subsidiaries and affiliates) in Japan and overseas can be considered as eligible companies. Unlike these companies, a corporate group usually does not include outsourcing contractors or business partners. However, there are cases in which a cartel is conducted through an outsourcing contractor acting as an intermediary, and cases in which a business partner does not respond appropriately to requests from secondary business partners for price pass-through¹⁷. Thus, it is considered that measures will be taken to prevent and detect early AMA violations with respect to domestic and overseas outsourcing contractors and business partners. In Questions 7-1 and 7-2 of the Questionnaire, we asked whether domestic and overseas consolidated subsidiaries, equity method affiliates, outsourcing contractors, and business partners are taking any measures to prevent or detect early any AMA violations. The response results are shown in Figure 17 and Table 8.

Figure 17 and Table 8 show that, as common trends among domestic and overseas consolidated subsidiaries and equity method affiliates, the head office (parent company) tended to be highly involved in “requiring compliance with the Code of Conduct,” “receiving consultations regarding the AMA,” and “receiving reports regarding the AMA.”

A comparison of the results of the Fact-Finding Survey and the survey conducted by the Japan Fair Trade Commission in 2012 (hereinafter referred to as the “2012 Survey”) with regard to “receiving consultations regarding the AMA” and “receiving reports regarding the AMA” showed that the ratio of companies receiving consultations and reports from domestic and overseas consolidated subsidiaries increased by approximately 20 points or more, indicating that the degree of involvement in domestic and overseas consolidated subsidiaries increased to a certain extent¹⁸.

¹⁷ In “actions as an ordering party 4)” of the “Guidelines on Price Negotiation for Appropriate Pass-Through of Labor Costs” by the Cabinet Secretariat and the Japan Fair Trade Commission (hereinafter referred to as “Labor Cost Pass-Through Guidelines”) (November 29, 2023), it is provided that in negotiations concerning price pass-through, including labor costs, it is required to keep in mind that the contractor, which is a direct business partner, is in a position to optimize the transaction price with subsequent business partners for setting an appropriate price through appropriate price pass-through throughout the supply chain, and then to reflect this in the judgment of the appropriateness of the amount requested by the contractor (<https://www.jftc.go.jp/dk/guideline/unyoukijun/romuhitenka.html>).

¹⁸ According to the Japan Fair Trade Commission “regarding the status of efforts for AMA compliance at companies” (hereinafter referred to as the “2012 FTC Survey Report”) (November 2012), page 15 (<https://www.jftc.go.jp/houdou/pressrelease/cyosa/cyosasonota/h24/121128.html>), among all respondents in the 2012 Survey, 50.6% of the companies had a consultation desk available to domestic consolidated subsidiaries, 25.2% of the companies had a consultation desk available to overseas consolidated subsidiaries, 63.2% of the companies had a whistleblowing system available to domestic consolidated subsidiaries, and 26.8% of the companies had a whistleblowing system available to overseas consolidated subsidiaries.

The denominator of the Fact-Finding Survey is the number of companies corresponding to each category in Figure 17 of the main

On the one hand, the head office (parent company) tended to be less involved in “clarifying policies for responding to AMA violations (e.g., a claim for damages and termination of an agreement),” “regularly evaluating the AMA compliance program,” and “conducting audits focused on the AMA.” (See Table 8.) In some cases, consolidated subsidiaries and equity method affiliates are substantially the same as business divisions or business bases of the head office (parent company). Therefore, it is important to be properly involved in and monitor and evaluate the design and implementation of the program in both Japan and overseas in peacetime, rather than leaving them to the local companies. In addition, with regard to the policy of responding to AMA violations, in order to provide incentives for the design and implementation of the program at consolidated subsidiaries and equity method affiliates, it is desirable to clarify and share in peacetime how the head office (parent company) will respond in the event of the AMA violations at such companies.

Furthermore, as a common trend among domestic and overseas outsourcing contractors and business partners, the degree of involvement in “receiving consultations regarding the AMA” and “receiving reports regarding the AMA” tended to be higher than that of other items (see Table 8), suggesting the attitude of each company to collect a wide range of information on issues related to the company under the AMA¹⁹. As described in (5), B below, in recent years, while there has been an increasing demand for efforts for price pass-through of labor costs, etc., active acceptance of consultations and reports from outsourcing contractors and business partners may lead to the prevention and early detection of problems under the AMA regarding the price pass-through of labor costs, etc. not only by the company itself but also by the outsourcing contractors and business partners.

text. However, as in the 2012 Survey, when the denominator is all respondents, 75.2% (653 companies out of 868 companies) of companies receive consultations regarding the AMA from domestic consolidated subsidiaries, 51.0% (442 companies out of 867 companies) of companies receive consultations regarding competition laws from overseas consolidated subsidiaries, 81.9% (711 companies out of 868 companies) of companies receive whistleblowing reports on the AMA from domestic consolidated subsidiaries, and 53.4% (463 companies out of 867 companies) of companies receive whistleblowing reports on competition laws from overseas consolidated subsidiaries. Compared to the 2012 Survey, the ratio of domestic consolidated subsidiaries increased by 24.6 points and that of overseas consolidated subsidiaries increased by 25.8 points for consultations, and that of domestic consolidated subsidiaries increased by 18.7 points and that of overseas consolidated subsidiaries increased by 26.6 points for whistleblowing reports.

¹⁹ While the Questionnaire asks about efforts made by outsourcing contractors and business partners to prevent and detect early violations, it is probable that a certain number of responding companies have answered that they “receive consultations regarding the AMA” and “receive reports regarding the AMA” from the perspective of preventing and detecting early violations in that company.

Figure 17. Integrated Efforts by Corporate Group. (Question 7-1, Question 7-2)

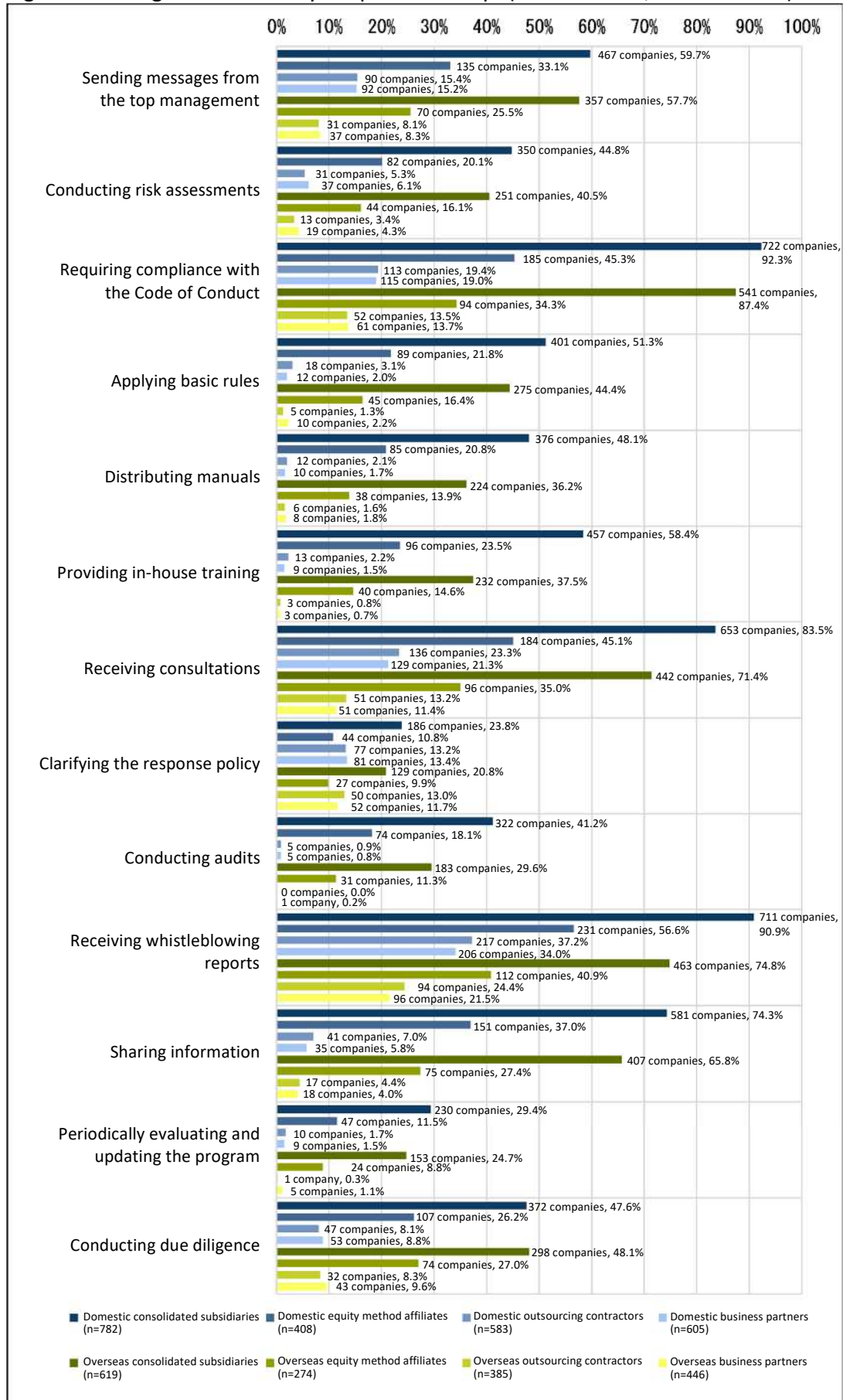


Table 8. Integrated Efforts by Corporate Group. (Question 7-1, Question 7-2, summary table)

Item	Domestic consolidated subsidiaries (n=782)	Domestic equity method affiliates (n=408)	Domestic outsourcing contractors (n=583)	Domestic business partners (n=605)	Overseas consolidated subsidiaries (n=619)	Overseas equity method affiliates (n=274)	Overseas outsourcing contractors (n=385)	Overseas business partners (n=446)
Sending messages from the top management	59.7%	33.1%	15.4%	15.2%	57.7%	25.5%	8.1%	8.3%
Conducting risk assessments	44.8%	20.1%	5.3%	6.1%	40.5%	16.1%	3.4%	4.3%
Requiring compliance with the Code of Conduct	92.3%	45.3%	19.4%	19.0%	87.4%	34.3%	13.5%	13.7%
Applying basic rules	51.3%	21.8%	3.1%	2.0%	44.4%	16.4%	1.3%	2.2%
Distributing manuals	48.1%	20.8%	2.1%	1.7%	36.2%	13.9%	1.6%	1.8%
Providing in-house training	58.4%	23.5%	2.2%	1.5%	37.5%	14.6%	0.8%	0.7%
Receiving consultations	83.5%	45.1%	23.3%	21.3%	71.4%	35.0%	13.2%	11.4%
Clarifying the response policy	23.8%	10.8%	13.2%	13.4%	20.8%	9.9%	13.0%	11.7%
Conducting audits	41.2%	18.1%	0.9%	0.8%	29.6%	11.3%	0.0%	0.2%
Receiving whistleblowing reports	90.9%	56.6%	37.2%	34.0%	74.8%	40.9%	24.4%	21.5%
Sharing information	74.3%	37.0%	7.0%	5.8%	65.8%	27.4%	4.4%	4.0%
Periodically evaluating and updating the program	29.4%	11.5%	1.7%	1.5%	24.7%	8.8%	0.3%	1.1%
Conducting due diligence	47.6%	26.2%	8.1%	8.8%	48.1%	27.0%	8.3%	9.6%

(Note) The top three items are colored in red (Top 1: ■, Top 2: ■, Top 3: ■) and the bottom three items are colored in green (Bottom 1: ■, Bottom 2: ■, Bottom 3: ■).

In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding examples of current efforts for integrated efforts by corporate group.

[Examples of current efforts]

- Among subsidiaries and domestic equity method affiliates, companies whose largest shareholder is our company are included in the scope of application of our policy concerning AMA compliance, and are working on activities for AMA compliance. In many overseas equity method affiliates, there is a controlling shareholder other than our company even though our company holds equity interests in them, and such companies are not included in the scope of application of the above policy. However, as such companies are often our business partners or outsourcing contractors, our company requests their AMA compliance pursuant to our Supplier Code of Conduct.
- In order to confirm the status of implementation of rules concerning AMA compliance at each group company, including overseas subsidiaries, our company conducts monitoring every six months. With regard to overseas subsidiaries, regional headquarters are established in North America, Asia and

other regions to carry out monitoring in cooperation with these headquarters in an effort to resolve geographical and linguistic differences. As a result of these monitoring activities, awareness of AMA compliance has been raised, such as one of the overseas subsidiaries starting to avoid discussing prices in meetings with competitors.

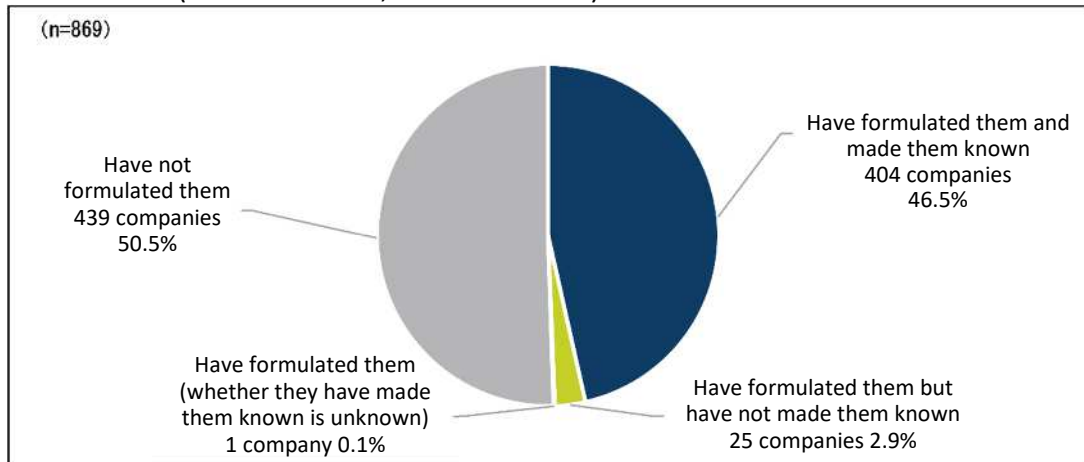
- There are not many cases of acquiring other companies, but, for example, when our company formed a capital alliance with a company that bid for public works projects, personnel in the legal department and related business divisions conducted interviews as due diligence in consideration of the risk of bid-rigging to confirm whether there were AMA violations.
- In order to prevent involvement in AMA violations for which third parties (agents, consultants, etc.) other than competitors are acting as an intermediary, provisions concerning AMA compliance are included in a written agreement with any of such third parties when using the third party, and rules and manuals include the rule that guidance and supervision should be thoroughly provided so that the third party will not be engaged in AMA violations; sufficient care should be taken so as not to cause AMA violations when exchanging sensitive information with the third party; and appropriate measures should be taken, including termination of the agreement, if the third party is found to be involved in AMA violations.

(2) Specific Measures to Prevent the AMA Violations

A. Design and Implementation of Internal Rules for Contacts with Competitors (See the AMA Compliance Guide, Part II-2, (1) (p. 40))

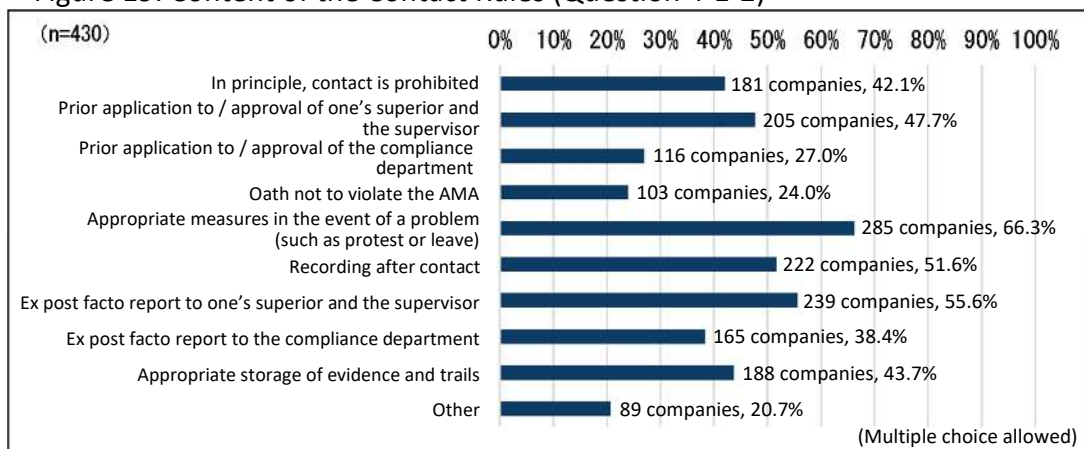
In order to prevent and detect at an early stage joint activities that cause only anti-competitive effects such as bid-rigging, coordination of order intake, price-fixing cartels, volume cartels, and technological restriction cartels, it is important to design and implement internal rules for contact with competitors (hereinafter referred to as “Contact Rules”) and appropriately identify and manage opportunities for contact with competitors. On the other hand, only 430 companies (49.5% of all respondents) had formulated Contact Rules. (There were 25 companies (2.9% of all respondents) that had formulated Contact Rules but had not made them known.)

Figure 18. Whether companies have formulated Contact Rules and made them known (Question 4-1-1, Question 4-1-3)



As for the content of Contact Rules, the number of companies that replied, “In the event that an employee encounters a situation that may give rise to a problem under the AMA when making contact with a competitor, he/she shall take appropriate measures such as leaving the seat in protest,” was largest, at 285 (66.3% of companies that had formulated Contact Rules), followed by 239 companies (55.6% of companies that had formulated Contact Rules) which replied, “The employee shall report the situation at the time of contact with a competitor to his/her superior or the supervisor of the division to which he/she belongs after contact with the competitor(s),” and 222 companies (51.6% of companies that had formulated Contact Rules) which replied, “The employee shall prepare minutes and notes on the situation at the time of contact after contact with the competitor(s).”

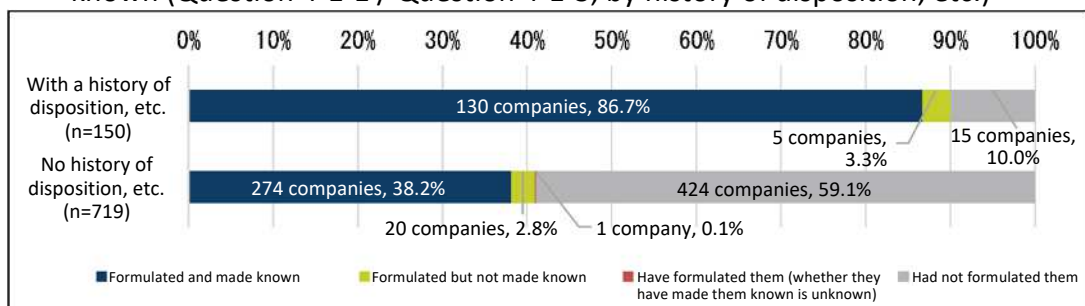
Figure 19. Content of the Contact Rules (Question 4-1-2)



A cross-tabulation analysis conducted to determine how whether companies

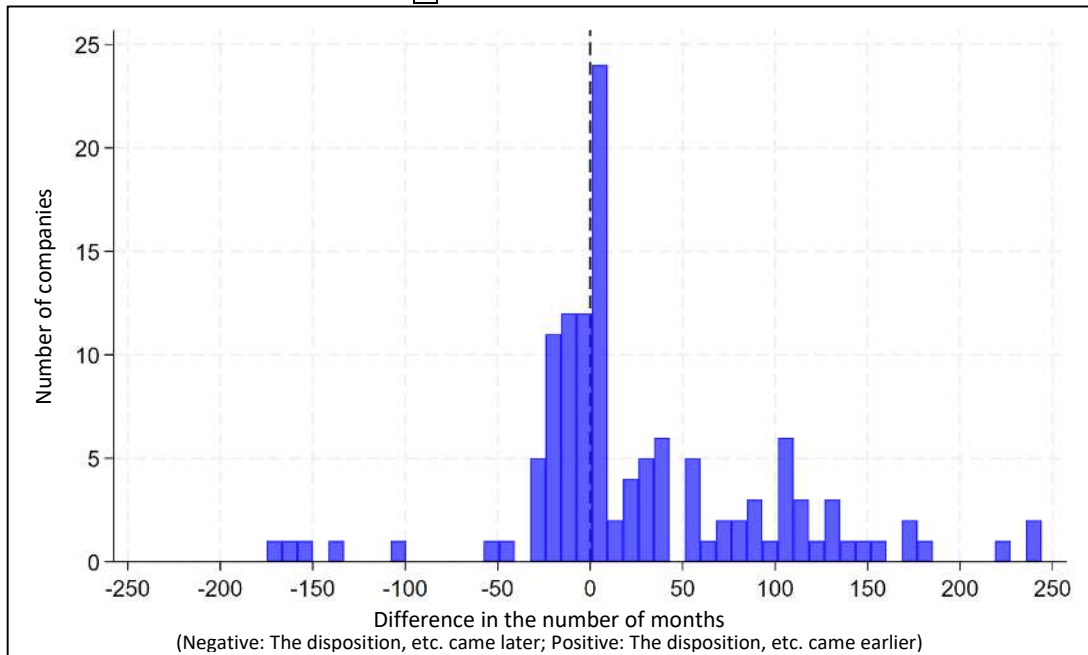
had formulated Contact Rules and made them known differed depending on whether they had a history of disposition, etc. indicated that while 90.0% (135 companies) of responding companies with a history of disposition, etc. had formulated Contact Rules (3.3% (5 companies) with a history of disposition, etc. had formulated Contact Rules but had not made them known), only 41.0% (295 companies) of responding companies with no history of disposition, etc. had formulated Contact Rules (2.8% (20 companies) with no history of disposition, etc. had formulated Contact Rules but had not made them known).

Figure 20. Whether companies have formulated Contact Rules and made them known (Question 4-1-1 / Question 4-1-3, by history of disposition, etc.)



A comparison of the time when companies with a history of disposition, etc. received the first disposition, etc. and the time when they formulated Contact Rules showed that many companies formulated the Contact Rules before or after the disposition, etc. It is statistically significant that more companies with a history of disposition, etc. formulated Contact Rules. Considering that the time of formulating Contact Rules was concentrated before or after disposition, etc., this suggests that like the basic rules and manuals, Contact Rules may have been formulated as part of the measures included in the disposition, etc. or measures to prevent recurrence.

Figure 21. Comparison of the timing of disposition, etc. and the timing of formulating Contact Rules²⁰



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts and past failures related to the Design and Implementation of Internal Rules for Contacts with Competitors.

[Examples of current efforts]

- The AMA Compliance Basic Rules make it a basic principle that all contact with competitors without reasonable necessity shall be prohibited throughout the company; that if any contact with competitors is unavoidable, prior application shall be made to and approval shall be obtained from a person responsible for compliance under the AMA within each business unit (The applicant's immediate supervisor is considered to be one and the same person as the applicant. Therefore, from the viewpoint of ensuring independence from the applicant, the immediate supervisor is not an approval authority holder); and that after such contact, records shall be made and submitted to the responsible person. On the other hand, the necessity and risk of contact are different in each business unit, and if the above rules are applied uniformly across the company, they will be an excessive restriction for business units with low risk. Therefore, the above-mentioned Basic Rules set forth the minimum matters that must be complied with by each business unit (specific procedures

²⁰ The note on how to look at the graph is the same as Note 12.

for prior application and subsequent reporting, matters to be complied with at the time of contact, etc.), and for cases that do not require prior application or subsequent reporting, detailed regulations are formulated by each business unit so that they can be customized.

- The AMA Compliance Basic Rules state expressly that in principle, any contact with competitors by telephone, email, social media, message, chat, and other means using private terminals is prohibited.
- In cases of collaboration with competitors, the legal departments and legal counsels of both companies formulate uniform rules for such cases by, for example, organizing views on sensitive information, and at the same time, they provide training on such rules for the persons concerned in order to raise awareness of such rules and make them known.
- Each business unit compares the records of prior applications for contact with competitors and records of reports on going out (extracted based on the list of competitors held by each business unit) and check for omissions of prior applications for contact with competitors. If it is confirmed that an application has not been submitted, an ex post facto report is requested from the person who made the contact, and improvement measures are compiled and implemented in each business unit.

[Examples of past failures]

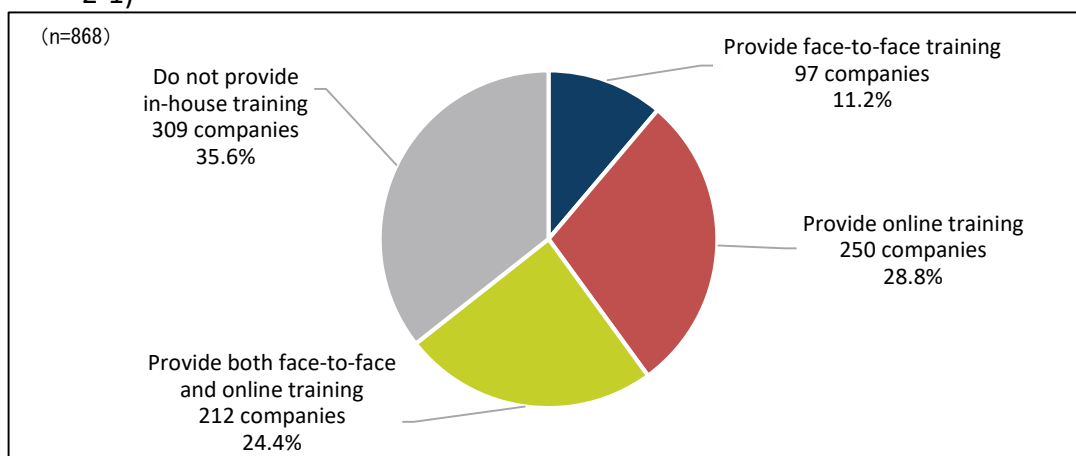
- We have many opportunities to communicate with competitors in daily business activities, and there were also opportunities to meet competitors at golf competitions and social gatherings. We believe that these opportunities created human relationships and led to adjustments in sales prices, but we did not believe that our company's executives and employees would violate the AMA, and until the company was caught violating the AMA, we had not made any special efforts to establish internal rules specific to the AMA such as rules for contact with competitors.
- Prior to the occurrence of AMA violations, there were compliance manuals that included items related to the AMA and training on the AMA. However, there were no rules such as those for contact with competitors which removed all ambiguities and served as a basis for decisions by executives and employees. Therefore, we believe that some executives and employees engaged in AMA violations.
- The rules for contact with competitors existed before the company was caught violating the AMA, but we think that actually they were not working.

B. Providing In-House Trainings on the AMA (See the AMA Compliance Guide, Part II-2, (2) (p. 45))

In order to improve the awareness, knowledge and understanding of compliance with the AMA among executives and employees, it is important to conduct in-house training on the AMA. While 559 companies (64.4% of all respondents) provided in-house training on the AMA, 309 companies (35.6% of all respondents) did not provide such training.

Regarding the methods of Providing In-House Trainings on the AMA, 97 companies (17.4% of companies conducting training) provided only face-to-face training, 250 companies (44.7% of companies conducting training) provided only online training, and 212 companies (37.9% of companies conducting training) provided both face-to-face and online training.

Figure 22. Whether companies provide in-house training on the AMA (Question 4-2-1)



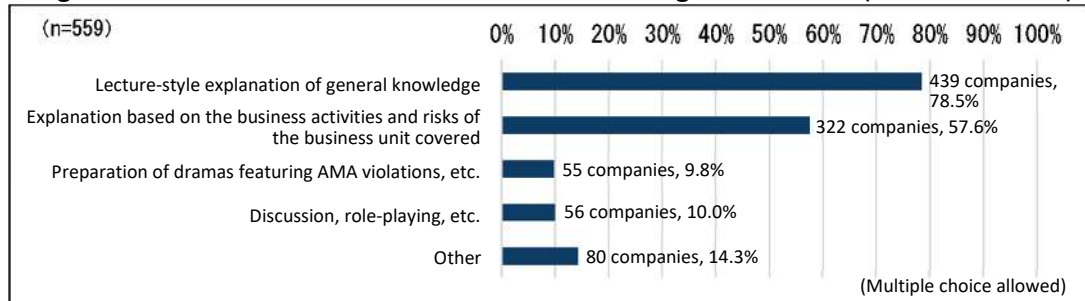
(Note) One company was excluded from the data totalization because it gave an invalid response.

With regard to the content and format of in-house training on the AMA, the number of companies that replied, “We explain general knowledge of the AMA in lecture form,” was largest, at 439 (78.5% of companies providing training), followed by 322 companies (57.6% of companies providing training) which replied, “We explain the matters to be noted under the AMA according to the business activities of the business unit covered by the training and the risk of AMA violations.”

On the other hand, the number of companies that replied, “We explain the disadvantages, etc. that occur when an employee is involved in AMA violations by, for example, creating a drama about AMA violations by our company or competitors,” was 55 (9.8% of companies providing training), and the number of companies that replied, “A discussion format, a role-playing format, and other

formats that require participants' active involvement are adopted," was 56 (10.0% of companies providing training). The numbers of these companies were small.

Figure 23. Content and format of in-house training on the AMA (Question 4-2-2)



With regard to whether and how often in-house training was provided on the AMA by job title, rank, department, etc., 341 companies (39.2% of all respondents) replied that they did not provide such in-house training to top management, 302 companies (34.8% of all respondents) replied that they did not provide such in-house training to senior managers other than top management, and 281 companies (32.3% of all respondents) replied that they did not provide such in-house training to new employees. (See Figure 24.)

In addition, 415 companies (47.8% of all respondents) replied that the in-house training attendance rate for top management during the past three years (FY2021 to FY2023) was 0%. 352 companies (40.5% of all respondents) replied that the rate for senior managers other than top management was 0%, and 311 companies (35.8% of all respondents) replied that the rate for new employees was 0%. (See Figure 25.)

Furthermore, only about 30-50% of all responding companies provided in-house training on the AMA on a regular basis, and the percentage of companies in which the in-house training attendance rate during the past three years (FY2021 to FY2023) was 75% or more remained at about 40-50%.

Figure 24. Frequency of in-house training on the AMA (Question 4-2-3)

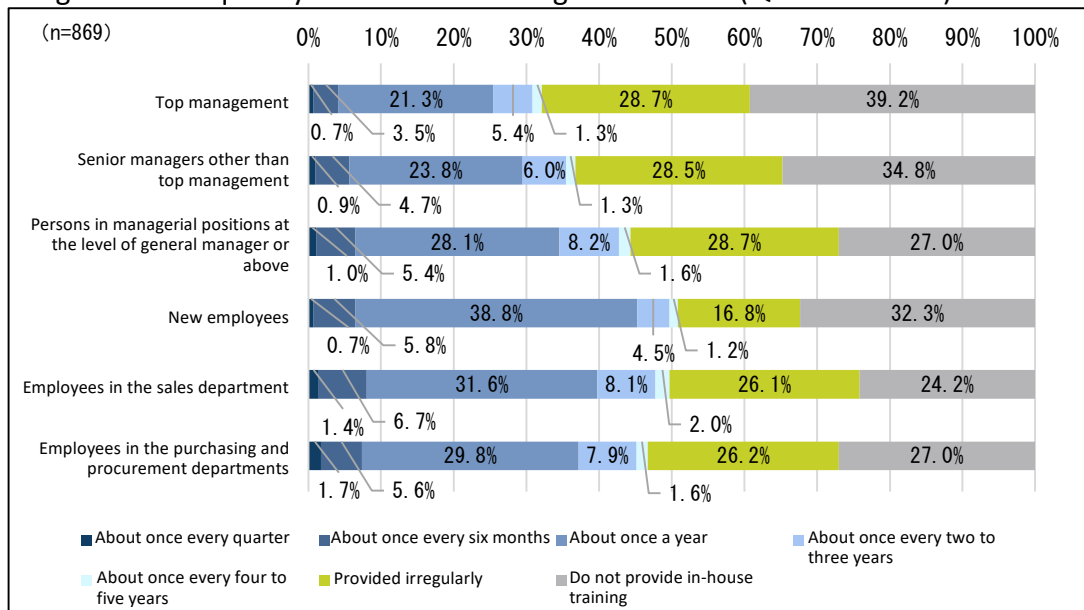
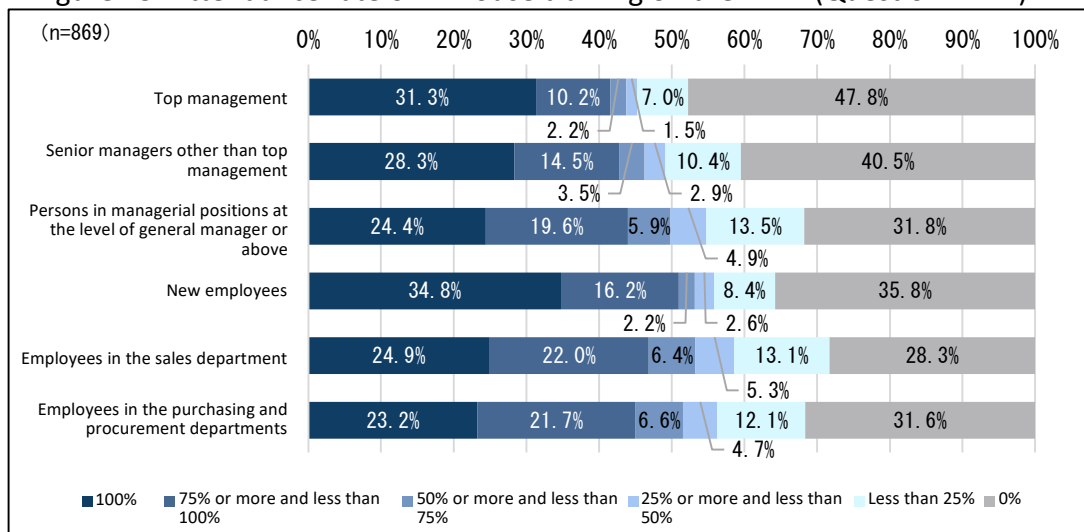


Figure 25. Attendance rate of in-house training on the AMA (Question 4-2-4)

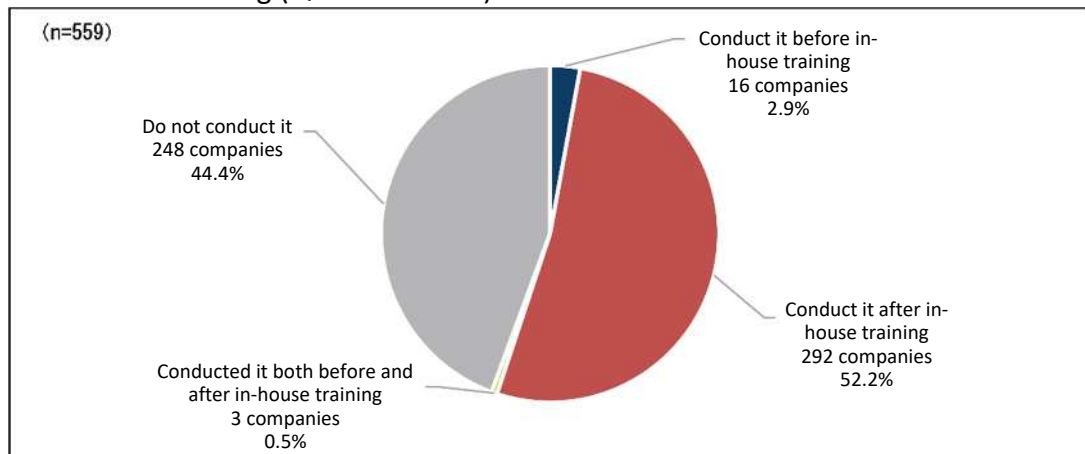


In order to establish awareness, knowledge and understanding of compliance with the AMA among executives and employees, it is also important to conduct a test to confirm the degree of understanding of compliance with the AMA. Among the 559 companies conducting in-house training on the AMA, 248 companies (44.4% of companies providing training) did not conduct a test to confirm the degree of understanding, and 311 companies (55.6% of companies providing training) conducted a test to confirm the degree of understanding at some time or other.

With respect to the timing of conducting a test to confirm the degree of understanding within the organization, 292 companies (93.9% of companies conducting the test) conducted it only after in-house training, 16 companies (5.1%

of companies conducting the test) conducted it only before in-house training, and three companies (1.0% of companies conducting the test) conducted it both before and after in-house training.

Figure 26. Whether companies conduct a test to confirm the degree of understanding (Question 4-2-5)



(Note) In Question 4-2-1, respondents who selected "1) Do not conduct it" were excluded from the denominator in the data tabulation.

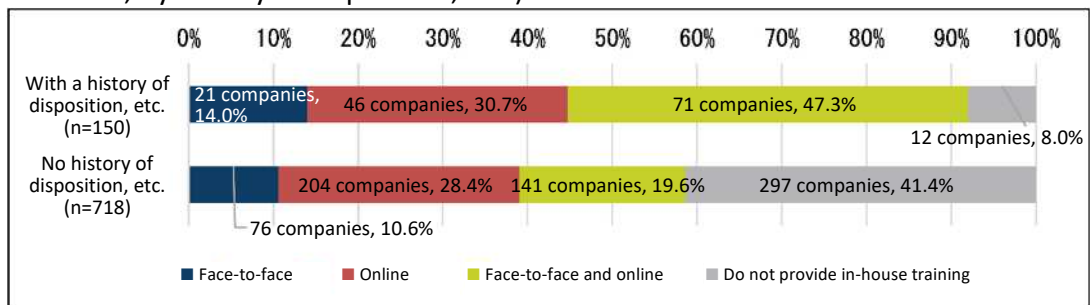
A cross-tabulation analysis was conducted to determine how whether companies provided in-house training on the AMA and conducted a test to confirm the degree of understanding differed depending on whether they had a history of disposition, etc., and the results listed below were obtained.

- While 92.0% (138 companies) of companies with a history of disposition, etc. provided in-house training on the AMA, only 58.6% (421 companies) of companies with no history of disposition, etc. provided in-house training on the AMA.
- With respect to the method of Providing In-House Trainings on the AMA, 51.4% (71 companies) of companies with a history of disposition, etc. which provided in-house training provided both face-to-face and online training, while only 33.5% (141 companies) of companies with no history of disposition, etc. which provided in-house training provided both face-to-face and online training.
- Among the companies that provided in-house training on the AMA, 68.8% (95 companies) of companies with a history of disposition, etc. conducted a test to confirm the degree of understanding, while 51.3% (216 companies) of companies with no history of disposition, etc. conducted a test to confirm the degree of understanding.

Based on the foregoing, it was statistically significant that more companies with

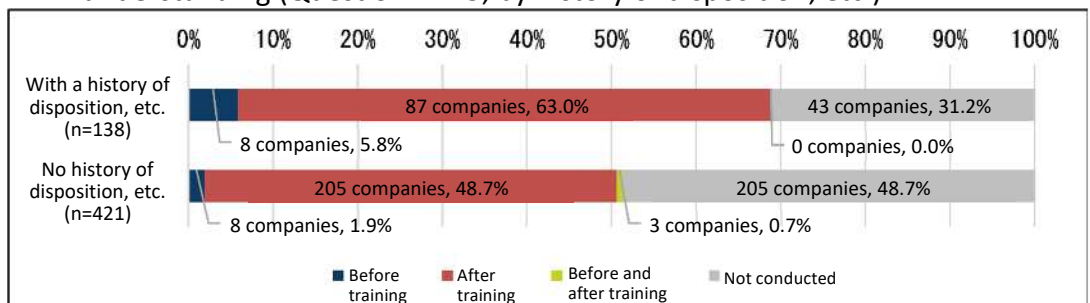
a history of disposition, etc. provided in-house training on the AMA and conducted a test to confirm the degree of understanding. This suggests that there is a possibility that companies with a history of disposition, etc. provided in-house training and conducted a test to confirm the degree of understanding on the theme of the AMA as part of the measures included in the disposition, etc. and measures to prevent recurrence.

Figure 27. Whether companies provide in-house training on the AMA (Question 4-2-1, by history of disposition, etc.)



(Note) One company (with no history of disposition, etc.) was excluded from the data totalization because it gave an invalid response.

Figure 28. Whether companies conduct a test to confirm the degree of understanding (Question 4-2-5, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts and past failures related to in-house training on the AMA.

[Examples of current efforts]

- Training on the AMA is conducted at three levels: executives, employees of departments at a high risk of violating the AMA, and general employees. In order to provide executives with an exhaustive understanding of all types of AMA violations, lectures are given face-to-face by outside lawyers, including not only unreasonable restraint of trade but also private monopolization and

unfair trade practices. We receive questions from executives in advance about their practical concerns, etc. and include answers to such questions in lectures. Executives who participated in the training said, "It was good to be able to ask about the problems in the department of which I am in charge." Employees of departments at a high risk of violating the AMA are also given face-to-face lectures by outside lawyers. This training is more practical, focusing on matters that are often discussed with the legal department. Employees who took the training said, "I understood well what I should pay attention to in daily business activities." The training for general employees consists of e-learning, and only basic matters are explained by the compliance department, focusing on internal rules.

- We have created a drama based on past cases of AMA violations which occurred in our company, and in particular, this drama is always shown to new employees. In the drama, each incident that occurred in the company at that time is described in detail and realistically, such as the scene of an employee who was confused after being suddenly raided by inspectors on the spot. In addition, the drama gives a detailed explanation of the content of the sanction in case of being caught for AMA violations (in addition to surcharges, etc. against the company, loss of opportunities due to suspension of appointment and criminal penalty or disciplinary measures against individuals). One new employee said, "I was shocked by the gravity of the matter. I have come to think of AMA compliance as my own thing." Apart from the drama mentioned above, the compliance department contracted a service that allows even amateurs to easily create animated videos and has created videos explaining basic matters about the AMA in a short time of about four to eight minutes, which are posted on the company's intranet. The cost of this service is low. If the compliance department creates a scenario, the AI outputs the voice, which makes it possible to create an animated video in a short time. A new employee who watched the video said, "The content is easy to understand because it consists of not only characters but also a video."
- After the occurrence of problems related to the AMA, we conducted training on the lecture format on legal knowledge of the AMA, but it was not very effective because some of the participants seemed sleepy. During the re-examination of effective training methods, we realized that the AMA had some aspects that were difficult to understand if we did not first properly understand the structure of our own business. In the next training program, the heads of the business units inspected by the Japan Fair Trade Commission explained first about the structure of our company's business and then about what had

become problems in the business under the AMA. This improved the understanding of the participants.

- Training on the AMA is conducted through e-learning in mandatory training and training for promotion, and this enables updating of knowledge. In addition, when the person in charge at the legal department receives legal consultations on a daily basis and has a suspicion that the knowledge of executives and employees in certain areas is lacking, the person talks to the person in charge at the department concerned individually and provides training in the form of workshops for a small number of personnel in accordance with the duties and products of the department concerned.

[Examples of past failures]

- In the past, some of the executives and employees involved in AMA violations had false perceptions such as “There is no problem because the general manager and my seniors did it” and “If it is not public works, it does not constitute a cartel.” In addition, there were others who had no perception of illegality. Although activities to make the AMA Compliance Manual known and raise the awareness thereof and other educational and training activities were carried out, they were only one-way traffic from the head office to the business units, and the executives and employees did not fully understand the AMA Compliance Manual at their awareness and behavioral levels.
- Even before the occurrence of AMA violations, the compliance manual was compiled and included items related to the AMA. However, the entire compliance manual was about 200 pages in length, and it is questionable how many executives and employees of the company actually read it. Even though the compliance manual stated, “You must not be involved in a cartel,” it did not specifically describe what should not be done. The compliance manual was not written in specific terms so that it was understood at the awareness and behavioral levels of executives and employees.
- In light of the occurrence of various misconduct cases at our overseas subsidiaries, we developed a global compliance program even before the occurrence of AMA violations. At the time of its formulation, we also put in place internal regulations, manuals, and other guidelines to comply with the AMA. The reason AMA violations occurred despite such efforts was probably that the program was a perfunctory one and that the various regulations were not operated effectively nor had they permeated the entire organization.
- We have heard from employees involved in actual AMA violations that they knew they had to stop them but that they did not have the courage to do so. No

matter how well various regulations are designed and implemented, whether or not employees engage in AMA violations depends largely on their ethical views.

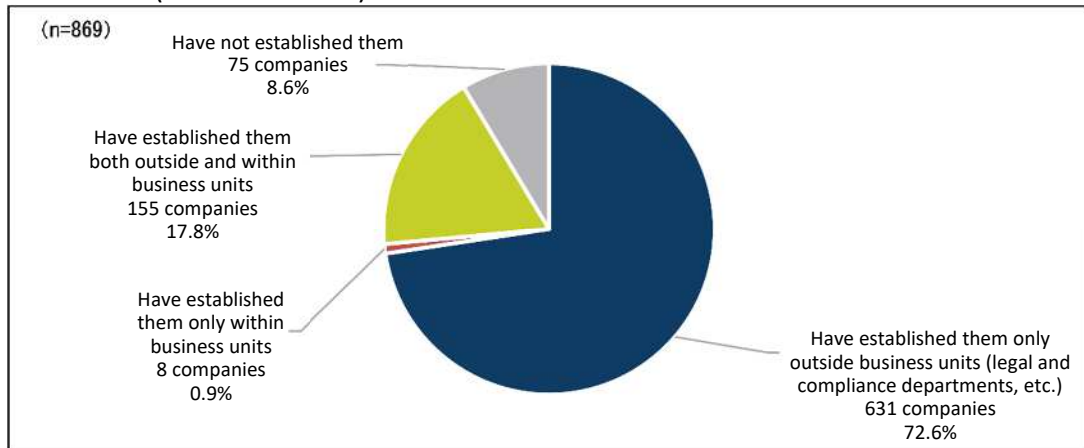
- As the regulatory environment surrounding our company and its position in the market rapidly changed, the company was becoming increasingly aware of the AMA and was providing training on the AMA to business units that were deemed to be at a high risk of violating the AMA, but executives and employees were not fully aware of the AMA. The industry as a whole remains conscious of the importance of cooperation and collaboration with competitors, and it was essentially necessary to increase the awareness and knowledge of the AMA to a level at which such awareness could be dispelled, but our efforts failed to reach such a level.

C. Design and Operation of a Consultation System on the AMA (See the AMA Compliance Guide, Part II-2, (3) (p. 51))

While 794 companies (91.4% of all respondents) had established consultation desks where executives and employees could seek advice on whether their actions might fall under AMA violations, 75 companies (8.6% of all respondents) had not.

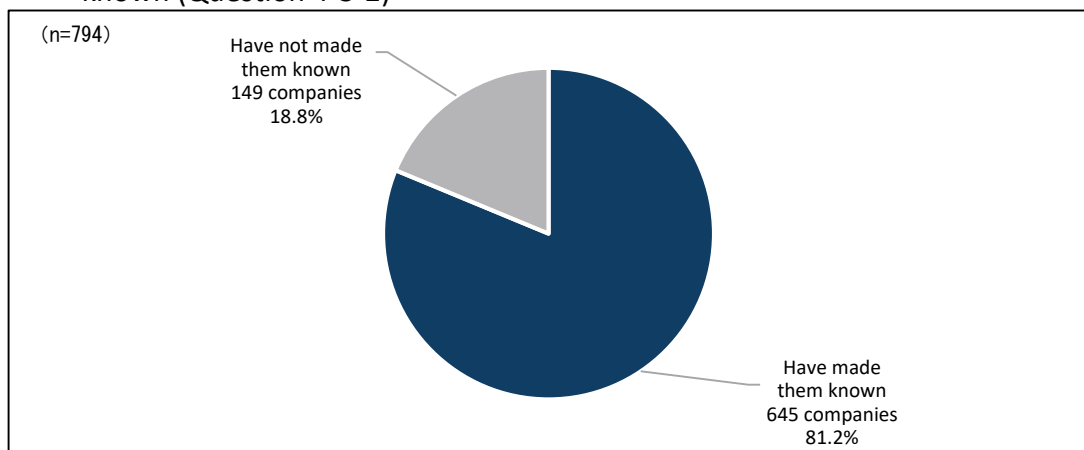
Consultation desks can be established in the legal and compliance departments (the second line) outside business units, and in addition, they can be established even inside business units (the first line), which are closer to business sites. While as many as 631 companies (79.5% of companies with consultation desks) had established consultation desks only outside business units (legal and compliance departments, etc.), only 155 companies (19.5% of companies with consultation desks) had established consultation desks inside business units as well. (Eight companies (1.0% of companies with consultation desks) had established consultation desks only in business units.)

Figure 29. Whether companies have established consultation desks related to the AMA (Question 4-3-1)



Among the companies that had established consultation desks, 645 companies (81.2% of companies that had established consultation desks) had informed executives and employees of the fact that the consultation desks received requests for advice on the AMA and how to use it, and 149 companies (18.8% of companies that had established consultation desks) had not informed them thereof.

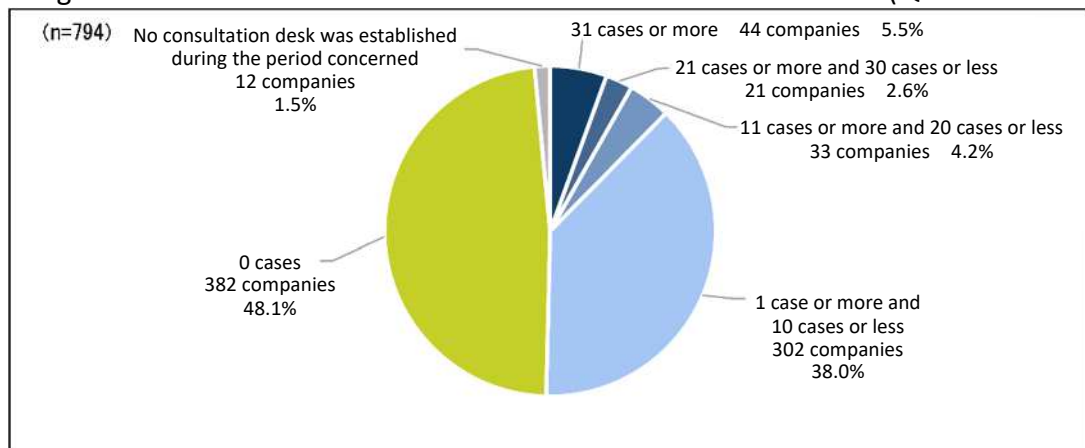
Figure 30. Whether companies have made consultation desks related to the AMA known (Question 4-3-2)



Since the number of internal consultations on the AMA received per year by companies with consultation desks is considered to increase or decrease depending on the size of the company and the risk of violating the AMA, it cannot be simply compared. However, 382 companies (48.8% of companies with consultation desks (782 companies excluding twelve companies that replied, “No consultation desk was established during the period concerned,” in Question 4-3-3 from 794 companies in the previous page)) received no internal consultation, and 302 companies (38.6% of companies with consultation desks (the 782 companies

mentioned above)²¹) received one internal consultation or more and ten internal consultations or less. The percentage of companies that received an average of less than one internal consultation on the AMA per month reached 87.5% (684 companies) of companies with consultation desks (the 782 companies mentioned above)²². On the other hand, only 98 companies (12.5% of companies with consultation desks (the 782 companies mentioned above)) received an average of about one internal consultation or more on the AMA per month.

Figure 31. Number of internal consultations received on the AMA (Question 4-3-3)



A cross-tabulation analysis was conducted to determine how whether companies had established consultation desks related to the AMA and made them known differed depending on whether they had a history of disposition, etc., and the results listed below were obtained.

- A total of 96.0% (144 companies) of companies with a history of disposition, etc. and 90.4% (650 companies) of companies with no history of disposition, etc. had some kind of consultation desk or other, and there was no

²¹ While Question 4-3-1 of the Questionnaire asked whether companies had consultation desks on the AMA in the most recent fiscal year (see Annex 1), Question 4-3-3 asked about the number of internal consultations on the AMA received annually in the past three years (FY2021 to FY2023). In this regard, it is considered that there were some companies that had not established consultation desks by the end of FY2023 but established consultation desks between the beginning of FY2024 and the time when they replied to the Questionnaire (October 8, 2024 or thereafter), and it is assumed that these companies chose the reply “No consultation desk was established during the period concerned” when they replied to Question 4-3-3. In order to compare and analyze the number of consultations received by companies with consultation desks, this report indicates the ratio obtained by excluding the number of companies that selected the reply “No consultation desk was established during the period concerned” in Question 4-3-3 from the denominator.

²² As described in 2(3) below, the number of internal consultations received on the AMA is considered to be important as an indicator to measure the degree of change in the awareness and behavior of executives and employees to prevent AMA violations. As mentioned in the text of this report, the number of internal consultations received on the AMA is considered to vary depending on the size of the company and the risk of violating the AMA. However, if the number of internal consultations received on the AMA is zero or small at companies that consider the risk of violating the AMA as high, it is important to raise the awareness and deepen the knowledge of executives and employees about the AMA by, for example, focusing on the initiatives listed as the factors for increasing the number of internal consultations in 2(3) below.

large difference depending on whether they had a history of disposition, etc.

- Among the companies with consultation desks, while 26.4% (38 companies) of those with a history of disposition, etc. had established consultation desks both outside and inside business units, only 18.0% (117 companies) of those with no history of disposition, etc. had established consultation desks both outside and inside business units.
- While 97.2% (140 companies) of companies with a history of disposition, etc. that had established consultation desks had made known the fact that they received consultations on the AMA, how to use consultation desks, etc., 77.7% (505 companies) of companies with no history of disposition, etc. that had established consultation desks had made known the fact that they received consultations on the AMA, how to use consultation desks, etc.
- While 25.0% (36 companies) of companies with a history of disposition, etc. that had established consultation desks received at least eleven consultations or more on the AMA annually, only 9.5% (62 companies) of companies with no history of disposition, etc. that had established consultation desks received at least eleven consultations or more on the AMA annually.

Based on the foregoing, it was statistically significant that companies with a history of disposition, etc. received more consultations on the AMA, that more of such companies informed employees how to use consultation desks, etc., and that consultations desks were used more often at such companies. This suggests that companies with a history of disposition, etc. are more aware of the need to identify activities that may constitute AMA violations at an early stage and to prevent such activities in advance.

Figure 32. Whether companies have established AMA consultation desks (Question 4-3-1, by history of disposition, etc.)

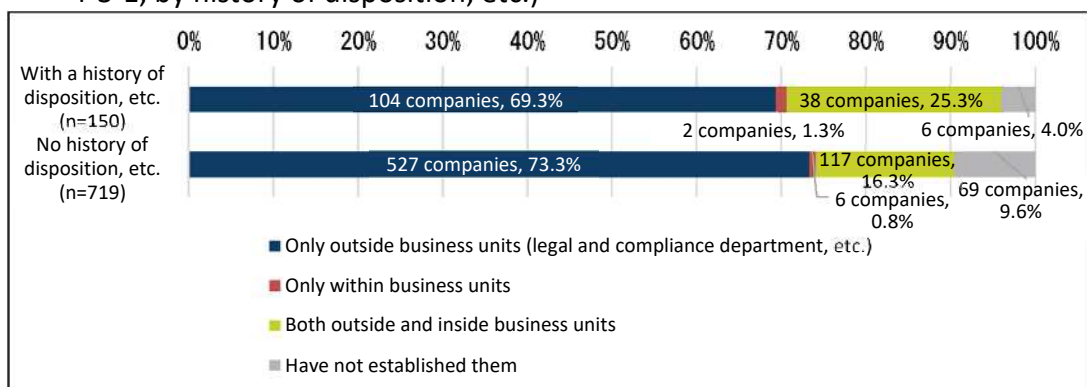


Figure 33. Whether companies have made AMA consultation desks known (Question 4-3-2, by history of disposition, etc.)

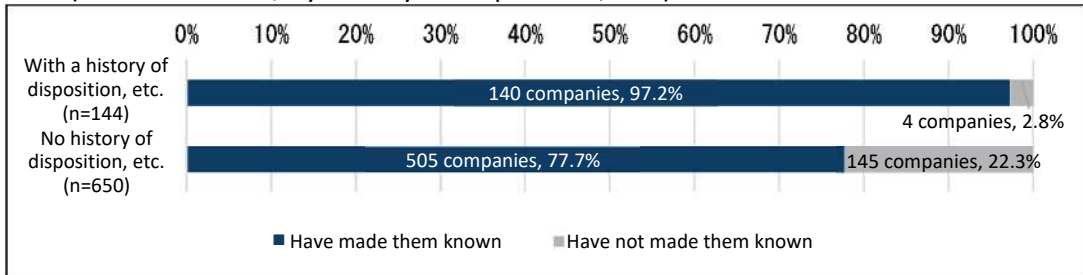
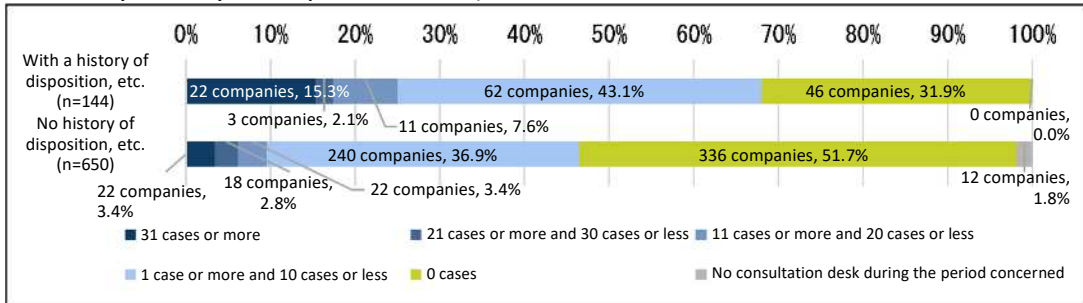


Figure 34. Number of internal consultations received on the AMA (Question 4-3-3, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts for consultation systems related to the AMA compliance.

[Examples of current efforts]

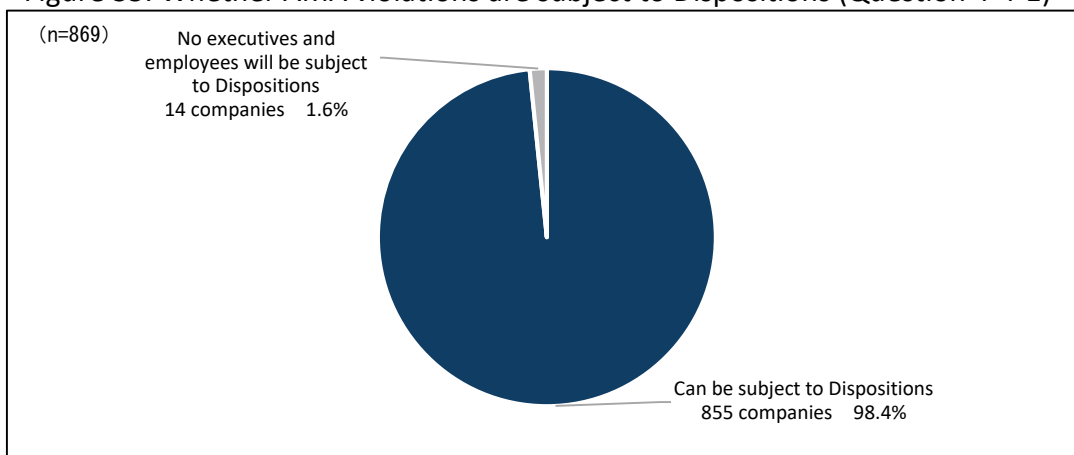
- The legal department of our company has a long history, and there is a culture integrated in the business units where it is normal to consult the legal department first if something happens, and the legal staff is highly relied on. In our company, the approval of the general manager of the legal department is required for all contracts. Therefore, members of the legal department are closely involved in all transactions, for example, from the stage of designing and reviewing transaction schemes such as how to sell individual products. Under such circumstances, advice is given as appropriate if there are any issues that may arise in relation to the AMA, not limited to cartels and bid-rigging.
- By assigning experienced sales personnel to the legal department, we were able to create an environment in which sales staff could easily consult with the legal department by, for example, seeking advice from the legal staff member

with whom they had built connections during the period when the staff member worked at the sales department. In addition, when discussing matters consulted on within the legal department, the presence of personnel with sales experience in the department enables the legal staff to consider issues under the AMA in light of the actual situation in the sales field and make the responses convincing.

D. Design and Implementation of Internal Disciplinary Rules for the AMA Violations (See the AMA Compliance Guide, Part II-2, (4) (p. 56))

The number of companies that replied that executives and employees could be subject to disciplinary measures or other adverse dispositions (hereinafter simply referred to as “Dispositions”) in relation to AMA violations was 855 (98.4% of all respondents)²³.

Figure 35. Whether AMA violations are subject to Dispositions (Question 4-4-1)



In addition, we asked companies that replied that executives and employees could be subject to Dispositions in relation to AMA violations what kind of executives and employees, such as positions and ranks, could be subject to Dispositions and whether it was specified in their internal regulations that such executives and employees could be subject to Dispositions. The results listed below were obtained.

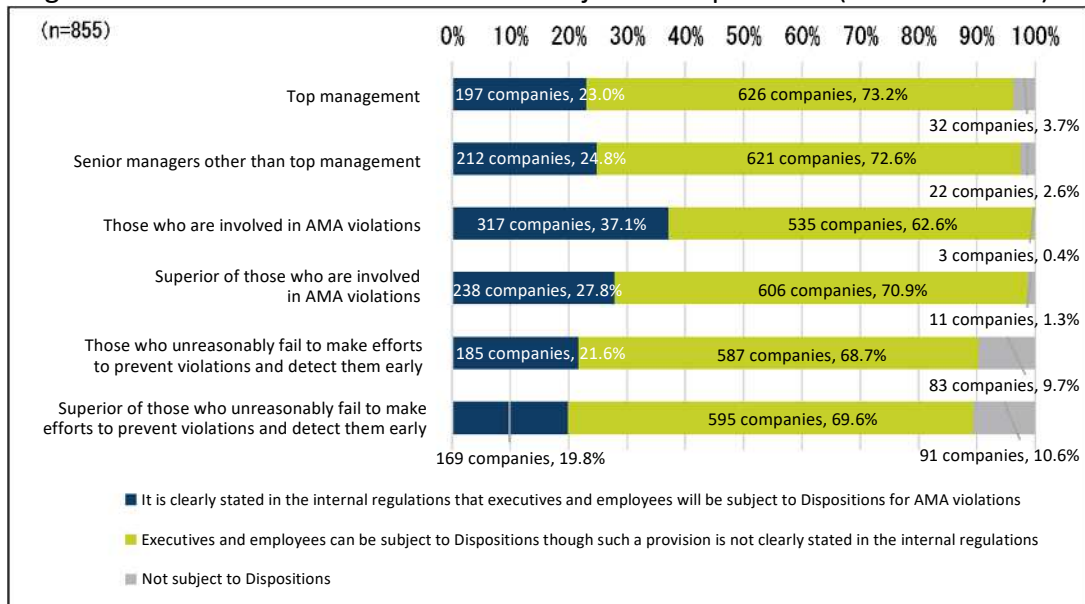
- Thirty-two (3.7%) of the 855 companies mentioned above replied that top management would not be subject to Dispositions, and 22 (2.6%) of the

²³ Although there were 14 companies (1.6% of all respondents) that replied that no executives and employees would be subject to Dispositions, it is usually difficult to assume that executives and employees involved in AMA violations would not be subject to Dispositions at all. These companies may have replied as mentioned above mainly because their internal regulations did not clearly state that AMA violations were subject to Dispositions.

855 companies mentioned above replied that senior managers other than top management would not be subject to Dispositions.

- Eighty-three (9.7%) of the 855 companies mentioned above replied that those who unreasonably failed to make efforts to prevent or detect AMA violations at an early stage would not be subject to Dispositions, and 91 (10.6%) of the 855 companies mentioned above replied that their superiors would not be subject to Dispositions.
- There were only a few companies that replied that those who were involved in AMA violations and their superiors would not be subject to Dispositions²⁴.
- Only about 20% to a little less than 40% of companies that replied that executives and employees could be subject to Dispositions for their involvement in AMA violations clearly stated in their internal regulations that they would be subject to Dispositions for their involvement in AMA violations or unreasonable failure to make efforts to prevent or detect AMA violations at an early stage. (Even the highest percentage was 37.1% as accounted for by companies that clearly stated in their regulations that those who were involved in AMA violations would be subject to Dispositions.)

Figure 36. Whether AMA violations are subject to Dispositions (Question 4-4-2)

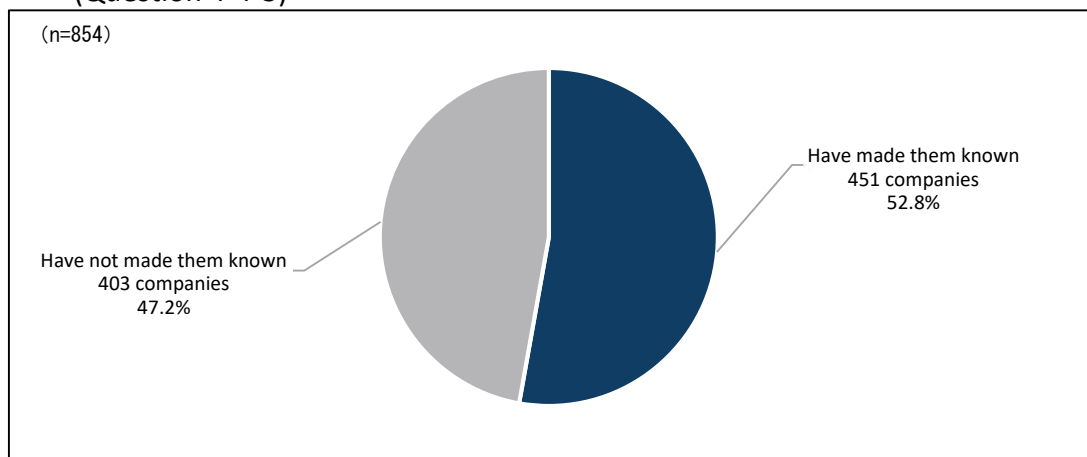


Furthermore, among the companies that replied that executives and employees could be subject to Dispositions in relation to AMA violations

²⁴ Three (0.4%) out of 855 companies replied that the persons involved in AMA violations themselves would not be subject to Dispositions, and eleven (1.3%) out of 855 companies replied that the persons' superior would not be subject to Dispositions. However, it is usually difficult to assume that the persons involved in AMA violations and the persons' superior will not be subject to Dispositions at all, and an answer may have been made with an intention different from the purpose of the question. This is the same as in Note 23.

(854 companies excluding one company that did not respond from the 855 companies mentioned above), only 451 companies (52.8% of companies whose executives and employees could be subject to Dispositions) had informed the executives and employees to that effect, and as many as 403 companies (47.2% of companies whose executives and employees could be subject to Dispositions) had not.

Figure 37. Whether companies have made Dispositions for AMA violations known (Question 4-4-3)



(Note) One company was excluded from the data totalization because it did not respond.

A cross-tabulation analysis was conducted to determine how whether executives and employees could be subject to Dispositions in relation to AMA violations and whether they had been informed to that effect differed depending on whether their company had a history of disposition, etc. The results listed below were obtained.

- In terms of whether executives and employees could be subject to Dispositions for AMA violations, there was no significant difference between companies that had a history of disposition, etc. and companies that had no history of disposition, etc. (99.3% (149 companies) of companies with a history of disposition, etc. and 98.2% (706 companies) of companies without a history of disposition, etc. replied that they could be subject to Dispositions.)
- On the other hand, among the companies whose executives and employees could be subject to Dispositions in relation to AMA violations, 77.2% (115 companies) of companies with a history of disposition, etc. had informed executives and employees to that effect, while only 47.7% (336 companies) of companies with no history of disposition, etc. (705 companies excluding one company that did not reply from the 706 companies mentioned above) had

informed executives and employees to that effect.

Based on the foregoing, it was statistically significant that more companies with a history of disposition, etc. had informed executives and employees that they could be subject to Dispositions in relation to AMA violations. This suggests that companies with a history of disposition, etc. may be designing and implementing disciplinary rules for executives and employees involved in AMA violations as part of the measures included in disposition, etc. and measures to prevent recurrence.

Figure 38. Whether there are Dispositions for AMA violations (Question 4-4-1, by history of disposition, etc.)

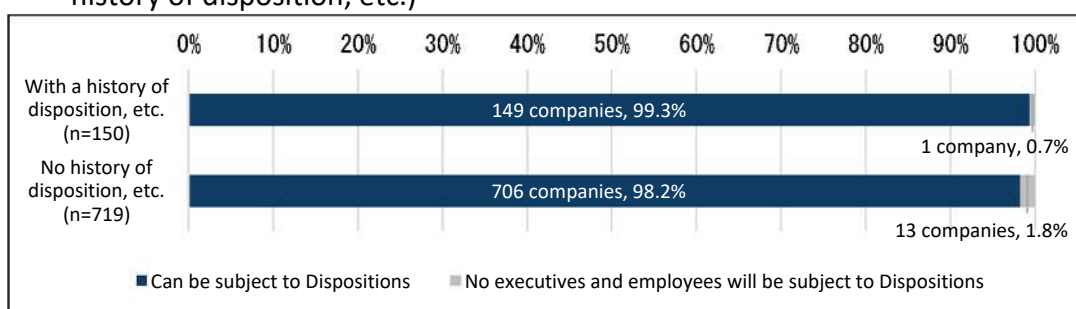
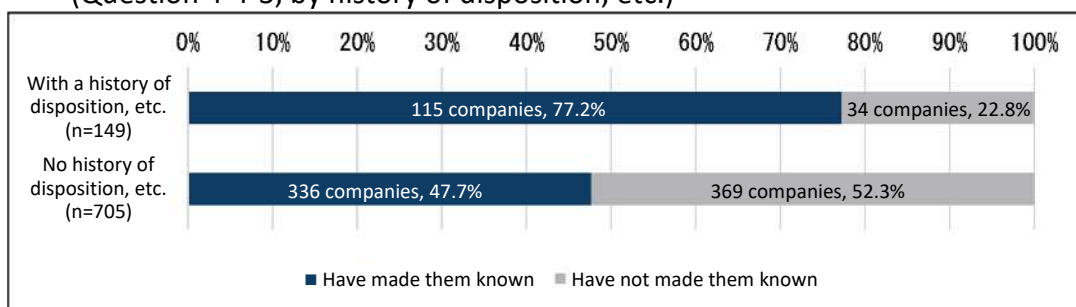


Figure 39. Whether companies have made Dispositions for AMA violations known (Question 4-4-3, by history of disposition, etc.)



(Note) One company (with no history of disposition, etc.) was excluded from the data tabulation because it did not respond.

In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts for internal disciplinary rules for AMA violations.

[Examples of current efforts]

- The basic policy on remuneration for executives under the Companies Act stipulates a policy for the return of compensation in the event of a serious fraud or non-compliance (clawback malus clauses). In addition, the basic corporate governance policy provides that the board of directors shall resolve to bring

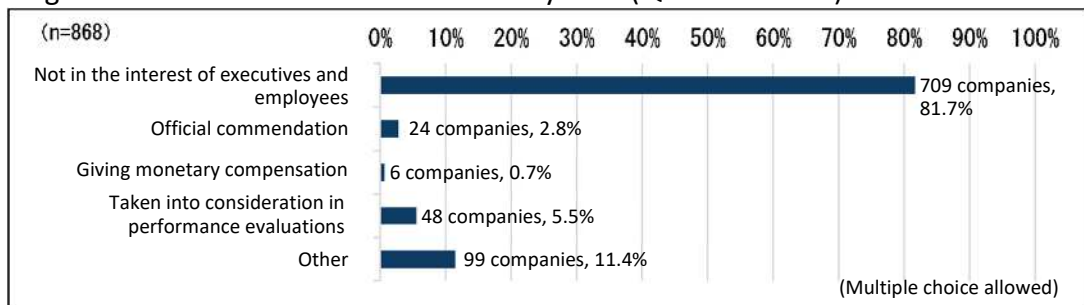
proposed resolutions for dismissing representative directors and removing directors before the general meeting of shareholders taking into consideration factors such as proposals made by the nominating committee from the viewpoint of maintaining and improving corporate value. The corporate officer regulations specify the process for disqualifying, dismissing, and otherwise punishing corporate officers who do not fall under executives under the Companies Act. If executives are involved in AMA violations, it is considered that they will be punished in accordance with these policies and regulations. In the past AMA violations in which our company was involved, only voluntary return of remuneration was made by executives.

- The regulations for the prevention of AMA violations stipulate that those who violate the regulations shall be strictly punished. These regulations were established relatively recently, and there have been no cases in which they were applied, but it was widely known within the company before they were established that AMA violations would be subject to disciplinary measures under the work regulations. In fact, in the past, when AMA violations occurred in our company, the persons involved in the AMA violations and their superiors were strictly punished. At the time of the above-mentioned Dispositions, the details of the Dispositions were not disclosed either internally or externally, but in the event of misconduct, etc. within the company, it is now disclosed internally on the company intranet.
- In the past, AMA violations occurred owing to deficiencies in the compliance system of our company. Therefore, the company imposed Dispositions upon executives for the reason of the deficiencies in the establishment of the system. However, the company does not take disciplinary measures against employees who are involved in the AMA violations because the company believes that it is inappropriate to hold these individuals responsible for the deficiencies in the establishment of the system of the company.

In addition to the above, from the viewpoint of preventing AMA violations, it is possible not only to impose Dispositions on executives and employees for AMA violations but also to link the interests of executives and employees to cooperation for initiatives to prevent and early detect AMA violations as an incentive. (The system for providing such an incentive is hereinafter referred to as the “Incentive System.”) A total of 709 companies (81.7% of all respondents) replied, “The Incentive System is not in the interest of executives and employees to cooperate in efforts to prevent or early detect AMA violations,” 24 companies (2.8% of all respondents) replied, “Awards will be given to executives and employees or

divisions who have made excellent efforts to prevent or early detect AMA violations,” six companies (0.7% of all respondents) replied, “Financial compensation will be provided to executives and employees who have made excellent efforts to prevent and early detect AMA violations,” and 48 companies (5.5% of all respondents) replied, “The degree of cooperation in efforts to prevent and early detect AMA violations will be taken into account in performance evaluations (promotion, advancement, and salary increase).”

Figure 40. Introduction of an Incentive System (Question 4-4-4)



(Note) One company was excluded from the data totalization because it did not respond.

In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts for the Incentive System.

[Examples of current efforts]

- We have established an official commendation system for compliance promotion activities. In the past, Japanese personnel of our company provided locally hired employees of overseas group companies with unique education, including training in local languages, so that they could view AMA compliance as their own business, and this was officially commended. In this system, financial incentives such as rewards may be provided along with official commendation. However, in light of tax and other issues, we currently provide a fixed amount of subsidies for the social gathering costs of the officially commended business units.
- Although we have no record of an Incentive System being applied in the past, there is a reward system for employees who contribute to the prevention of damage to the company through the early detection of misconduct, etc. by reporting or using other means (excluding persons involved in misconduct, etc.) and those who achieve significant results in the prevention of misconduct, etc. through internal activities.

(3) Specific Measures to Detect the AMA Violations at an Early Stage and Take Appropriate Actions

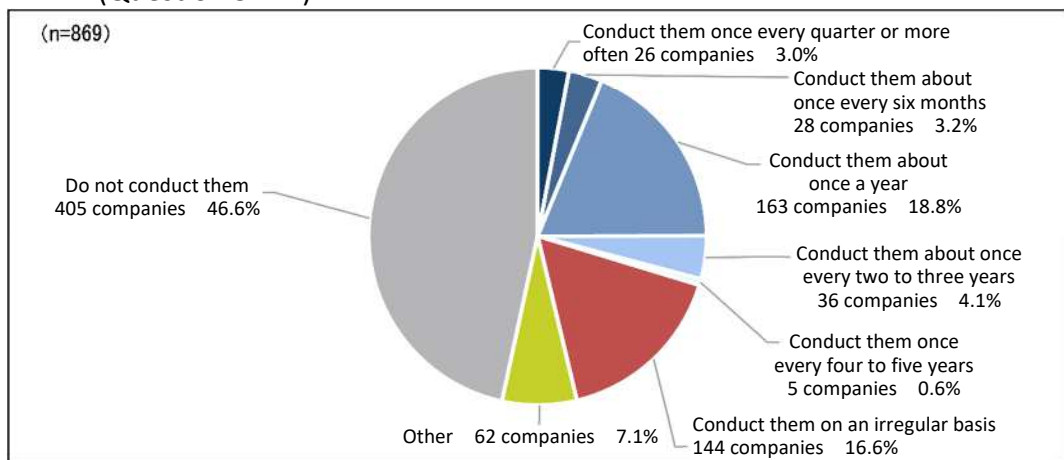
A. Conducting Audits on the AMA (See the AMA Compliance Guide, Part II-3, (1) (p. 61))

(A) AMA Audits in General

A total of 258 companies (29.7% of all respondents) conducted audits on the AMA on a regular basis, 144 companies (16.6% of all respondents) conducted such audits on an irregular basis, and 405 companies (46.6% of all respondents) did not conduct such audits. (In addition to the above, 62 companies (7.1% of all respondents) replied “Other.”)

The number of companies that conducted audits on the AMA about once a year was largest, at 163 (40.5% of 402 companies that conducted such audits (the 258 companies and 144 companies mentioned above)), followed by 144 companies (35.8% of the 402 companies mentioned above) that conducted such audits on an irregular basis.

Figure 41. Whether companies conduct audits on the AMA and how often (Question 5-1-1)

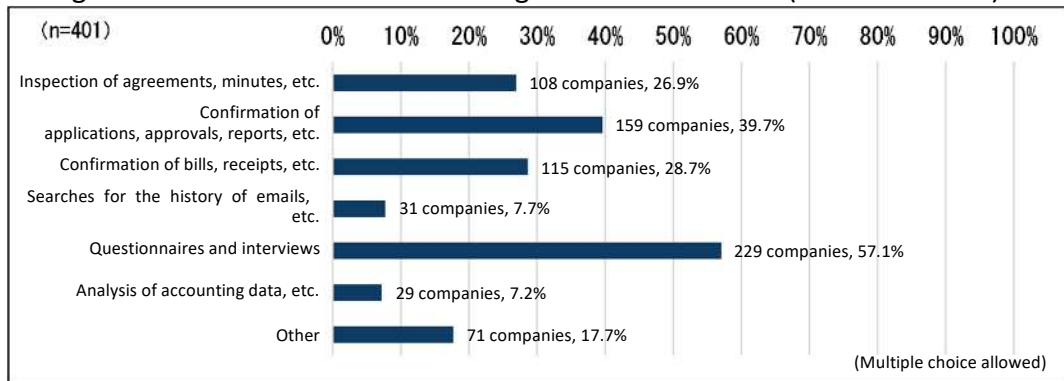


With regard to the audit procedures of companies that conducted audits on the AMA, the number of companies that replied, “Questionnaires for and interviews with executives and employees,” was largest, at 229 (57.1% of companies conducting audits (the 401 companies excluding one company that did not respond from the 402 companies mentioned above)), followed by 159 companies (39.7% of companies conducting audits (the 401 companies mentioned above) that replied, “Confirmation of evidence of applications, approvals, reports, etc. related to contact with competitors,” 115 companies (28.7% of companies conducting audits (the 401 companies mentioned above)) that replied, “Confirmation of evidence such as

bills, receipts, etc. related to travel and transportation expenses, entertainment expenses, etc.,” and 108 companies (26.9% of companies conducting audits (the 401 companies mentioned above)) that replied, “Inspection of written documents such as agreements with competitors and minutes of meetings with competitors.”

On the other hand, the number of companies that replied, “Keyword searches for emails, chats, SNS, etc.,” and that of companies that replied, “Data analysis on changes in the defraying of travel and transportation expenses, entertainment expenses, etc. and the operating profit ratio as well as changes in the successful bid rate in public bidding, etc.” were small, at 31 (7.7% of companies conducting audits (the 401 companies mentioned above)) and 29 (7.2% of companies conducting audits (the 401 companies mentioned above), respectively.

Figure 42. Procedures for conducting audits on the AMA (Question 5-1-2)



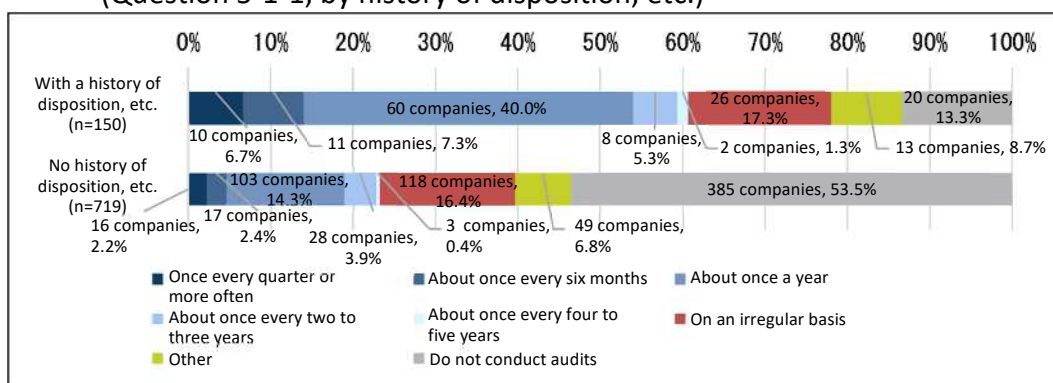
(Note) One company was excluded from the data totalization because it did not respond. Answers in the Questionnaire answer column which required respondents to describe specific details of the answer for “8) Other” in Question 5-1-1 were closely examined, and as a result, they included answers in which it was unclear whether audits on the AMA were conducted. Therefore such answers were excluded from the data tabulation.

A cross-tabulation analysis was conducted to determine how whether companies conducted audits on the AMA differed depending on whether they had a history of disposition, etc., and the results listed below were obtained.

- The percentage of companies that conducted audits on the AMA was 78.0% (117 companies) of those which had a history of disposition, etc. but only 39.6% (285 companies) of those which had no history of disposition, etc.
- The percentage of companies that conducted audits more frequently than once a year was 69.2% (81 companies) of those which had a history of disposition, etc. but only 47.7% (136 companies) of those which had no history of disposition, etc.

Based on the foregoing, it was statistically significant that more companies with a history of disposition, etc. conducted audits on the AMA and that more companies with a history of disposition, etc. conducted audits on the AMA once a year or more often. These findings suggest that companies with a history of disposition, etc. may conduct audits on the AMA as part of the measures included in disposition, etc. and measures to prevent recurrence.

Figure 43. Whether companies conduct audits on the AMA and how often (Question 5-1-1, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts and past failures related to audits on the AMA (excluding examples of AI use in audits on the AMA).

[Examples of current efforts]

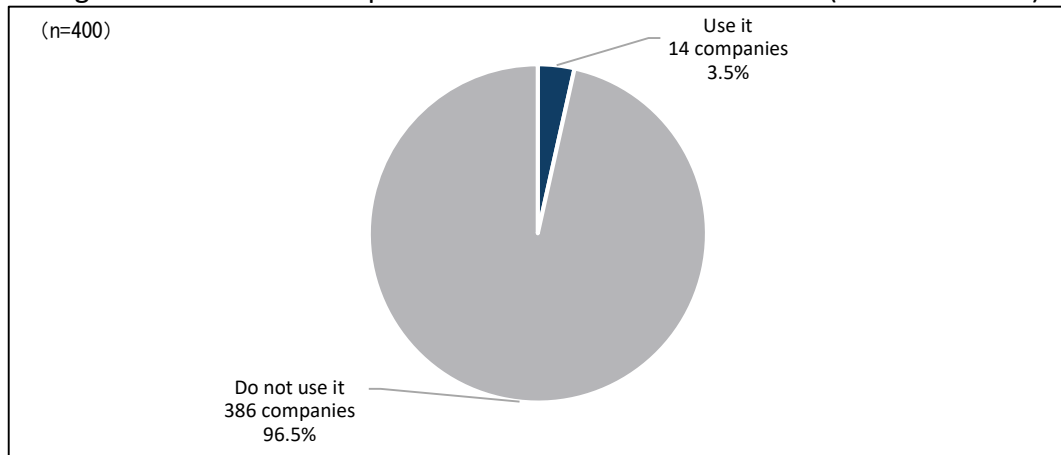
- Compliance with the rules for contact with competitors is audited in all business units. However, since it is not possible for the legal department to monitor the status of design and implementation of the rules in all business units, voluntary inspections in each business unit are conducted in combination with sampling inspections by the legal department. If an error is found in a sampling inspection, the legal department conducts an on-site inspection, provides guidance to the audited unit as necessary, and reports the results of the on-site inspection to the compliance committee.
- The legal department is auditing the daily business reports in the wake of the occurrence of problems related to the AMA. In conducting audits, daily business reports that are likely to be related to the AMA are extracted by searches using keywords set based on past problematic cases, and the legal staff visually checks each report to see if there are any problems under the AMA, and if there are doubts under the AMA or if there are insufficient

descriptions, the legal staff provides feedback with comments. In addition, the legal staff sometimes uses cases extracted from the daily business reports as subjects for in-house training on the AMA to explain the views on such cases under the AMA.

(B) Use of AI in Audits on the AMA

In recent years, technology that, in digital forensic investigations, utilizes AI to screen and extract documents that are highly relevant to the facts under investigation has been developed. Such technology may also be used to check the history of email, chat, SNS, etc. (hereinafter referred to as “Email Monitoring”) in audits on the AMA. In Question 5-1-3 of the Questionnaire, with this technology in mind, we asked whether companies used AI in audits on the AMA and what the advantages and disadvantages of using AI were. As a result, 14 companies (3.5% of companies conducting audits (400 companies excluding two companies that did not respond from the 402 companies mentioned above) used AI in audits on the AMA, indicating that some companies actually used AI in such audits.

Figure 44. Whether companies use AI in audits on the AMA (Question 5-1-3)



(Note) Two companies were excluded from the data totalization because they did not respond. Answers in the Questionnaire answer column which required respondents to describe specific details of the answer for “(8) Other” in Question 5-1-1 were closely examined, and as a result, they included answers in which it was unclear whether audits on the AMA were conducted. Therefore such answers were excluded from the data tabulation.

The number of examples in which companies that replied that they used AI at the time of Email Monitoring when asked how they used it was largest, and other examples included using interactive generative AI to investigate audit items, etc. when planning audits and using AI to detect outliers in travel and transportation expenses, entertainment expenses, etc.

The reasons for the introduction of AI-enabled Email Monitoring included

stepping up monitoring to prevent the recurrence of similar AMA violations, improving the efficiency of audits and reducing their burden and costs, and raising audit accuracy levels.

The systems and services provided by specialists in digital forensics research (hereinafter referred to as “Digital Forensics Business Operators”) were used for AI-based Email Monitoring, and the results of answers in the Questionnaire answer column requiring a written answer and interviews at listed companies are generally summarized as specified in 1) to 4).

1) Creating and learning teaching data (data with labels of correct answers)

- Target email data and search keywords (such as names of competitors, domain names, and words implying involvement in AMA violations, including “price” or “adjustment”) are shared with a Digital Forensics Business Operator. (There were cases where search keywords were examined and decided by seeking the advice of Digital Forensics Business Operators and external lawyers.)
- The Digital Forensics Business Operator narrows down the email data by using the keywords mentioned above, creates teaching data, and makes AI learn them through machine learning. (With respect to teaching data, there were cases where the person in charge at the legal and compliance departments of the outsourcing company checked the emails extracted by random sampling from the emails which the Digital Forensics Business Operator narrowed down by keyword searches and used the emails tagged according to the degree of relevance and importance.)



2) Using AI to score target emails

- Based on the teaching data learned in 1) above, AI performs scoring on the target email data.



3) Reviewing top scored emails

- Emails are visually checked in the order of the highest scores given by AI in 2) above to determine whether there are problems under the AMA. (In addition to cases in which emails were checked only by the person in charge at the legal and compliance departments of the outsourcing company, there were cases in which a primary check was conducted by the Digital Forensics Business Operator or the outside lawyer with a secondary check conducted by the person in charge at the legal and compliance departments of the outsourcing company. In some cases, the accuracy of

scoring was improved by repeating 2) above and the procedure specified here.)



4) Checking scoring accuracy (whether there are omissions)

- In order to check whether emails of high importance were missed, emails extracted by random sampling from email data that was not visually checked were visually checked. (There were cases in which the accuracy of AI scoring was checked using dummy email data and cases in which regular consultations with the Digital Forensics Business Operator were carried out for fine tuning by communicating the requests of the outsourcing company (Example: the key word “oo” should be included in the search keywords as well.)

With respect to the frequency of Email Monitoring using AI, there were cases in which the person in charge at the legal and compliance departments constantly (daily) checked a certain number of emails or emails with a certain score or higher. (In this case, it is considered probable that the procedures 2) and 3) above were implemented on a daily basis.) In addition, there were cases in which regular checks were conducted once every two months, quarterly, or annually and cases in which checks were conducted on an irregular basis.

The operational costs of Email Monitoring using AI are considered to vary widely depending on the volume of target email data, the existence and extent of advice and work by the Digital Forensics Business Operator, and the frequency of monitoring conducted, and it is not possible to compare these costs across the board. However, for the companies interviewed this time, the annual cost was approximately several million yen to several tens of millions of yen. (There were cases in which initial investments were made at the time of introduction separately from the operation costs.)

With respect to the effects of AI-powered Email Monitoring, comments such as “AI scoring significantly reduced the number of emails that had to be checked visually, lightening the burden on both the monitoring and target departments” and “If you want to visually check all of the target emails, you have to set up a dedicated person and spend a huge amount of time checking them, but if you use AI, you can eliminate such a dedicated person and devote your free time to other measures related to AMA Compliance” were received, while other respondents said, “Compared to the previous case in which Email Monitoring of a similar scale was conducted without AI, the burden was certainly reduced, but eventually, details still had to be visually scrutinized

with limited reduction in the number of hours required for monitoring.”

While there were cases in which executives and employees were actively informed of the use of AI for Email Monitoring from the viewpoint of deterring communications with competitors that would be problematic under the AMA, there were also cases in which they were not actively informed from the viewpoint of ensuring the effectiveness of audits because there was a concern that communications with competitors that would be problematic under the AMA might be conducted through private terminals, etc. that were not subject to audits if they were informed of the implementation of Email Monitoring irrespective of whether AI was used or not²⁵.

B. Design and Operation of a Whistleblowing System (AMA Compliance Guide, Part II-3, (2) (p. 67))

A total of 854 companies (98.3% of all respondents) had established a whistleblowing hotline to receive whistleblowing from executives and employees concerning AMA violations²⁶.

Whistleblowing hotlines can be established internally as well as in outside lawyers’ offices. While 733 companies (85.8% of companies with a whistleblowing hotline) had established a whistleblowing hotline both outside and inside the organization, 41 companies (4.8% of companies with a whistleblowing hotline) had established a whistleblowing hotline only outside the organization (lawyers’ offices, etc.), and 80 companies (9.4% of companies with a whistleblowing hotline) had established a whistleblowing hotline only inside the organization. In particular, the percentage of companies that had established a whistleblowing hotline both outside and inside the organization rose by more than 20 percentage points compared to the 2012 survey in which it was 64.1%²⁷. This suggests that corporate efforts to improve the effectiveness of whistleblowing systems have progressed in response to the revision of the Whistleblower Protection Act, which

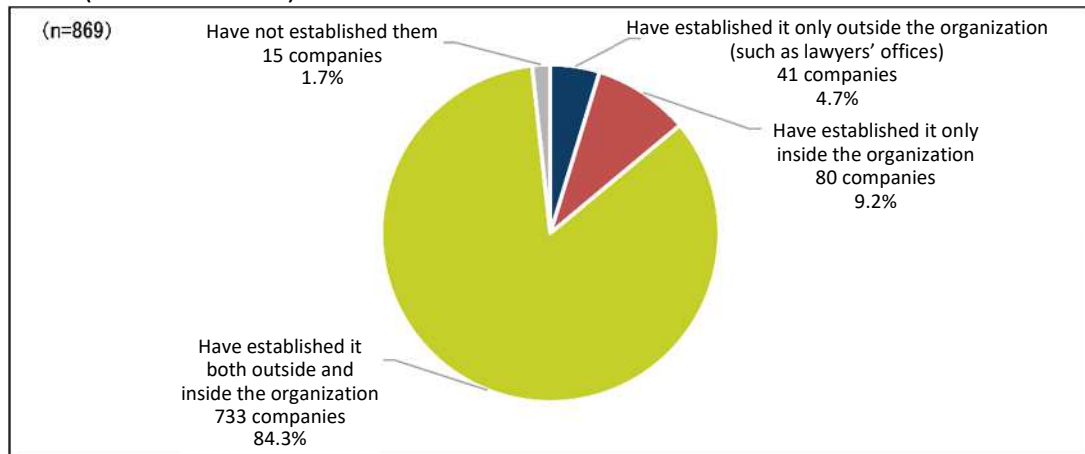
²⁵ It is considered that Email Monitoring is generally conducted on company terminals and that private terminals are not subject to audits. It is assumed, however, that the companies in which interviews were conducted this time uniformly restrict the use of private terminals for business purposes in the information security regulations and that if executives and employees use private terminals to communicate with competitors in a way that would be problematic under the AMA, they may be held responsible for violations of the regulations.

²⁶ Article 11 Paragraph 2 of the Whistleblower Protection Act and the Guideline Part IV 1(1) based on Paragraph 4 of the same article (Notification of the Cabinet Office No. 118 of August 20, 2021) stipulate that an employer with more than 300 regularly employed workers shall be obliged to establish a whistleblowing hotline. The fact of AMA violations is also included in the reportable facts under the Whistleblower Protection Act (Article 2 Paragraph 3 Items 1 and 2 of the Whistleblower Protection Act, the Appended Table No. 8 of the Whistleblower Protection Act, and the Government Order No. 20 to Provide for the Acts of the Appended Table No. 8 of the Whistleblower Protection Act), but it should be noted that if an employer has not actually established a whistleblowing hotline to receive whistleblowing by executives and employees concerning AMA violations rather than giving an erroneous answer, etc. (such as, an answer recognizing that whether a whistleblowing hotline dedicated to the AMA has been established is being asked and selecting “Have not established it”), it may constitute a violation of Article 11 Paragraph 2 of the Whistleblower Protection Act.

²⁷ See page 33 of the 2012 Japan Fair Trade Commission survey report.

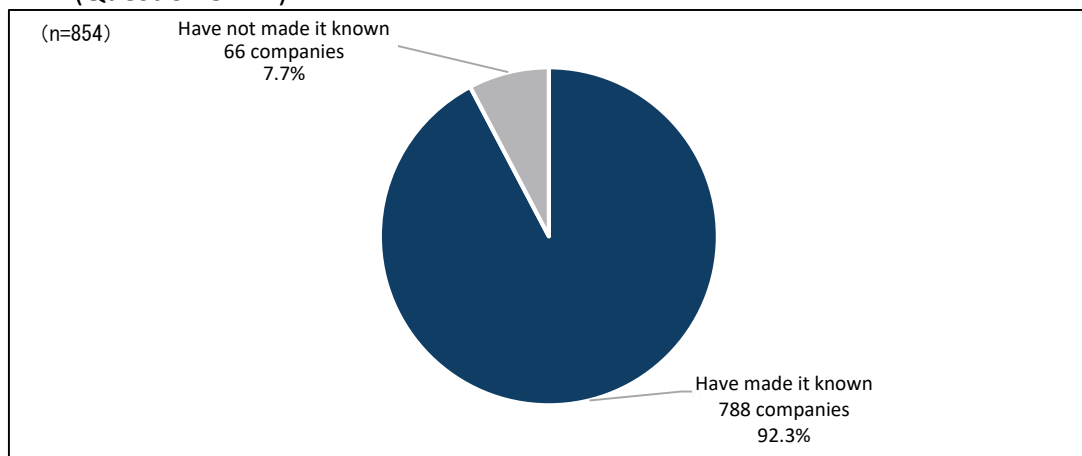
requires the establishment of systems necessary to respond appropriately to whistleblowing.

Figure 45. Whether companies have established a whistleblowing hotline (Question 5-2-1)



Among the companies that had established a whistleblowing hotline, 788 companies (92.3% of such companies) had informed executives and employees of the availability and usage of the whistleblowing hotline in relation to AMA violations, and 66 companies (7.7% of such companies) had not informed them thereof²⁸.

Figure 46. Whether companies have made the whistleblowing hotline known (Question 5-2-2)



²⁸ The Guideline Part IV 3(1)B in Note 26 requires companies to educate workers, executives, and retirees on the Whistleblower Protection Act and internal whistleblowing systems and make the Act and systems known thereto. It is considered that the companies that did not inform employees about the whistleblowing system as mentioned in this text included a certain number of companies that replied that they did not do so because they did not make any explicit reference to the AMA. It should be noted, however, that in the first place, lack of such education and information may constitute a violation of Article 11 Paragraph 2 of the Whistleblower Protection Act even if there is no explicit reference to the AMA.

A cross-tabulation analysis was conducted to determine how whether companies had established a whistleblowing hotline and made it known differed depending on whether they had a history of disposition, etc., and the results listed below were obtained.

- There were no significant differences in whether companies had established a whistleblowing hotline and where they had done so depending on whether they had a history of disposition, etc.
- While 2.0% (3 companies) of companies with a history of disposition, etc. that had established a whistleblowing hotline had not made the availability and use of the whistleblowing hotline related to AMA violations known, 8.9% (63 companies) of companies with no history of disposition, etc. that had established a whistleblowing hotline had not made the availability and use of the whistleblowing hotline related to AMA violations known.

Based on the foregoing, it was statistically significant that more companies with a history of disposition, etc. had made the availability and use of the whistleblowing hotline related to AMA violations known. This suggests that companies with a history of disposition, etc. are more aware of the need to ascertain information about AMA violations and to take appropriate measures early.

Figure 47. Whether companies have established a whistleblowing hotline (Question 5-2-1, by history of disposition, etc.)

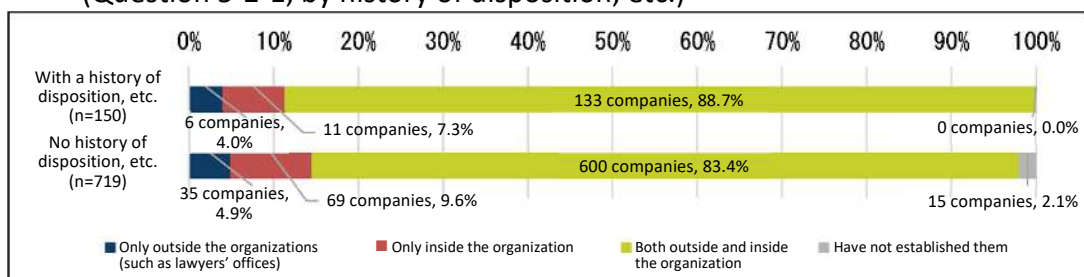
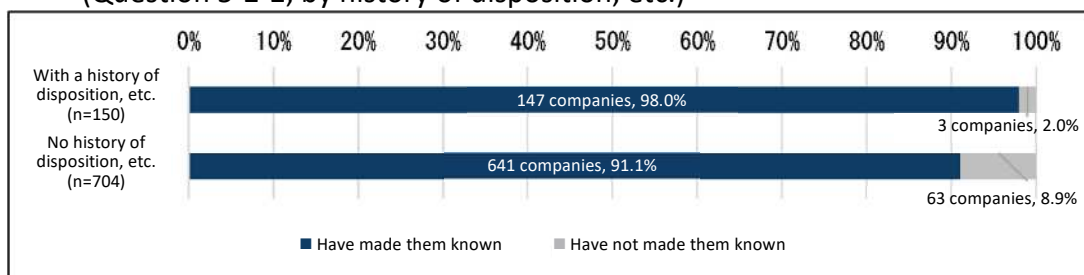


Figure 48. Whether companies have made the whistleblowing hotline known (Question 5-2-2, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts for whistleblowing systems.

[Examples of current efforts]

- When a problem occurs in the company, it is a general rule to report to and consult with one's superior using the business reporting line, and it has become the culture of our company. The whistleblowing system is positioned as a system to supplement the business reporting line in the event of problems that cannot be reported to or consulted on with one's superior.
- The rules for compliance with the AMA stipulate that it is the duty of executives and employees to report when they see or hear AMA violations around them, and it is also possible to impose disciplinary measures on them for violations of that duty. On the other hand, it is important to be able to raise issues properly when they arise, without imposing the duty. In order to create an organizational culture that welcomes the raising of issues, top management always gives priority to compliance and sends a message that issues raised must be directly addressed.
- Once a year, we conduct a questionnaire survey among all executives and employees to measure their awareness of the whistleblowing hotline, which is also an opportunity to make the whistleblowing hotline known to them.
- In order to further enhance the independence of response to whistleblowing concerning senior managers, we ensure that whistleblowing concerning senior managers is reported only to the audit & supervisory board and that such whistleblowing is handled while seeking the advice of the audit & supervisory board and watching the results of monitoring by the board.
- Hotlines have been established inside and outside the organization to receive whistleblowing and requests for advice (including anonymous ones) from the entire group (including retirees and contract workers) as well as from customers and business partners. These hotlines are available in 14 languages for 24 hours a day throughout the year. They are widely used by making them known mainly through messages sent by top management on a regular basis and compliance training.

C. Introduction of an Internal Leniency System about the AMA (See the AMA Compliance Guide, Part II-3, (3) (p. 73))

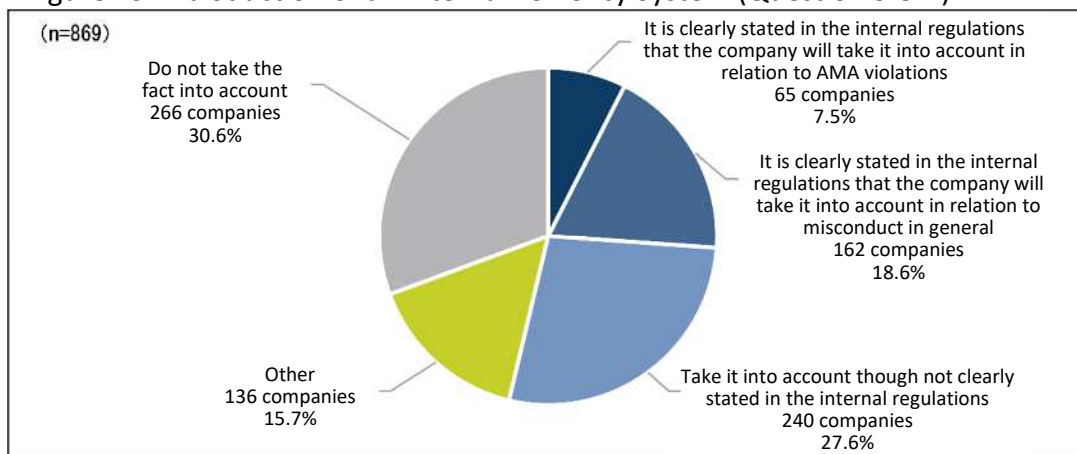
While 467 companies (53.7% of all respondents) replied that they would consider the fact that an executive or employee voluntarily reported his or her

involvement in an AMA violation or cooperated in internal investigations as a ground for reduction or exemption of disciplinary measures (The system and initiatives that take the fact into account are hereinafter referred to as the “Internal Leniency System.”), 266 companies (30.6% of all respondents) replied that they would not consider it. (In addition to the above, there were 136 companies (15.7% of all respondents) that replied, “Other.” Among the companies that replied, “Other,” approximately 40% responded in the answer column requiring a written answer that they did not consider the fact beforehand but might consider it as an element to extenuate circumstances of individual cases.)

Of the companies that replied that they would take the fact into consideration, 227 companies (48.6% of the 467 companies mentioned above) indicated to that effect in the internal regulations, while 240 companies (51.4% of the 467 companies mentioned above) did not indicate to that effect in the internal regulations.

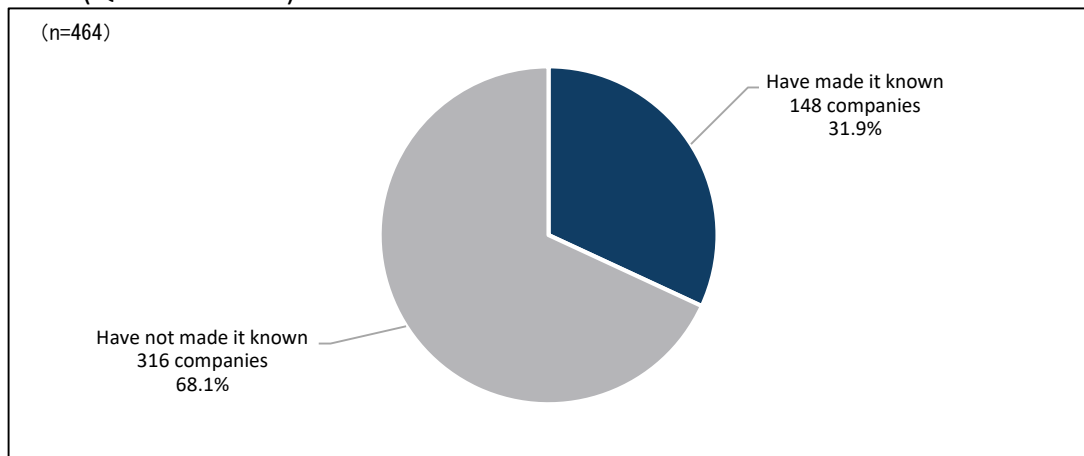
Furthermore, asked whether they clearly stated in the internal regulations that they would take the fact into account in relation to AMA violations, 162 companies (71.4% of companies (227 companies mentioned above) that replied that they clearly stated in the internal regulations that they would take it into account) replied, “Although we do not clearly state in the internal regulations that we will take the fact into account in relation to AMA violations, we clearly state in the internal regulations that we will take it into account in relation to misconduct in general, which includes AMA violations,” and only 65 companies (28.6% of companies (the 227 companies mentioned above) that replied that they clearly stated in the internal regulations that they would take it into account) clearly stated that they would take it account in relation to the AMA.

Figure 49. Introduction of an Internal Leniency System (Question 5-3-1)



Among the companies that replied that they would take the fact into account (464 companies excluding three companies that did not respond from the 467 companies mentioned above), only 148 companies (31.9%) had informed their executives and employees that they would or might be granted a reduction or exemption of disciplinary measures if they voluntarily reported their involvement in AMA violations or cooperated in internal investigations, and 316 companies (68.1%) had not. (When the denominator was limited to companies (65 companies) that clearly stated in the internal regulations that they would take it in account in relation to AMA violations, 73.8% (48 companies) had informed them to that effect, and 26.2% (17 companies) had not.)

Figure 50. Whether companies have made the Internal Leniency System known (Question 5-3-2)



(Note) Three companies were excluded from the data totalization because they did not respond. Answers in the Questionnaire answer column which required respondents to describe specific details of the answer for “5) Other” in Question 5-3-1 were closely examined, and as a result, they included answers in which it was unclear whether if an executive or employee voluntarily reported his or her involvement in AMA violations or cooperated in internal investigations, such reporting or cooperation would be considered as a reason for reduction or exemption of disciplinary measures, and those answers were excluded from the data tabulation.

A cross-tabulation analysis was conducted to determine how whether an Internal Leniency System had been introduced and made known differed depending on whether companies had a history of disposition, etc., and the analysis results listed below were obtained.

- The percentage of companies that considered the fact that an executive or employee voluntarily reported his or her involvement in AMA violations or cooperated in internal investigations as a reason for reduction or exemption of disciplinary measures was 71.3% (107 companies) of companies with a history of disposition, etc., but it was only 50.1% (360 companies) of companies with no history of disposition, etc., and it was statistically significant that more

companies with a history of disposition, etc. considered the fact.

- Companies that clearly stated in the internal regulations that the fact that an executive or employee voluntarily reported his or her involvement in AMA violations or cooperated in internal investigations would be considered as a reason for reduction or exemption of disciplinary measures accounted for 29.0% (31 companies) of companies with a history of disposition, etc. that replied that the fact would be taken into account (107 companies mentioned above) but for only 9.4% (34 companies) of companies with no history of disposition, etc. that replied that the fact would be taken into account (the 360 companies mentioned above), and it was statistically significant that more companies with a history of disposition, etc. clearly stated the above in the internal regulations.
- The percentage of companies that had informed executives and employees that a reduction or exemption of disciplinary measures would or might be granted if they voluntarily reported their involvement in AMA violations or cooperated in internal investigations was 46.2% (49 companies) of companies with a history of disposition, etc. that replied that they would take the fact into account (106 companies excluding one company that did not respond from the 107 companies mentioned above) but only 27.7% (99 companies) of companies with no history of disposition, etc. that replied that they would take the fact into account (358 companies excluding two companies that did not respond from the 360 companies mentioned above), and it was statistically significant that more companies with a history of disposition, etc. had informed executives and employees of such an reduction or exemption.

These findings suggest that companies with a history of disposition, etc. are more aware of the need to ascertain information on AMA violations and take appropriate measures early through voluntary reporting, etc. by executives and employees.

Figure 51. Introduction of an Internal Leniency System (Question 5-3-1, by history of disposition, etc.)

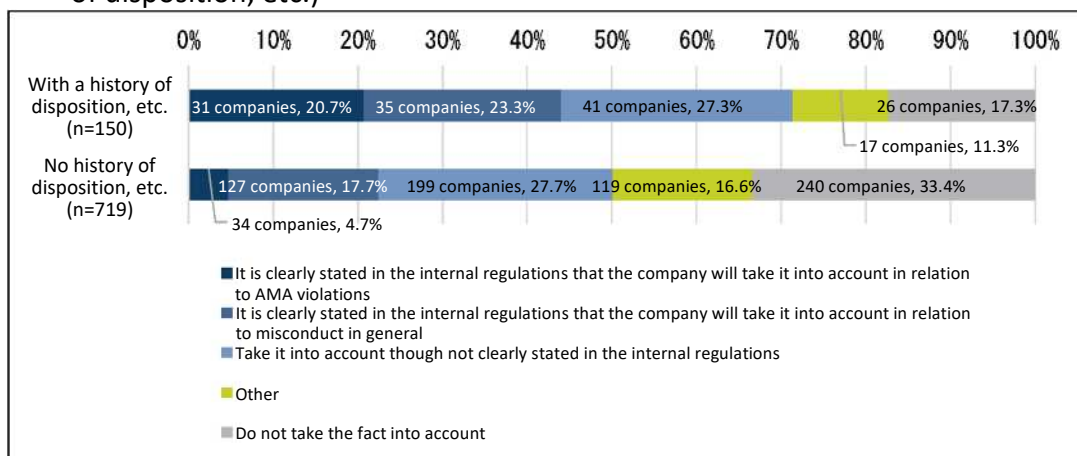
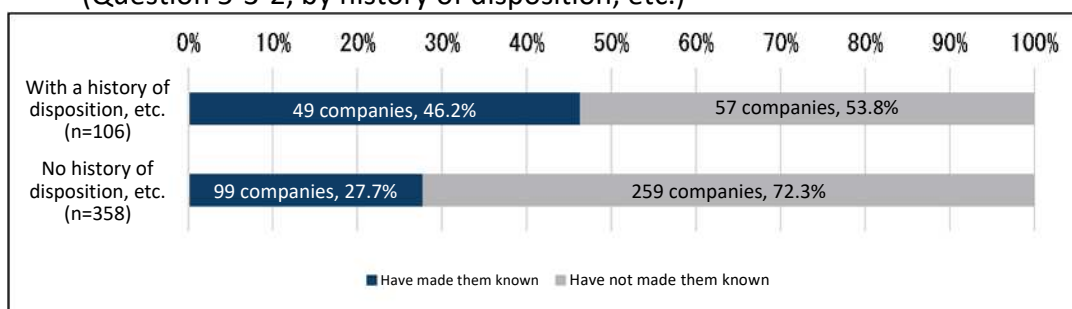


Figure 52. Whether companies have made the Internal Leniency System known (Question 5-3-2, by history of disposition, etc.)



(Note) Three companies (one with a history of disposition, etc. and two with no history of disposition, etc.) were excluded from the data totalization because they did not respond.

In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed above were received concerning examples of the current efforts for the Internal Leniency System.

[Examples of current efforts]

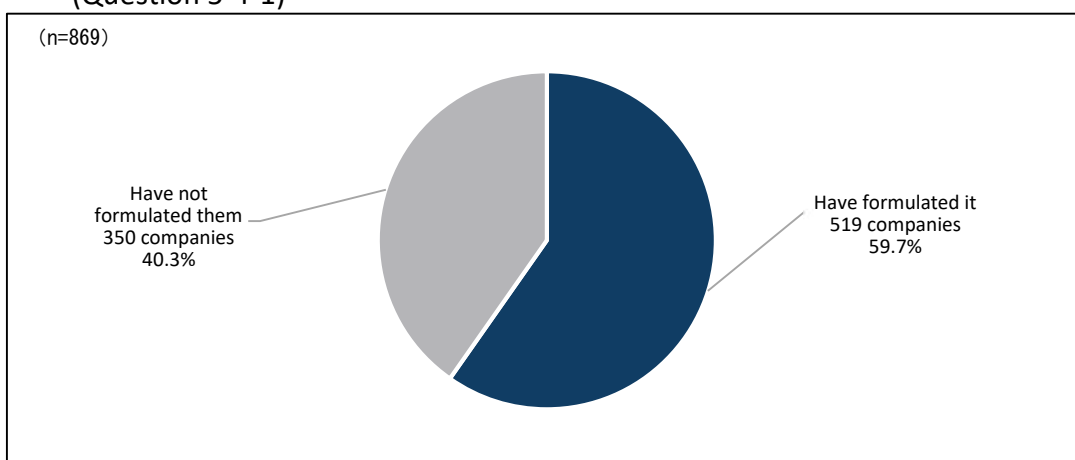
- We clearly state the Internal Leniency System related to the AMA in the detailed regulations on a reduction and exemption of disciplinary measures. The detailed regulations provide that if a person who makes a voluntary report fulfills his or her duty to cooperate with the company and the reported information contributes to the mitigation of damage suffered by the company, the person may be granted a reduction of or exemption of disciplinary measures in consideration of the timing of voluntary reporting, the value of the information provided (such as new information), and the degree of contribution to reducing the damage suffered by the company.
- Any AMA violation is a reason for disciplinary actions under the work regulations. On the other hand, since extenuating circumstances are permitted

under the work regulations, it is possible to operate the regulations with a certain degree of flexibility, and we believe that this can obtain the same effect as the Internal Leniency System. There are various opinions about the introduction of the Internal Leniency System, and based on the results of this Survey, we would like to consider the introduction of this system in our company again.

D. Appropriate Response to Suspected Violations of the AMA (See the AMA Compliance Guide, Part II-3, (4) (p. 76))

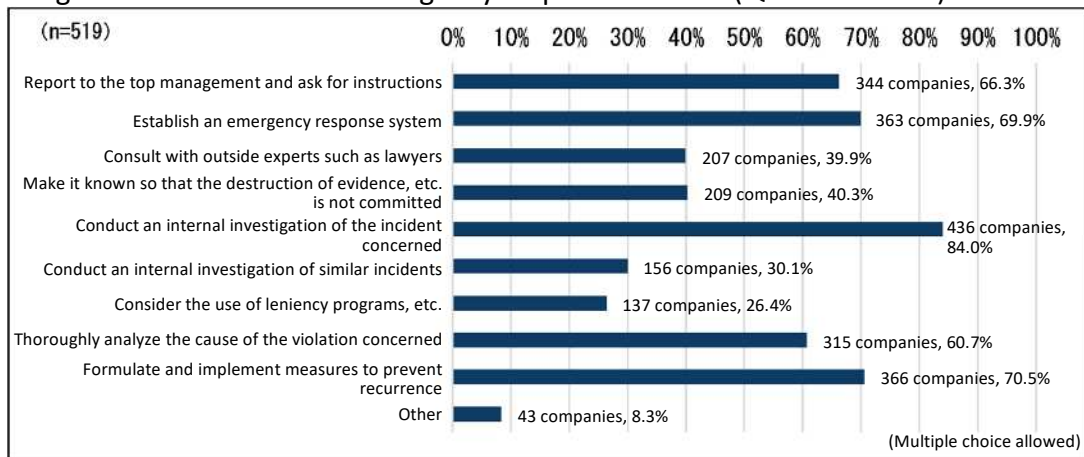
In order to promptly and appropriately respond to a suspected AMA violation within the company, it is important to be prepared for an emergency from normal times by, for example, formulating in advance an emergency response manual that defines response systems, policies, procedures, etc. While 519 companies (59.7% of all respondents) had formulated such a manual, 350 companies (40.3% of all respondents) had not.

Figure 53. Whether companies have formulated an emergency response manual (Question 5-4-1)



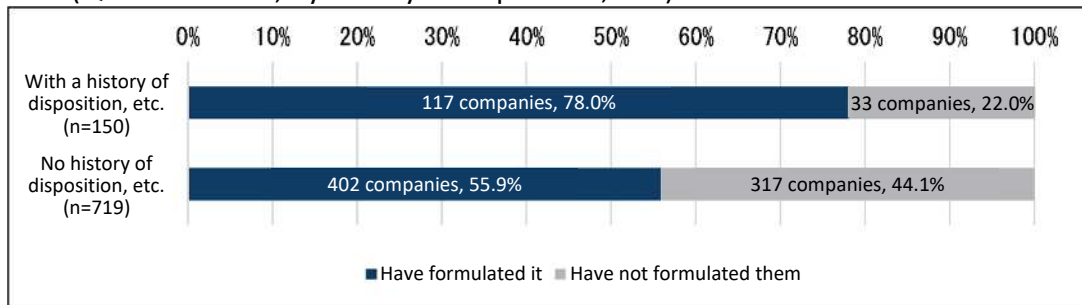
Except for the analysis of causes and the formulation and implementation of measures to prevent recurrence, which are usually conducted after the initial response is completed, the number of companies that indicated that they conducted an internal investigation of an incident that occurred when asked about details defined in the emergency response manual was largest, at 436 (84.0% of companies that had formulated an emergency response manual), followed by 363 companies (69.9% of companies that had formulated an emergency response manual) that indicated that they established an emergency response system, and 344 companies (66.3% of companies that had formulated an emergency response manual) that indicated that they reported to top management, etc.

Figure 54. Details of the emergency response manual (Question 5-4-2)



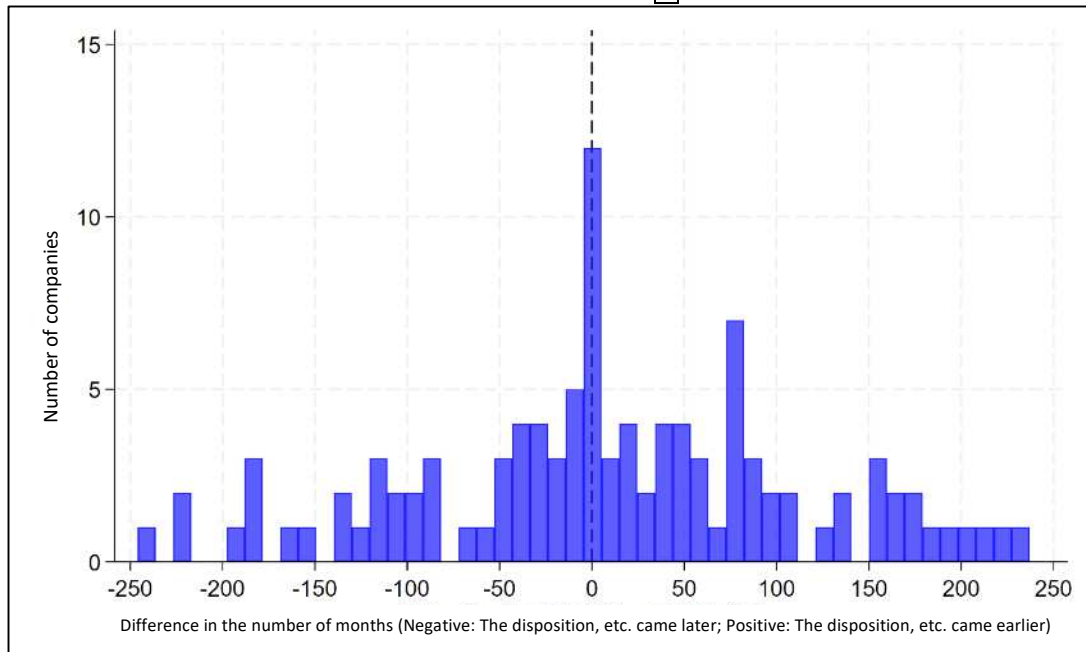
A cross-tabulation analysis conducted to determine how whether companies had formulated an emergency response manual differed depending on whether they had a history of disposition, etc. revealed that 78.0% (117 companies) of responding companies with a history of disposition, etc. had formulated an emergency response manual while only 55.9% (402 companies) of responding companies with no history of disposition, etc. had not.

Figure 55. Whether companies have formulated an emergency response manual (Question 5-4-1, by history of disposition, etc.)



A comparison of the time when companies with a history of disposition, etc. received the first disposition, etc. with the time when the emergency response manual was formulated showed that there was not as significant a tendency as for the basic regulations, manuals, and Contact Rules but that many companies formulated the manual around the time of disposition, etc. It is statistically significant that an emergency response manual was formulated more by companies with a history of disposition, etc. Given that the time of formulation of an emergency response manual was distributed around the time of disposition, etc., this suggests that an emergency response manual, like the basic regulations, manuals, and Contact Rules, may have been formulated in response to the occurrence of AMA problems.

Figure 56. Comparison of the timing of dispositions, etc. and the timing of formulating an emergency response manual²⁹



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current and past initiatives for addressing suspected AMA violations when they occurred.

[Examples of current efforts]

- After receiving an on-site inspection by the Japan Fair Trade Commission for AMA violations in the past, we drew up an emergency response manual based on our experience at that time. The emergency response manual, which includes directions such as not to destroy evidence and to make the first report as instructed, is available to employees in general for perusal.
- When AMA violations occurred in the past, we recognized that we needed an emergency response manual to clarify the actual situation promptly and cooperate appropriately in any investigation and decided to compile it. So far, the scope of the manual has been expanded to include criminal investigations and inquiries by not only the Japan Fair Trade Commission but also the police, prosecutors, government agencies supervising business, the Securities and Exchange Surveillance Commission, tax offices, labor standards inspection offices, etc.
- When the leniency program was introduced into the AMA, we compiled a

²⁹ The note on how to look at the graph is the same as Note 12.

manual to clarify the views on for what incidents we should or should not apply for leniency. A person in charge is assigned to the manual, and the necessity of revision is constantly checked. The manual also includes information on how to assign a Digital Forensics Business Operator in the event of an emergency.

[Examples of past efforts]

- In an internal investigation conducted after a suspected AMA violation occurred in the company, top management sent a message saying, “The profits obtained by violating the AMA are unnecessary. We will drive out corruption to restore trust,” and made it known that disciplinary measures would be reduced or exempted if AMA violations were voluntarily reported. These efforts also lowered the hurdle for whistleblowing, and as a result, a certain number of communications, including voluntary reports, were received concerning AMA violations, leading to early application for the leniency program.
- An initial report on AMA violations was sent from a sales site to the compliance department. The compliance department immediately checked the facts and reported them to the top management. At this stage, an outside lawyer was appointed to participate in subsequent internal investigations and review of the response policy. The involvement of the outside lawyer from the early stage of responding to the emergency enabled us to achieve internal consensus on how to respond to AMA violations, leading to an early application for the leniency program.
- Since the time of occurrence of AMA violations, our company has adopted the structure of a company with an audit & supervisory committee as defined in the Companies Act, and outside directors monitored and supervised managerial decisions made by top management. Under these circumstances, it is difficult to assume that top management will make a decision “not to apply for the leniency program,” and this is one of the reasons that led us to apply for leniency at an early stage.

(4) Periodic Evaluation and Update of the Program (See the AMA Compliance Guide, Part II-4 (p. 82))

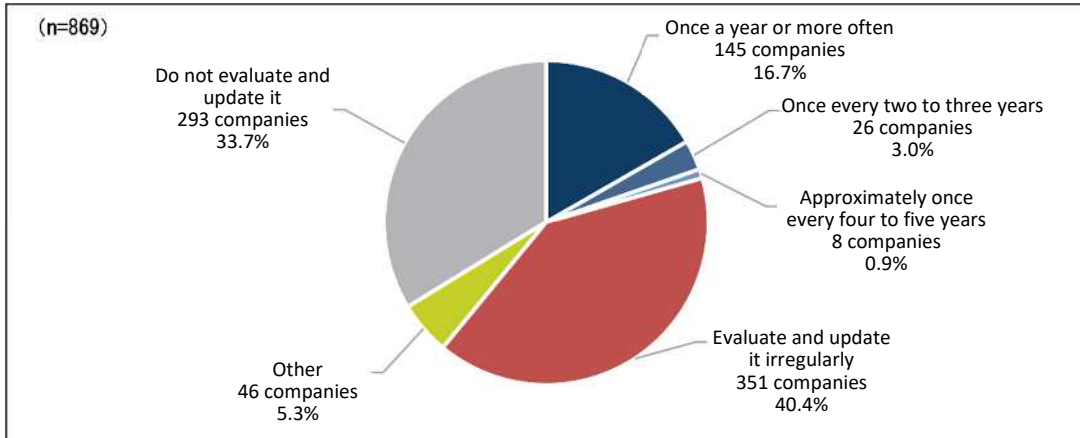
A. Whether the Program is Evaluated and Updated and How Often

While 179 companies (20.6% of all respondents) regularly evaluated and updated their AMA compliance program, 351 companies (40.4% of all respondents) evaluated and updated their program on an irregular basis. A total of 293 companies (33.7% of all respondents) did not. (In addition to the above, there

were 46 companies (5.3% of all respondents) that replied, "Other.")

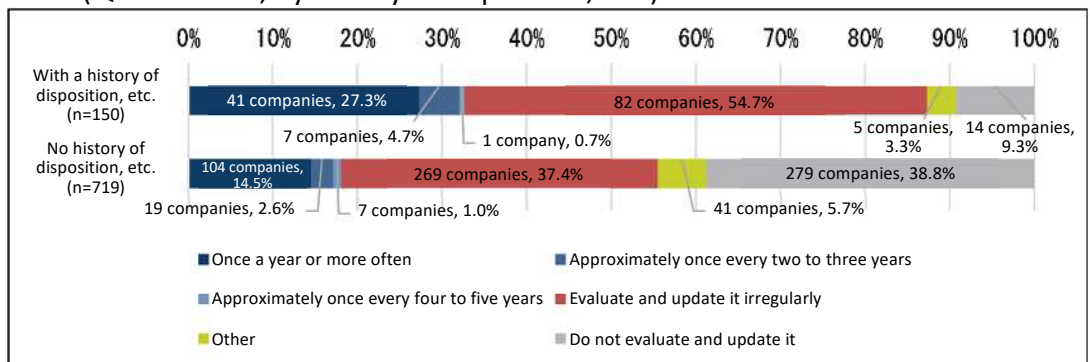
Among the companies that evaluated and updated the program, 145 companies (27.4% of companies that evaluated the program) evaluated and updated the program once a year or more often.

Figure 57. Whether companies evaluate and update the program and how often (Question 6-1)



A cross-tabulation analysis conducted to determine how whether companies evaluated and updated the program and how often differed depending on whether they had a history of disposition, etc. revealed that while 87.3% (131 companies) of responding companies with a history of disposition, etc. evaluated and updated the program regularly or irregularly, only 55.5% (399 companies) of companies with no history of disposition, etc. evaluated and updated the program regularly or irregularly, indicating that it was statistically significant that more companies with a history of disposition, etc. evaluated and updated the program. This suggests that more companies with a history of disposition, etc. worked to strengthen and improve the program on a continuous basis.

Figure 58. Whether companies evaluate and update the program and how often (Question 6-1, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts for evaluation and updating.

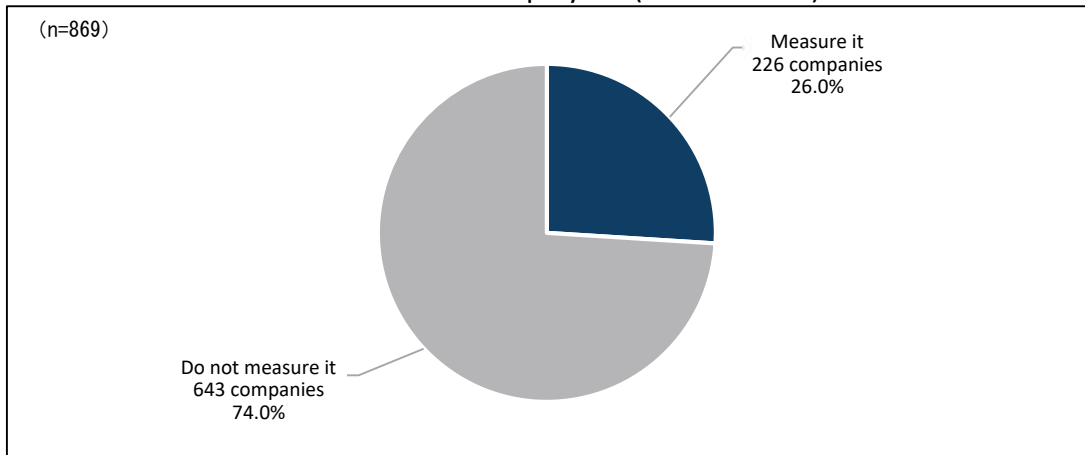
[Examples of current efforts]

- We update each year the AMA compliance program established by the board of directors based on the AMA Compliance Basic Rules and conduct activities based on this program. We monitor and evaluate the details and progress of quarterly activities through the preparation of a list of activities. Quarterly reports are made to the compliance committee, the majority of which consists mainly of outside directors and outside audit & supervisory board members. When advice and opinions are expressed, the program is updated as necessary. An external consultant is appointed to review and give advice on the design and implementation of the program from a third-party perspective.
- We regularly report to the compliance committee on the status of activities related to AMA compliance and continuously improve the program through direct instructions and advice from top management. Top managers, with a high sense of independence and participation, are able to speak in their own words about AMA compliance and compliance in general and send messages more effectively to executives and employees.

B. Measurement of the Degree of Improvement in the Awareness and Behavior of Executives and Employees

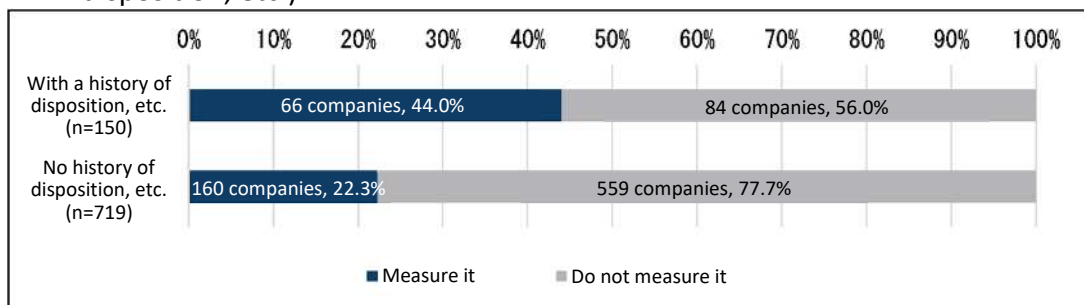
While it is not easy to measure the effects of the design and implementation of the AMA compliance program, it is possible to measure the effects of AMA compliance initiatives by measuring the degree of improvement in the awareness and behavior of executives and employees through questionnaire surveys, interviews, etc. While 643 companies (74.0% of all respondents) did not measure the degree of improvement in the awareness and behavior of executives and employees, only 226 companies (26.0% of all respondents) did.

Figure 59. Whether companies measure the degree of improvement in awareness and behavior of executives and employees (Question 6-2)



A cross-tabulation analysis conducted to determine how whether companies measured the degree of improvement in the awareness and behavior of executives and employees differed depending on whether they had a history of disposition, etc. showed that while 44.0% (66 companies) of companies with a history of disposition, etc. measured the degree of improvement in the awareness and behavior of executives and employees, only 22.3% (160 companies) of companies with no history of disposition, etc. did so, indicating that it was statistically significant that more companies with a history of disposition, etc. measured the degree of improvement in the awareness and behavior of executives and employees. This suggests that companies with a history of disposition, etc. make more efforts to spread the need for AMA compliance to the level of awareness and behavior of their executives and employees.

Figure 60. Whether companies measure the degree of improvement in awareness and behavior of executives and employees (Question 6-2, by history of disposition, etc.)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received concerning examples of the current efforts related to the method to measure the

degree of improvement in the awareness and behavior of executives and employees, the results of measurement, etc.

[Examples of current efforts]

- We conduct a survey on compliance awareness every year. Since the year in which an issue related to the AMA was recognized, we have added questions on the extent to which personnel understood and were aware of the AMA. The response rate of those who fully or sufficiently understand and are aware of the AMA has increased by approximately ten percentage points during the three years. Factors contributing to the improvement of the degree of understanding are probably the implementation of various measures on an ongoing basis, such as the implementation of a system of prior approval for and after-the-fact reporting of contact with competitors and the provision of training in seminar format by outside experts.
- We conduct a compliance questionnaire survey once a year among all executives and employees of our group companies, and the percentage of executives and employees who replied that they were taking actions to prevent AMA violations increased by approximately 18 percentage points from the previous year. We believe that this is the result of steady training activities. The results of the questionnaire led to the discovery of problems at subsidiaries, which prompted us to apply for the leniency program.
- In a questionnaire for all employees, the employees are asked about their awareness of and attitudes toward compliance on a five-point scale. The results of the survey are compared over the years by business unit and across the business units. The executive in charge of business units whose responses are relatively poor compared to other units is urged to take corrective action and make improvements independently and on his or her own responsibility.

(5) Responses to Recent Developments

A. Responses to Risks of AMA Violations in the Use of Algorithms

In recent years, the use of algorithms to search the prices of competitors and to set prices for a company's own products and services has raised concerns that cartels may be more easily agreed upon and implemented, and that new forms of concerted practices may emerge³⁰. In the report *Algorithms/AI and Competition Policy*, published in March 2021 by the Study Group on Competition Policy in Digital Markets, the applicability of the AMA is discussed in four categories in Table 9 for

³⁰ See page 11 on Study Group on Competition Policy in Digital Markets, *Algorithms/AI and Competition Policy* (hereinafter referred to as the "Study Group Report") (March 2021) (https://www.jftc.go.jp/houdou/pressrelease/2021/mar/210331_digital.html).

the case where algorithms are used for concerted practices.

Table 9. Cases where algorithms are used for concerted practices and the applicability of AMA

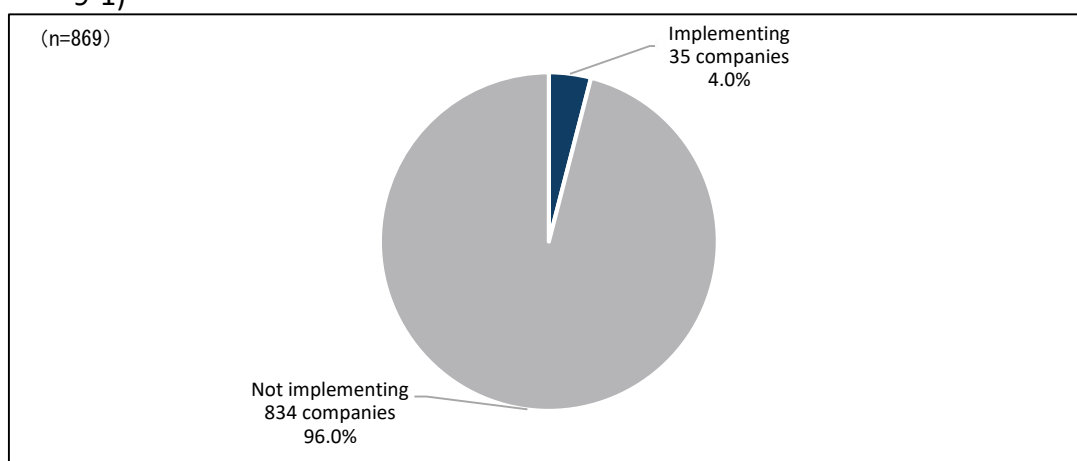
Type	Anticipated case	Applicability of AMA
Monitoring algorithms	A price-searching algorithm is used in cases where an agreement on a price-fixing cartel, etc. has been formed among competitors, in order to collect information on the competitors' prices, etc. or to retaliate against any party having deviated from the agreement, for the purpose of ensuring the effectiveness of the agreement.	Since there is an agreement among a number of companies on engaging in certain practices even prior to the use of such algorithms, this situation may potentially constitute a violation of the AMA as an unreasonable restraint of trade.
Parallel algorithms (hub-and-spoke type)	An agreement, such as that on a price-fixing cartel, has been made among competitors, and those companies use an algorithm configured to set prices according to the agreement.	
	A case where price coordination occurs owing to the fact that a number of competitors use a price-setting algorithm offered by a single third party.	In a case where algorithm-using companies have a common recognition concerning price coordination, the algorithm-using companies cannot be found to independently set prices and are found to engage in the communication of intention. Accordingly, this type of arrangements may potentially constitute a violation of the AMA as an unreasonable restraint of trade. In a case where an algorithm provider coordinates the prices of multiple algorithm-using companies without those companies being aware of price coordination, the communication of intention among those companies cannot be found, while this practice of the algorithm provider that has led the price coordination of those companies may be held in violation of the AMA in certain cases ³¹ .
Signaling algorithms	Algorithms are used to send price increase signals and also to check competitors' reactions to such signals.	A company's price increase may not potentially be regarded as its independent practice, but the communication of intention may be inferred depending on its signaling and the forms of competitors' reactions to such signaling.
Self-learning algorithms	The prices of competitors are set above competitive prices as a result of each company using machine learning or deep learning to set its price (including a case where each company's price results in being above competitive prices due to interactions among self-learning algorithms, even without intending to mutually coordinate prices).	If concerted practices based on the interaction of self-learning algorithms are realized in a real market, and if prices are coordinated only as a result of mutually autonomous price setting by multiple self-learning algorithms, it is possible to suppose that this fact alone will not constitute an unreasonable restraint of trade ³² .

³¹ According to page 24 of the Study Group Report, it is noted that "if the enterprise that provides a great majority of the price-setting algorithms used in a specific market has algorithm-using companies adopt its specific price-setting algorithm and coordinates the prices of a number of such companies by using the algorithm, the enterprise may be in violation of the Antimonopoly Act on the ground of private monopolization by control."

³² According to Note 51 on page 26 of the Study Group Report, it is noted that "as an exception, the communication of intention may potentially be found among firms in competition with each other if they use self-learning algorithms with a mutual recognition that the use of their algorithms leads to price coordination."

The Questionnaire asked whether any measures have been taken from the perspective of prevention and early detection in consideration of the risks of AMA violations associated with the use of such algorithms, and only 35 companies (4.0% of all responding companies) responded that they have some kind of measures in place, while 834 companies (96.0% of all responding companies) responded that they have not implemented any measures³³.

Figure 61. Responses to risks of AMA violations in the use of algorithms (Question 9-1)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding the current initiatives to address the risks of AMA violations in the use of algorithms.

Note that in this Fact-Finding Survey, as per the self-learning algorithm shown in Table 9, no companies have taken any action at this moment for the case where the prices of competitors are set above competitive prices as a result of each company using machine learning or deep learning to set its price, which then raises concerns for the AMA.

³³ As for the types of price-searching and price-setting algorithms, in addition to the market price searching tools for searching and ascertaining competitors' prices, there are "automatic price-updating tools" for setting prices with algorithms based on certain pricing rules set by users, "machine learning (demand prediction)" for predicting demand using machine learning, and setting optimal prices based on that, and "reinforcement learning" for setting prices using reinforcement learning, which sets sales, profits, and the like as a reward and conducts learning to maximize that reward (page 12 of the Study Group Report).

With regard to the usage situation of tools which use these algorithms, in the Japan Fair Trade Commission's *Survey Report on Transaction Situation of Consumer-Oriented e-Commerce* (January 2019), (<https://www.jftc.go.jp/houdou/pressrelease/2019/jan/190129.html>), among retailers who conduct online sales and refer to other companies' sales prices when deciding online sales prices, 7% of them responded that they use price-searching tools (software which automatically collects retailers' online sales prices, and displays the results) and the like. Moreover, of enterprises who conduct online sales, only 4% of them responded that they use software such as automatic price-updating tools.

[Examples of current efforts]

- The department that operates the EC site has introduced a system to search the prices of the same product on the EC sites operated by other companies. There is also a system that automatically sets prices on our own EC site based on such research. However, our company has not introduced such a system because it is an important competitive measure in the market environment, where our company is situated, to differentiate us from other companies by setting prices in consideration of various factors, in addition to price trends in the market. The price search system that our company is using is considered to facilitate cartel agreements and concerted practices, depending on how it is used. Therefore, executives and employees in our EC site operation department are instructed not to have contact with executives and employees in EC site operation departments of other companies.
- As a service to assist enterprises in setting prices, we offer a service to collect public information (market prices, etc.) through crawling and provide it to enterprises. However, our legal department and external affairs department collect and exchange information on documents published by the Japan Fair Trade Commission on algorithms and AI, court cases in Europe and the United States, etc., and examine and decide how to respond in cooperation with the management, compliance department, outside lawyers, etc., where necessary. In addition, we regularly provide training to the development department on issues under the AMA related to algorithms and AI to raise awareness. Furthermore, when developing a product or service, we have set up a process to confirm the existence of concerns from various perspectives, including the AMA, by multiple administrative departments, including the legal department, in three stages: 1) planning, 2) development, and 3) release. Even if the planning and development of a product or service, including automated pricing, proceeds, the existence of issues under the AMA will be carefully considered in this process.
- In some cases, outside consultants are employed to conduct market research, but it cannot be denied that outside consultants use algorithms. Therefore, in order not to obtain price information that could lead to a cartel through outside consultants, we do not obtain individual specific data of competitors, but obtain only statistical data.

B. Status of Design and Implementation of Compliance Programs for the Pass-Through of Labor and Other Costs

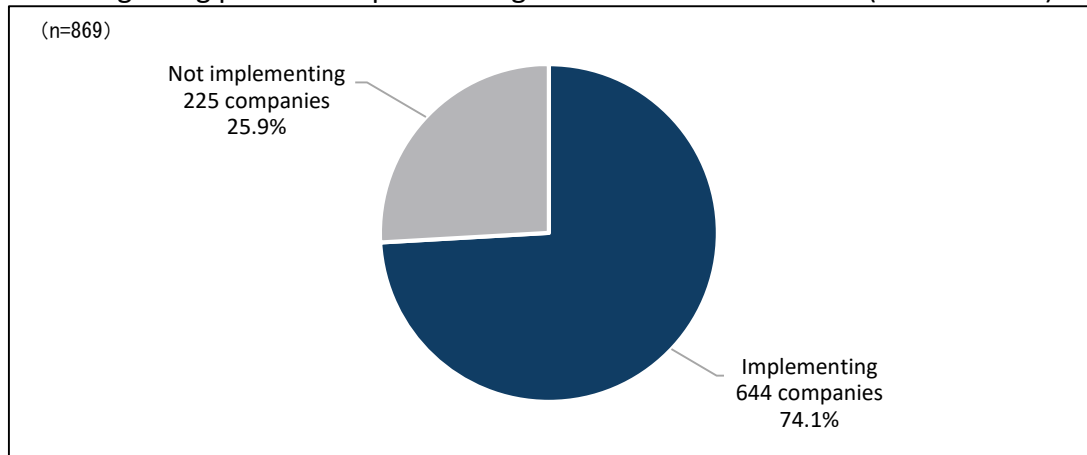
With regard to labor costs, raw material prices, energy costs, etc., the following may constitute an abuse of a superior bargaining position (Article 2, Paragraph 9, Item (v) (c) of the Antimonopoly Act): 1) leaving the transaction price unchanged as before without explicitly discussing the necessity of reflecting increases in these costs in the transaction price at the negotiating table, and 2) leaving the transaction price unchanged as before without responding to the transacting party in writing, by email, etc., with the reason for not passing on the increase in the transaction price despite the transacting party's request for an increase in the transaction price due to the increase in these costs³⁴. In particular, with regard to labor costs, the Cabinet Secretariat and the Japan Fair Trade Commission published the Guidelines for Labor Costs Pass-Through on November 29, 2023³⁵. Each company is deemed to strive to take actions in line with the Guidelines for Labor Costs Pass-Through. However, as a result of the special investigation conducted by the Japan Fair Trade Commission, it was confirmed that a considerable number of business partners have left the transaction prices unchanged without consultation, and as a result, there are some cases where the names of such companies have been disclosed³⁶. It is necessary to thoroughly implement policies at the company-wide level in order to disseminate initiatives for facilitating price pass-through of labor and other costs to the field level. For this purpose, it is important to appropriately design and implement compliance programs (internal control system, etc.) for the price pass-through of labor and other costs. From this point of view, the Questionnaire asked whether any measures have been taken for the prevention or early detection of abuse of a superior bargaining position in relation to pass-through of labor and other costs, and 644 companies (74.1% of all responding companies) responded that they have some kind of measures in place, while 225 companies (25.9% of all responding companies) responded that they have not implemented any measures.

³⁴ Japan Fair Trade Commission website: Frequently Asked Questions (Antimonopoly Act) Q20 (https://www.jftc.go.jp/dk/dk_qa.html)

³⁵ https://www.jftc.go.jp/partnership_package/index/roumuhitenka.html

³⁶ 13 companies were announced in FY2022, 10 in FY2023, and 3 in FY2024.

Figure 62. Initiatives for prevention and early detection of abuse of a superior bargaining position on pass-through of labor and other costs (Question 9-2)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding the current initiatives for the design and implementation of compliance programs (internal control system, etc.) for the price pass-through of labor and other costs.

[Examples of current efforts]

- We have specifically reported to top management multiple times the policy of accepting the pass-through of the increase in labor costs to the transaction price, and implemented it. In addition, we have announced the Declaration of Partnership Building internally and externally in the name of the president, including a statement to the effect that the company will take actions in line with the Guidelines for Labor Costs Pass-Through.
- At the Risk Management Committee (four times a year) and the Compliance Committee (once a year), we regularly report on the status of price negotiations and price pass-through from the procurement department.
- In order to comply with the Guidelines for Labor Costs Pass-Through, we have prepared and internally disseminated a manual that summarizes specific action examples and key points related to regular discussions on prices with business partners and the preparation and storage of negotiation records.
- We have established a department dedicated to promoting price pass-through within the procurement department.
- We are providing training to all employees, including the group companies, on activities based on the Guidelines for Labor Costs Pass-Through.
- We are building an IT system that stores the history and background of price negotiations so that price negotiations with business partners are not left to

the purchasing officers.

- We have been informing employees that one needs to confirm with the legal and compliance departments if there is any doubt regarding the Guidelines for Labor Costs Pass-Through.
- We have prepared a checklist for the prevention of abuse of a superior bargaining position with regard to pass-through of labor and other costs, and the procurement department at the Head Office, as well as group companies, conduct self-inspections while the legal department conducts audits of the operational status.
- We have established a whistleblowing hotline for business partners in the compliance department, separately from the procurement department.
- We have been reviewing the Declaration of Partnership Building as necessary.

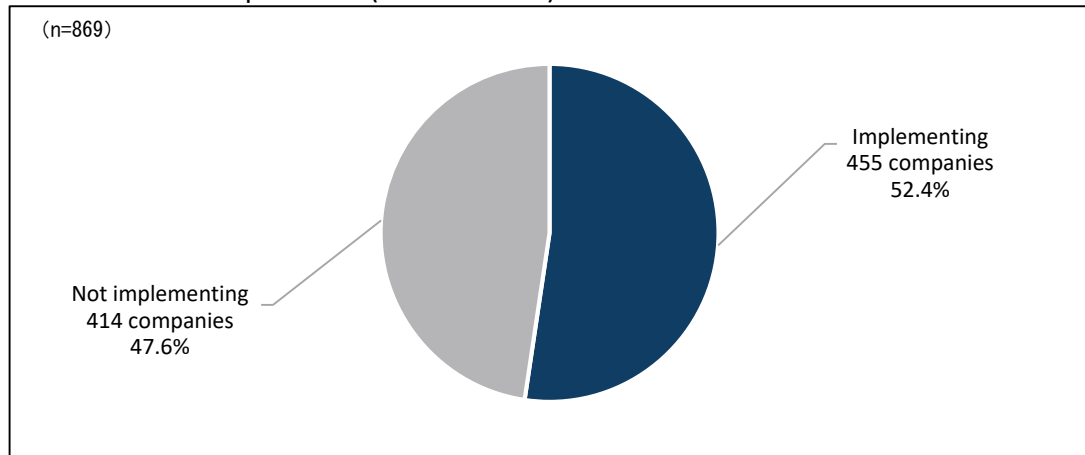
C. Status of Efforts for Prevention and Early Detection of Private Monopolization and Unfair Trade Practices

While cartels and bid-rigging are collusion among enterprises, activities that fall under private monopolization and unfair trade practices are the sole activities of each enterprise. Therefore, efforts focusing on cartels and bid-rigging may not necessarily be effective against private monopolization and unfair trade practices. Efforts for the prevention and early detection of private monopolization and unfair trade practices need to be separately considered and implemented in light of the characteristics of these types of violations³⁷.

From this point of view, the Questionnaire asked whether any measures have been taken for the prevention or early detection of private monopolization or unfair trade practices (excluding the abuse of a superior bargaining position regarding price-through as questioned in Question 9-2), and 455 companies (52.4% of all responding companies) responded that they have some kind of measures in place, while 414 companies (47.6% of all responding companies) responded that they have not implemented any measures.

³⁷ The Japan Fair Trade Commission has been actively conducting various fact-finding surveys, and has been compiling reports and guidelines based on the facts and other information obtained through fact-finding surveys, pointing out issues and points of contention under the AMA and competition policy, encouraging relevant enterprises and trade associations to make voluntary improvements in their trading practices, and proposing regulatory and institutional review by the competent authorities, thereby working to improve the competitive environment. Such activities by the Japan Fair Trade Commission are called advocacy activities, and it is important to refer to the fact-finding survey reports and guidelines published by the Japan Fair Trade Commission when considering and implementing initiatives for the prevention and early detection of AMA violations, including cartels and bid-rigging.

Figure 63. Efforts for prevention and early detection of private monopolization and unfair trade practices (Question 9-3)



In the Questionnaire answer column requiring a written answer and in the interviews at listed companies, the comments listed below were received regarding the current initiatives for the prevention and early detection of private monopolization and unfair trade practices.

[Examples of current efforts]

- With regard to not only cartels and bid-rigging but also each type of private monopolization and unfair trade practices, we have included in the manual a basic explanation of the content, and points to note in light of our own business. The manual also includes specific contact information (including phone numbers) to inform and raise awareness of the fact that, if there is any doubt concerning these matters, one should consult with our legal department or the managing company in an area, where our company is located, before taking action. In addition, we have been reviewing the content of the manual periodically and updating where necessary.
- In in-house training programs and newsletters distributed by the legal department, we explain the points to note on private monopolization and unfair trade practices by listing specific examples. We also call on employees to consult with the legal department without fail at the planning and design stage of a new transaction scheme or at the start of a new transaction, whenever they feel even a slight possibility of private monopolization or unfair trade practices in light of the size of our market share or the specific content of the transaction.
- All contracts relating to transactions are subject to contract review by the legal department. When reviewing contracts, the legal department checks whether any content and terms of transactions fall into private monopolization or unfair

trade practices by using a checklist and other means, and provides interviews and guidance to business units as necessary to ensure that a transaction scheme without violation of the AMA can be realized.

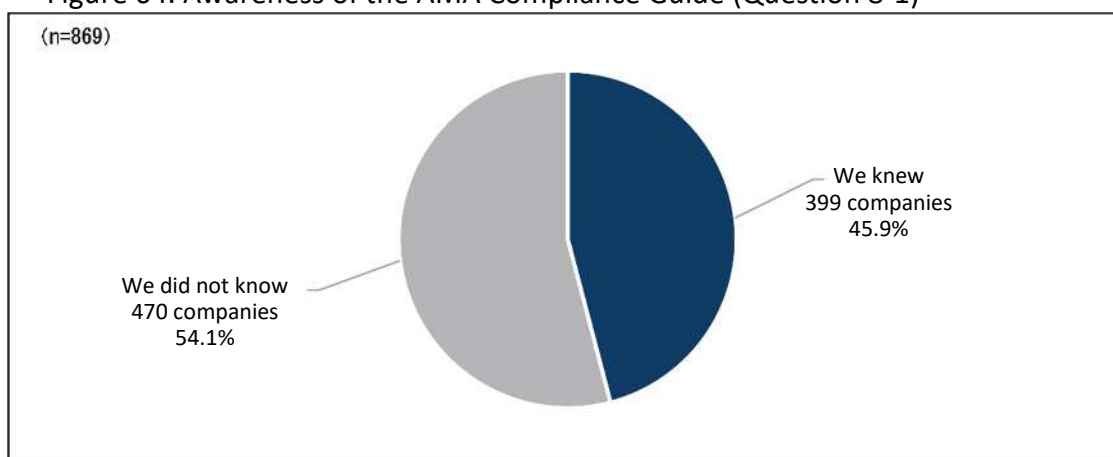
- As for restrictions on transactions and other actions in markets in which our company is in a dominant position, we have made it mandatory to have a prior discussion in a conference body on the AMA compliance, which is set in-house.
- For all cases requiring judgment, including whether or not a case falls into private monopolization or unfair trade practices, we receive them through a dedicated consultation form, and all cases are promptly consulted on with a legal counsel who handles the AMA and, if necessary, with the Japan Fair Trade Commission. In addition, when consulting with legal counsels, we ask not only legal staff members but also a consulter to attend to improve their understanding of the AMA.

(6) Awareness and Usefulness of the AMA Compliance Guide

The Questionnaire asked about the status of implementation of each item in the AMA Compliance Guide, as well as the awareness and usefulness of the Guide.

Regarding awareness of the AMA Compliance Guide, 399 companies (45.9% of all responding companies) responded that they knew about it before the start of the Questionnaire Survey, and 470 companies (54.1% of all responding companies) responded that they did not know about it.

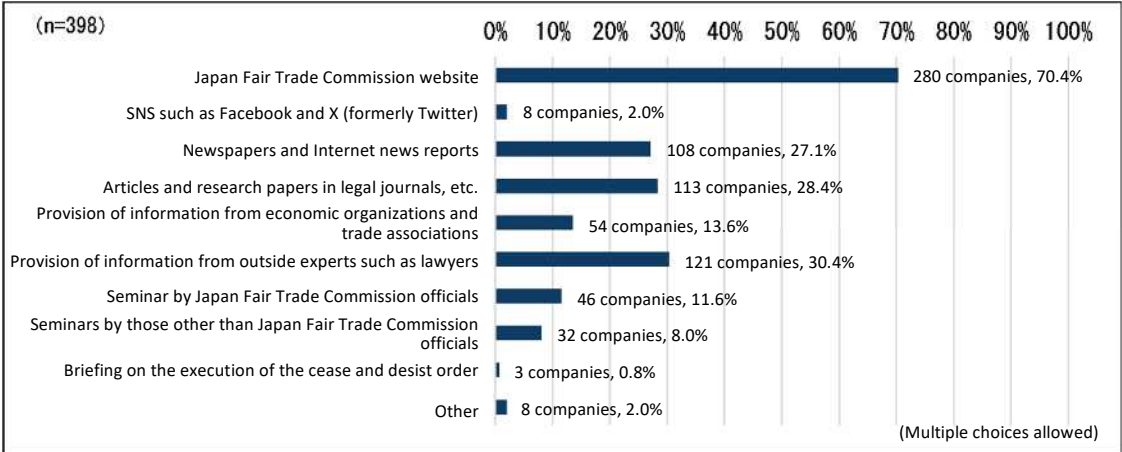
Figure 64. Awareness of the AMA Compliance Guide (Question 8-1)



Regarding the opportunities for companies that responded that they knew about the AMA Compliance Guide to learn about it, “the Japan Fair Trade Commission website” was the most frequent response by 280 companies (70.4% of companies responding that they knew about it (398 companies, exclusive of 1 non-respondent from the 399 mentioned above)), followed by “provision of information

from outside experts such as lawyers (including mailing lists and newsletters)” by 121 companies (30.4% of companies responding that they knew about it (the 398 companies mentioned above)), “articles and research papers in legal journals, etc.” by 113 companies (28.4% of companies responding that they knew about it (the 398 companies mentioned above)), and “news coverage in newspapers and Internet news reports” by 108 companies (27.1% of companies responding that they knew about it (the 398 companies mentioned above)).

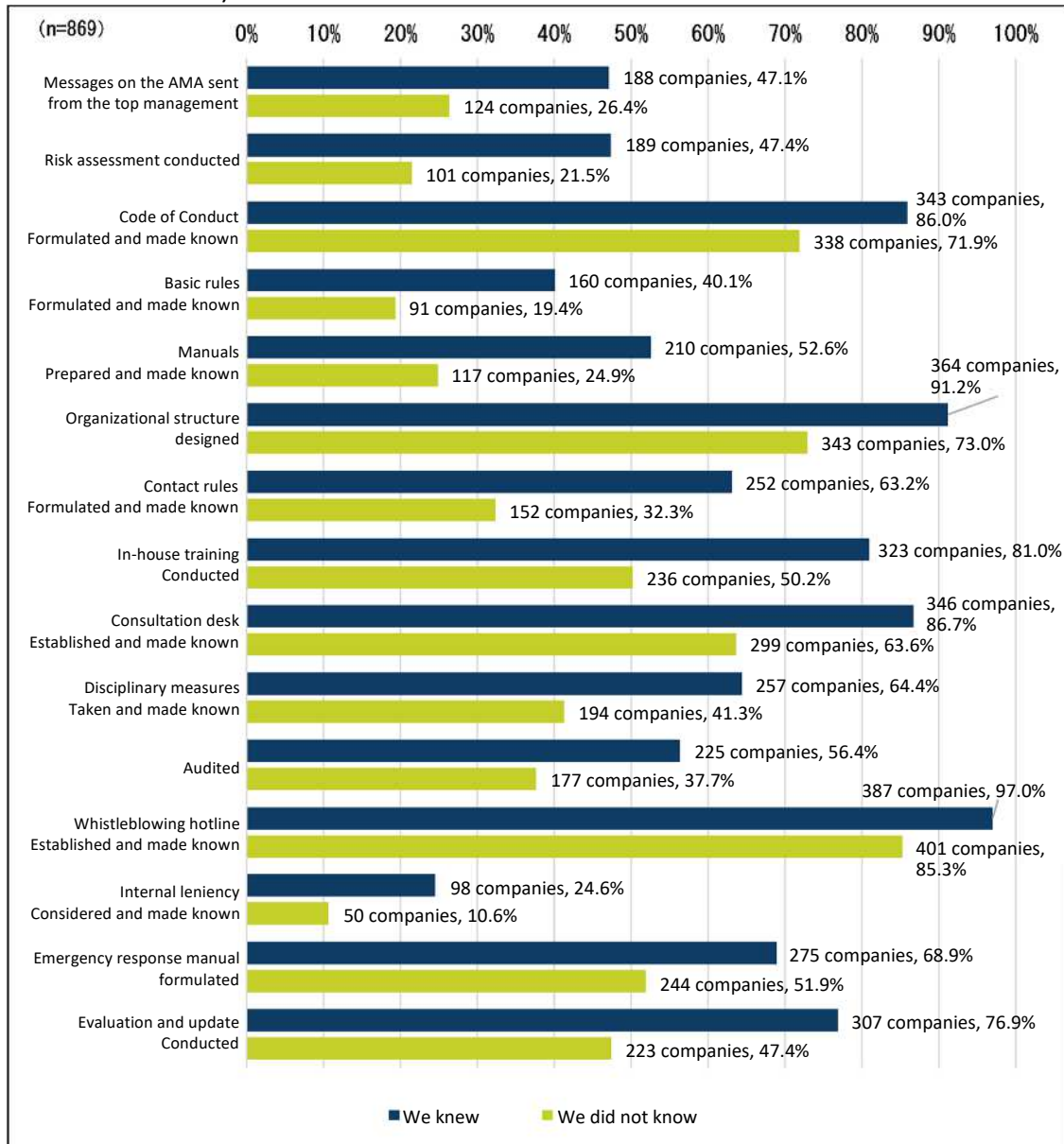
Figure 65. Opportunity to know the AMA Compliance Guide (Question 8-2)



(Note) One company was excluded from the data totalization because it did not respond.

A cross-tabulation analysis of how the implementation status of the various initiatives listed in the AMA Compliance Guide differs according to the awareness of the AMA Compliance Guide revealed statistical significance that, with some exceptions, the companies that responded that they knew about the AMA Compliance Guide are more likely to be implementing various initiatives. This is considered to suggest that the companies answering that they knew about the AMA Compliance Guide are more advanced in the design and implementation of their AMA compliance programs. However, given that it has been only about 10 months since the publication of the AMA Compliance Guide at the beginning of the Questionnaire Survey, this is likely to be the result of a large number of companies that are already advanced in the design and implementation of their programs selecting “We knew.”

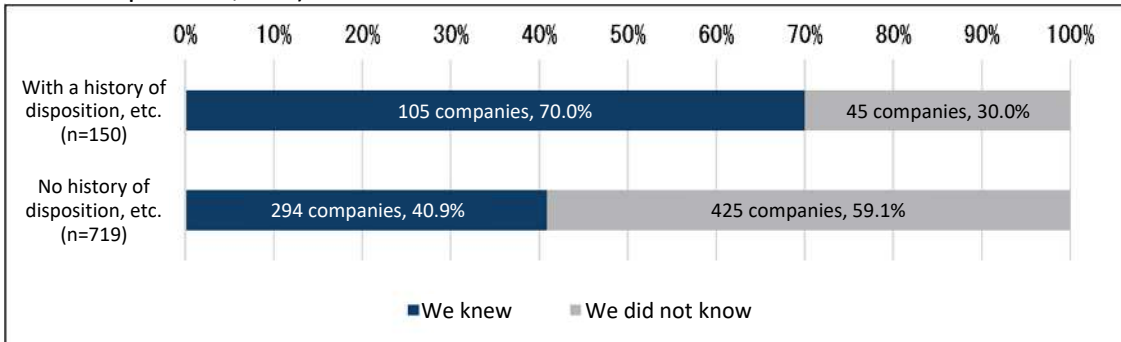
Figure 66. Implementation rate of AMA compliance initiatives (by level of awareness)



(Note) Whether or not each item is implemented is determined according to the aggregation conditions in Table 10 of 2 (1) below.

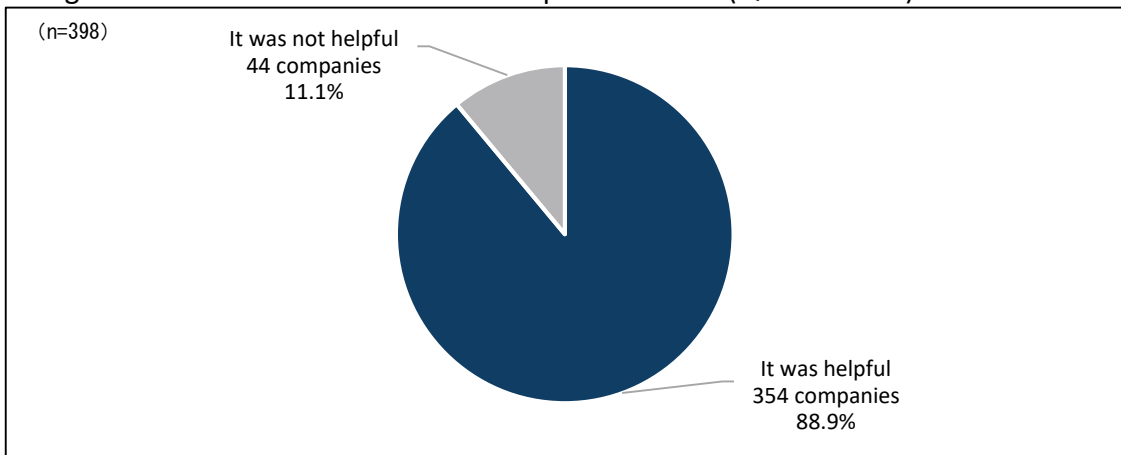
In addition, a cross-tabulation analysis of how the awareness of the AMA Compliance Guide differs according to the history of disposition, etc. revealed that 70.0% (105 companies) of companies with a history of disposition, etc. were familiar with the AMA Compliance Guide, while only 40.9% (294 companies) of companies with no history of disposition, etc. were familiar with the AMA Compliance Guide, indicating statistical significance that more companies with a history of disposition, etc. were familiar with the AMA Compliance Guide. This is considered to suggest that companies with a history of disposition, etc. are more interested in the measures to improve AMA compliance in the Japan Fair Trade Commission.

Figure 67. Awareness of the AMA Compliance Guide (Question 8-1, by history of disposition, etc.)



Regarding the usefulness of the AMA Compliance Guide, of the companies that responded that they knew about the AMA Compliance Guide (398 companies, exclusive of 1 non-respondent from the 399 mentioned above), 354 companies (88.9% of the 398 mentioned above) answered that the AMA Compliance Guide was helpful, and only 44 companies (11.1% of the companies that responded that they knew (the 398 mentioned above)) answered that it was not helpful.

Figure 68. Usefulness of the AMA Compliance Guide (Question 8-3)

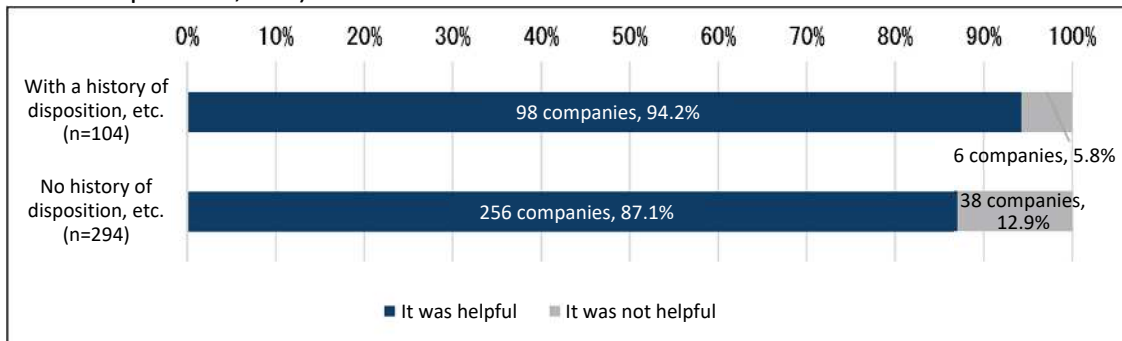


(Note) One company was excluded from the data totalization because it did not respond.

A cross-tabulation analysis of how the usefulness of the AMA Compliance Guide differs according to the history of disposition, etc. revealed that 94.2% (98 companies) of companies with a history of disposition, etc. (104 companies, exclusive of 1 non-respondent company from the above 105 companies) responded that the AMA Compliance Guide is helpful, while 87.1% (256 companies) of companies with no history of disposition, etc. responded so, indicating statistical significance that companies with a history of

disposition, etc. found the AMA Compliance Guide more helpful. This is considered to suggest that companies with a history of disposition, etc. are more engaged in the design and implementation of AMA compliance programs by referring to the AMA Compliance Guide.

Figure 69. Usefulness of the AMA Compliance Guide (Question 8-3, by history of disposition, etc.)



(Note) One company (with a history of disposition, etc.) was excluded from the data totalization because it did not respond.

The companies that responded that the AMA Compliance Guide was helpful provided the comments listed below regarding the reasons therefor in the Questionnaire answer column requiring a written answer.

- In addition to the fact that compliance with what points will contribute to the reinforcement of our AMA compliance program, the existence of check points allowed us to easily compare our company's current program with recommendations made in the AMA Compliance Guide.
- The Guide is introducing examples of specific initiatives from two viewpoints: measures to prevent AMA violations and measures to detect AMA violations at an early stage and take appropriate responses. This was extremely helpful when we examined specific measures in our company.
- In our company, the Guide was utilized as an opportunity to design the AMA Compliance Basic Rules and internal rules concerning contact with competitors.

The companies that responded that the AMA Compliance Guide was not helpful provided the comments listed below regarding the reasons therefor in the Questionnaire answer column requiring a written answer.

- There is a lack of human resources to use the AMA Compliance Guide and improve our company's structure.
- There were no specific points to update in particular from our company's existing efforts.

- We have not made any efforts specific to the AMA, and have already been able to make comprehensive compliance efforts.

(7) Results of Interviews with SMEs

An “enterprise” to which the AMA applies is “a person who operates a commercial, industrial, financial or other business” (Article 2, Paragraph 1 of the Antimonopoly Act), and even SMEs are subject to the AMA. Therefore, it is important for SMEs to design and implement AMA compliance programs in accordance with their respective situations and the risks of AMA violations.

In this Fact-Finding Survey, as described in Part II, 2 above, seven SMEs were interviewed and asked about the existence of initiatives on AMA compliance, and some of them commented that abuse of a superior bargaining position could arise if they were in the position of the ordering party. However, all of the companies interviewed this time were considered to have no or very low risk of AMA violations, and no initiatives focused on the AMA were conducted.

On the other hand, it was found that the following measures have been taken with regard to overall compliance.

- Top management itself participates in training sessions, etc., held by industry associations, chambers of commerce and industry, corporate associations, partner professionals (certified public accountant, certified tax accountant, labor and social security attorney, etc.), business partners, etc., to collect information on laws and regulations related to the business.
- The top management sends and communicates messages through internal newsletters, SNS, and daily communications.
- We have incorporated thorough compliance into our corporate philosophy and management policy to ensure that all our executives and employees are fully aware of it.
- If there are unfavorable cases within the group, we share information at a president’s meeting where presidents of each company gather, and consider how to respond.
- We have a system to consult with a legal counsel in the event of a legal problem within the company.
- If there is a problem, disciplinary measures will be imposed in accordance with the work regulations.
- The number of executives and employees is small, and there was a concern that the confidentiality of whistleblowers and the reported content would not be ensured if a whistleblowing hotline were established in-house. Therefore, we have entrusted a whistleblowing hotline to an external labor and social security

attorney and consultant.

- We have set an opinion box, and top management must respond to the opinions submitted in it, regardless of whether they are signed or anonymous.
- Top management holds interviews with individual executives and employees, and when there are concerns about business operations, they are raised during an interview.
- In order to strengthen internal communication, we are holding many events with families throughout the year (as a result, there is less awareness of hierarchical relationships in a good way, and the atmosphere in the company improves).
- In order to resolve issues of the entire company, we are holding a cross-section meeting once a month with persons in charge from all departments. The agreed matters in this meeting body are positioned to take precedence over the agreed matters in any meeting body, including the board of directors.

At the SMEs for which interviews were held this time, there was no independent legal department or compliance department, and legal and compliance affairs were mainly handled by the top management itself or by the general affairs department if it had been established. In any case, there were only one or two persons who were able to engage in work related to legal affairs and compliance, and it was difficult to say that they had sufficient resources to promote AMA compliance.

On the other hand, for example, SMEs are considered to have a closer distance between top management and executives and employees as compared to large companies, and it is also considered possible to directly communicate messages on AMA compliance to individual executives and employees through face-to-face meetings.

In addition, even SMEs may be able to include in their corporate philosophy and management policies a commitment to fair and free competition in compliance with the AMA, or include AMA violations as grounds for disciplinary measures in their work regulations.

Knowledge on the AMA and matters to note for compliance with the AMA may be disseminated at training sessions of industry associations and economic organizations, etc. It is important to actively utilize such opportunities to collect information and disseminate and raise awareness in a company through internal communication, etc. Moreover, in the event that there are concerns regarding the AMA, it is possible to consult with a legal counsel if available. If no legal counsel is available, it is advisable to seek in advance an attorney who is close and available to provide consultation regarding the AMA.

In addition to the above, the Japan Fair Trade Commission revised the AMA Compliance Guide based on the results of this Fact-Finding Survey to enhance its content for SMEs. While it is considered impossible or difficult for SMEs to address all of the items in the AMA Compliance Guide, we hope that items that are deemed cost-effective are preferentially worked on, in accordance with their respective situations and the risks of AMA violations, with reference to the information for SMEs in the revised version of the AMA Compliance Guide.

Moreover, in the interviews for SMEs, we have received comments regarding the content of the AMA Compliance Guide and the promotion and awareness-raising activities, including the following: “As there are only a limited number of measures that can be implemented in SMEs, it is important to incorporate measures deemed to be implementable.” “Since it requires a lot of effort to pick up a booklet and read it through, it would be great if we could first view an excerpt of the necessary information online. In addition, as the information on SNS is a mixture of good and bad these days, it is necessary to pick and choose the information on the browser’s side. However, if it is an SNS of the administrative organization, we can obtain highly reliable information without the need to make such selections, so we would appreciate it if you would actively disseminate information. Furthermore, if there were a video explaining the necessary information in a short time, we would be able to collect the necessary information when we are free without going to a seminar, etc., which would be very grateful.” “We are collecting information in training sessions, etc. held by industry associations, chambers of commerce and industry, corporate associations, partner professionals (certified public accountant, certified tax accountant, labor and social security attorney, etc.), business partners, etc., and such organizations and individuals can be considered as targets of dissemination and awareness-raising.” Based on these comments, we would like to promote activities to disseminate and raise awareness of the AMA Compliance Guide.

2. Cross-Sectional Tabulation and Analysis of the Entire Survey Items

(1) Analysis of the Number of Affirmative Responses to Content of the AMA Compliance Guide in Each Company

A. Analysis by Industry

The Questionnaire asked whether various initiatives had been taken with respect to each item in the AMA Compliance Guide. The number of affirmative responses to these questions was aggregated for each company and analyzed in

various ways according to the conditions in Table 10³⁸.

Table 10. Aggregation conditions for the number of affirmative responses

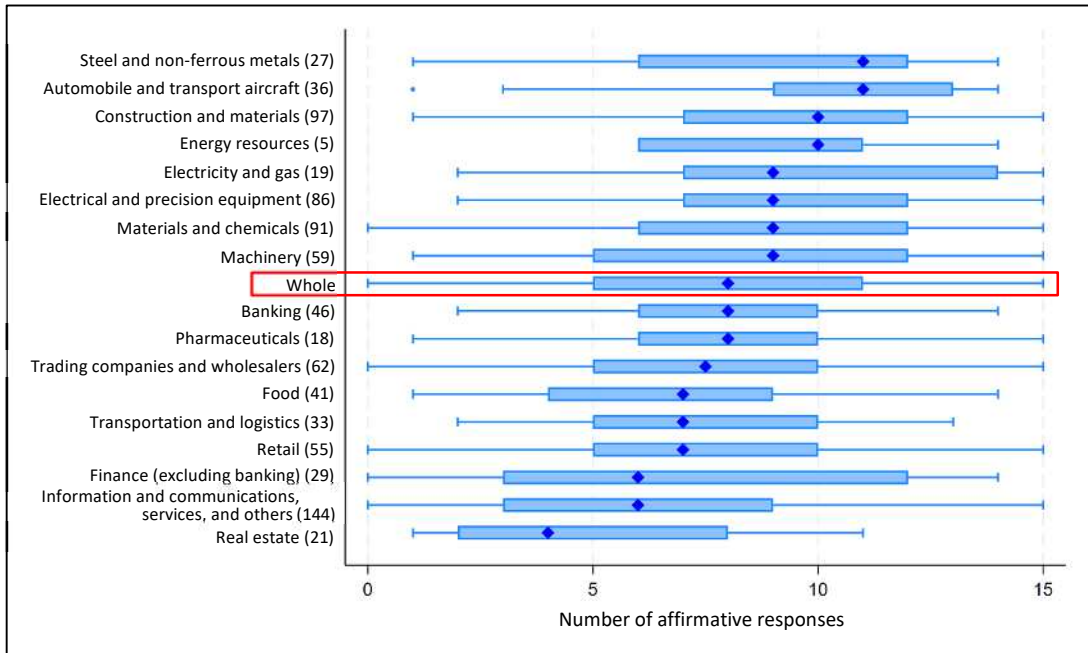
Classification	Number	Item	Aggregation conditions
Overall measures	1	Top management	Select an answer choice 4) or 5) in Question 3-1-1 (sending a message on “AMA and abstract” or “AMA and specific”).
	2	Risk assessment	Select an answer choice 2) in Question 3-2 (conducting risk assessment by type of violation and by product, base, and department).
	3	Code of Conduct	Select an answer choice 2) in Question 3-3-1 and an answer choice 2) in Question 3-3-2 (formulating and disseminating a Code of Conduct).
	4	Basic rules	Select an answer choice 3) in Question 3-3-1 and an answer choice 3) in Question 3-3-2 (formulating and disseminating the basic rules).
	5	Manuals	Select an answer choice 4) in Question 3-3-1 and an answer choice 4) in Question 3-3-2 (preparing and disseminating a manual).
	6	Organizational structure	Select one of answer choices 4) to 7) in Question 3-4-1 (establishing a competent department or person in charge of compliance (including a department or person dedicated to AMA compliance) outside or inside a business unit).
	7	Evaluation and update	Select one of answer choices 2) to 5) in Question 6-1 (conducting evaluation/update).
Specific measures	8	Contact rules	Select an answer choice 2) in Question 4-1-1 and an answer choice 2) in Question 4-1-3 (establishing and disseminating contact rules).
	9	In-house training	Select one of answer choices 2) to 4) in Question 4-2-1 (conducting in-house training on the theme of the AMA).
	10	Consultation	Select one of answer choices 2) to 4) in Question 4-3-1, and an answer choice 2) in Question 4-3-2 (establishing and disseminating a consultation desk concerning the AMA).
	11	Disciplinary measures	Select an answer choice 2) in Question 4-4-1 and an answer choice 2) in Question 4-4-3 (possibility that any of its executives or employees are subject to a disciplinary action in connection with AMA violations, and disseminating to that effect).
	12	Audit	Select one of answer choices 2) to 7) in Question 5-1-1 (conducting an audit on the theme of the AMA).
	13	Whistleblowing	Select one of answer choices 2) to 4) in Question 5-2-1 and an answer choice 2) in Question 5-2-2 (establishing and disseminating a whistleblowing hotline).
	14	Internal leniency	Select one of answer choices 2) to 4) in Question 5-3-1 and an answer choice 2) in Question 5-3-2 (considering voluntary reporting and cooperation in investigations by executives and employees as grounds for reduction or exemption of disciplinary measures, and disseminating to that effect).
	15	Emergency response	Select an answer choice 2) in Question 5-4-1 (formulating an emergency response manual)

(Note) If none of the aggregation conditions for items 1 to 15 above are satisfied, the number of affirmative responses is zero. On the other hand, if the aggregation conditions of all the items 1 to 15 above are satisfied, the number of affirmative responses is 15.

Specifically, we first aggregated the number of affirmative responses by industry (17 industry classifications) and then analyzed them. Figure 70 below graphically illustrates the results of the tabulation and analysis using a box-and-whisker plot, and “whiskers” displayed by industry indicate the distribution of the number of affirmative responses among companies in each industry. (See Figure 71 for how to view a box-and-whisker plot.)

³⁸ As described in the text of this report, the Questionnaire asked whether various measures have been implemented with respect to each item in the AMA Compliance Guide. It is considered that the more affirmative responses there are, the more measures listed in the AMA Compliance Guide have been implemented.

Figure 70. Distribution of the number of affirmative responses



(Note) ◆ indicates the median of the number of affirmative responses (representative value of each tabulation unit)³⁹. In addition, the numbers in parentheses on the vertical axis indicate the number of companies belonging to each industry.

Figure 71. How to view a box-and-whisker plot

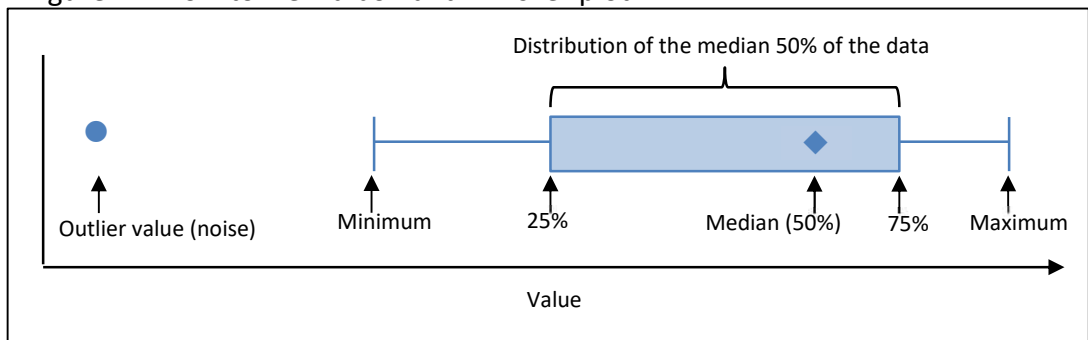


Figure 70 shows that the median of the number of affirmative responses for “steel and non-ferrous metals,” “automobile and transport aircraft,” “construction and materials,” “energy resources,” “electricity and gas,” “electrical and precision equipment,” “materials and chemicals,” and “machinery” exceeded that of affirmative responses of all responding companies to the Questionnaire. On the other hand, as for “trading companies and wholesalers,” “food products,” “transportation and logistics,” “retail,” “finance (excluding banking),” “information and communications, services, and others,” and “real estate,” the median of the

³⁹ For example, there are a total of 5 companies in the “energy resources” industry, and the number of affirmative responses was 6 for Company A, 6 for Company B, 11 for Company C, 14 for Company D, and 10 for Company E. In this case, the median of the number of affirmative responses is 10 of Company E.

number of affirmative responses was lower than that of all responding companies. Since relatively many companies with a history of disposition, etc. belong to industries whose median values exceed the median of all responding companies to the Questionnaire, it is considered possible that the results of taking measures included in disposition, etc., as well as recurrence prevention measures, are reflected in the number of affirmative responses.

B. Relationship Between Overall and Specific Measures

The AMA Compliance Guide introduces the following 14 measures as “components of an effective AMA compliance program.”

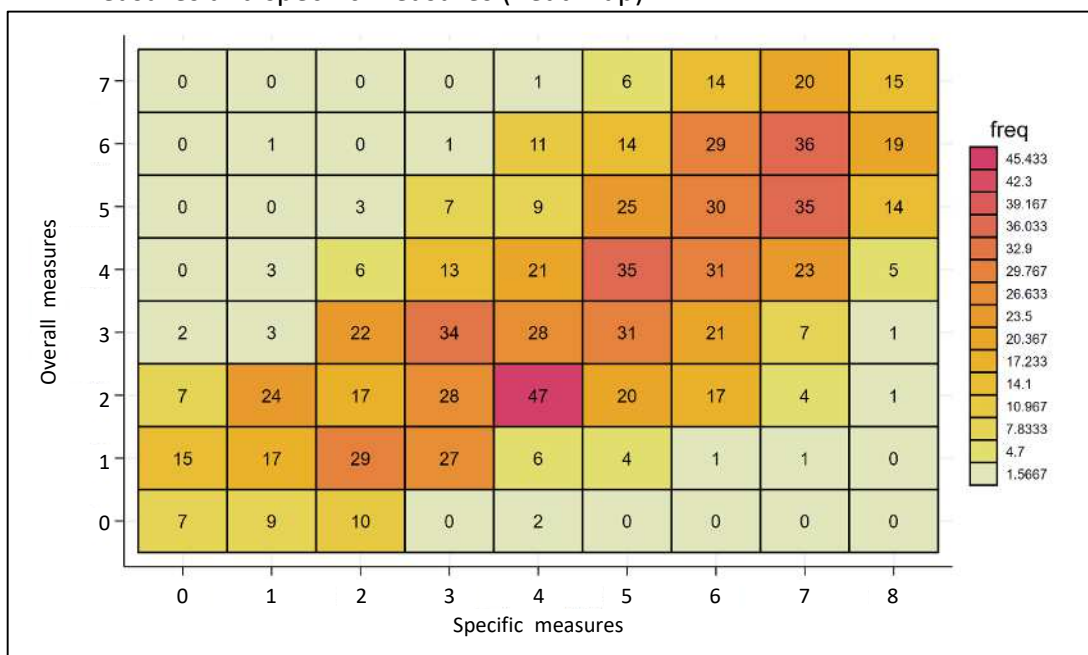
- 1) Commitment and initiative of the top management
- 2) Assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach
- 3) Design and Implementation of Policies and Procedures for Promoting the AMA Compliance
- 4) Design of organizational structure and adequate allocation of authority and resources
- 5) Integrated efforts by corporate group
- 6) Design and Implementation of Internal Rules for Contacts with Competitors
- 7) Providing In-House Trainings on the AMA
- 8) Design and operation of a consultation system on the AMA
- 9) Design and implementation of internal disciplinary rules for AMA violations
- 10) Conducting audits on the AMA
- 11) Design and operation of a whistleblowing system
- 12) Introduction of an internal leniency system about the AMA
- 13) Appropriate response to suspected violations of the AMA
- 14) Periodic evaluation and update of the program

Among these measures, the measures in 1) through 5) and 14) (hereinafter referred to as the “overall measures”) are related to all of the measures in 6) through 13) (hereinafter referred to as the “specific measures”) for the prevention and early detection of AMA violations, and it is possible to suppose that by appropriately addressing the overall measures, the specific measures will be effectively implemented. (For example, with regard to 1), as described in 1 (1) A above, it is probable that companies in which top management sends specific messages regarding the AMA will be more active in taking specific measures.)

In fact, an analysis was conducted on how the number of affirmative responses

for specific measures differs in accordance with the number of affirmative responses for overall measures (those meeting the aggregation conditions in Table 10; the same shall apply hereinafter). As for the correlation between the number of affirmative responses for overall measures and the number of affirmative responses for specific measures, there was a tendency for the number of affirmative responses for specific measures to increase as the number of affirmative responses for overall measures increased, as shown in Figure 72.

Figure 72. Relationship between the number of affirmative responses to overall measures and specific measures (heat map)



As shown in Figure 73, for individual measures within the overall measures, the number of affirmative responses for specific measures tended to be higher if the aggregation conditions in Table 10 were satisfied, compared to if they were not satisfied.

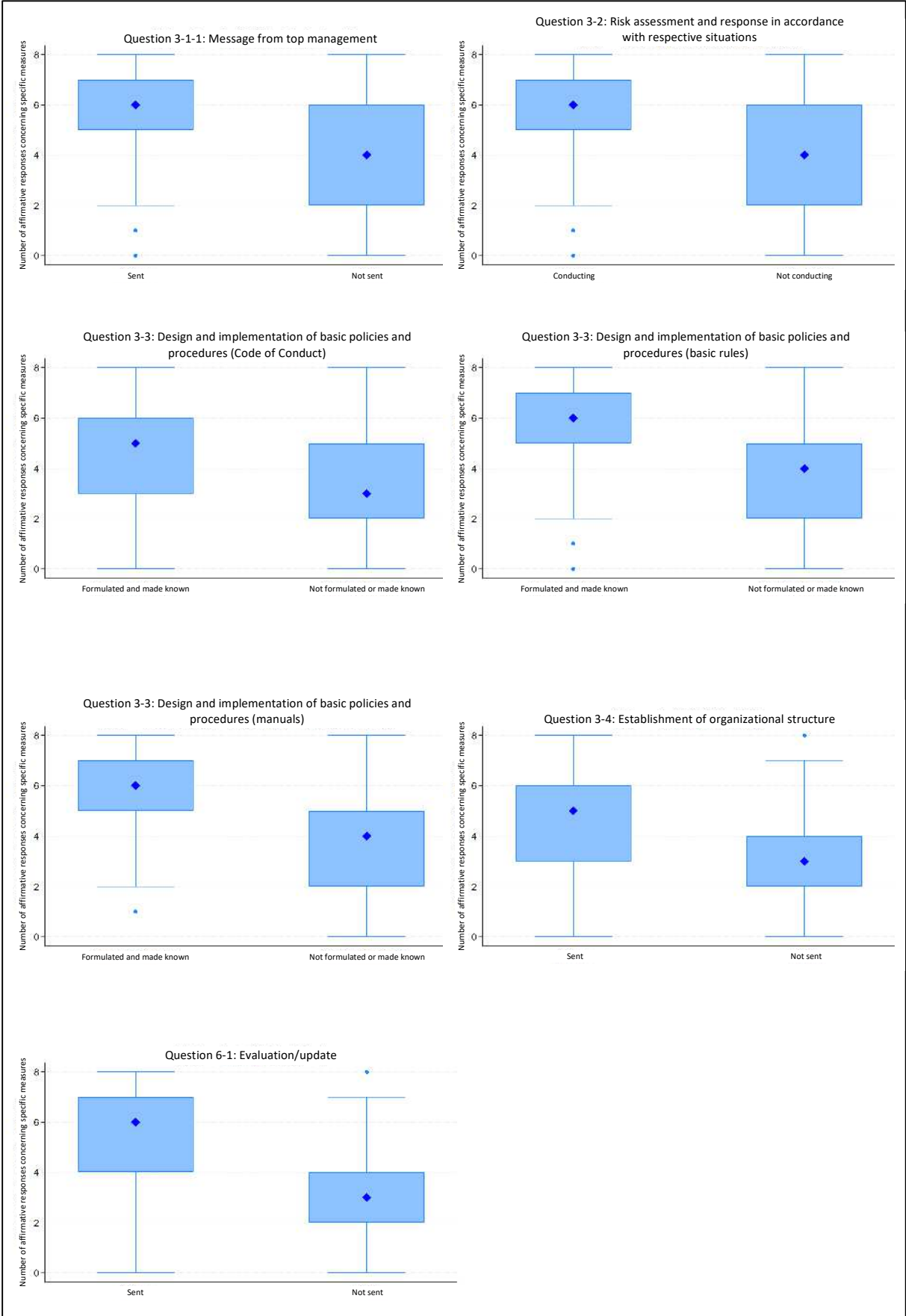
Moreover, regression analysis using the number of affirmative responses for specific measures as an explained variable and the responses for overall measures as an explanatory variable also revealed that the number of affirmative responses for specific measures tended to be higher for individual measures within the overall measures if they satisfied the aggregation conditions in Table 10, compared to if they are not satisfied. (In particular, there was a tendency for a higher number of affirmative responses for specific measures in companies undertaking the “periodic evaluation and update of the program,” and there was a tendency for a higher number of affirmative responses for specific measures in companies with a

history of disposition, etc.)⁴⁰

The results of these analyses are considered to suggest that, when designing and implementing an AMA compliance program, undertaking overall measures in the first place is also effective in implementing specific measures.

⁴⁰ See page 3 on the Economic Analysis Memorandum (Attachment 4).

Figure 73. Relationship between the number of affirmative responses to overall measures and specific measures (box-and-whisker plot)



C. Number of Companies with Affirmative Responses to the Questions on Content of the AMA Compliance Guide

We have aggregated the number of companies that provided affirmative responses satisfying the judgment criteria in Table 10 for each item in the AMA Compliance Guide, and arranged the items in descending order of the number of companies that provided affirmative responses, which are shown in Figure 74 below.

According to Figure 74 below, the item for which the largest number of companies gave an affirmative response was the establishment and dissemination of whistleblowing hotlines (90.7% of all responding companies), followed by the establishment of organizational structure (81.4% of all responding companies), the establishment and dissemination of Code of Conduct (78.4% of all responding companies), and the establishment and dissemination of consultation desks (74.2% of all responding companies). These items are considered to be items that are also being addressed as initiatives for overall compliance other than AMA compliance, and there was a tendency for these initiatives to be implemented even by companies with a relatively small number of affirmative responses (companies with 0 to 7 affirmative responses).

On the other hand, with regard to the preparation and dissemination of the AMA Compliance Manual (37.6% of all responding companies), dissemination of messages on AMA by top management (35.9% of all responding companies), risk assessment by type of AMA violations and by product, base, and department (33.4% of all responding companies), preparation and dissemination of the AMA Compliance Basic Rules (28.9% of all responding companies), and introduction of an internal leniency system (17.0% of all responding companies), there was the tendency that such initiatives had been implemented to a certain extent in companies with a relatively high number of affirmative responses (companies with 8 to 15 affirmative responses), but there was the tendency that such initiatives had been implemented to a lesser extent in companies with a relatively low number of affirmative responses. These items are rather specific to the AMA, and whether or not even such items have been addressed is considered to be a dividing point in determining whether or not initiatives for AMA compliance have progressed.

Figure 74. Number of implementing companies for each item

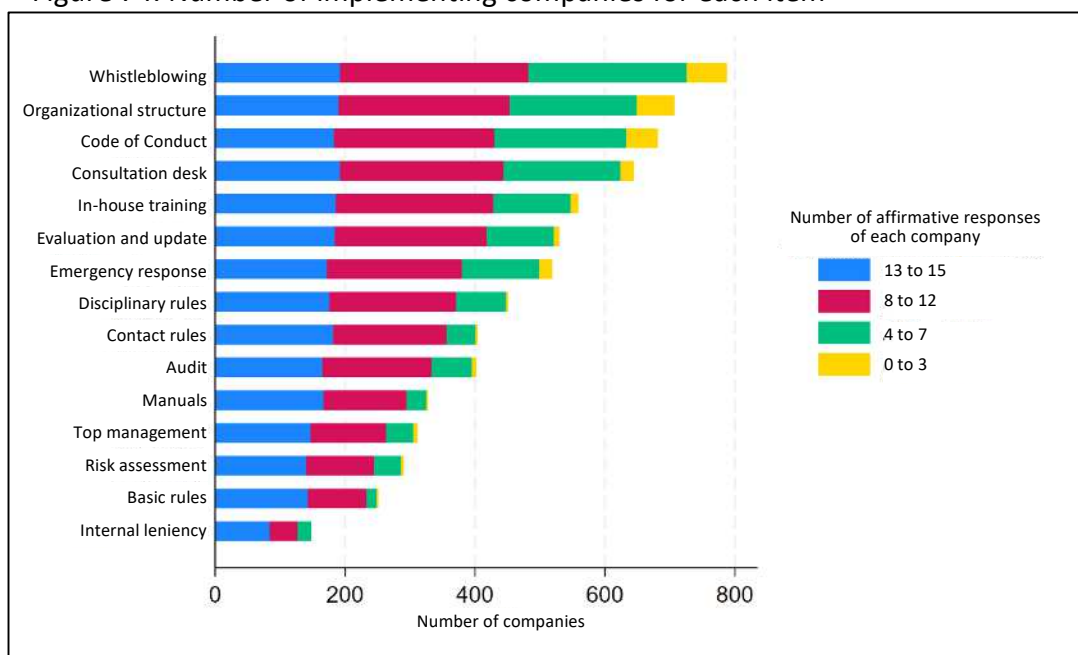


Table 11. Number of implementing companies and percentage in total respondents

Item	Number of implementing companies	Percentage of total respondents
Whistleblowing	788 companies	90.7%
Organizational structure	707 companies	81.4%
Code of Conduct	681 companies	78.4%
Consultation desk	645 companies	74.2%
In-house training	559 companies	64.3%
Evaluation and update	530 companies	61.0%
Emergency response	519 companies	59.7%
Disciplinary rules	451 companies	51.9%
Contact rules	404 companies	46.5%
Audit	402 companies	46.3%
Manuals	327 companies	37.6%
Top management	312 companies	35.9%
Risk assessment	290 companies	33.4%
Basic rules	251 companies	28.9%
Internal leniency	148 companies	17.0%

(Note) The total number of respondents was 869 companies.

(2) Items that Responding Companies Place Importance on and What They Perceive as Problematic

A. Items that Responding Companies Place Importance on

With regard to a total of 14 items listed in the AMA Compliance Guide, Question 8-4 of the Questionnaire asked about the top five items on which emphasis is placed in raising awareness of AMA compliance among executives and

employees and improving their behavior. This ranking includes the subjective evaluation of responding companies to the Questionnaire. However, knowing what items other companies place importance on is considered to be useful for examining the items on which each company should place importance in their own efforts. From this perspective, the results of the responses to Question 8-4 were weight-averaged with 5 points for the first place, 4 points for the second place, 3 points for the third place, 2 points for the fourth place, and 1 point for the fifth place, then rearranged in descending order from the highest point, which are shown in Table 12.

Table 12. Items with emphasis placed on the AMA Compliance Guide (Question 8-4)

Order	Item	Points
1	Commitment and initiative of the top management	4.36
2	Assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach	3.59
3	Design and Implementation of Policies and Procedures for Promoting the AMA Compliance	3.41
4	Design and Implementation of Internal Rules for Contacts with Competitors	3.10
5	Providing In-House Trainings on the AMA	2.96
6	Integrated efforts by corporate group	2.61
7	Design and operation of a consultation system on the AMA	2.57
8	Design and operation of a whistleblowing system	2.55
9	Design of organizational structure and adequate allocation of authority and resources	2.42
10	Appropriate response to suspected violations of the AMA	2.27
11	Conducting audits on the AMA	2.16
12	Design and implementation of internal disciplinary rules for AMA violations	2.09
13	Periodic evaluation and update of the program	1.89
14	Introduction of an internal leniency system about the AMA	1.75

According to Table 12, the items in the AMA Compliance Guide on which emphasis was placed were “commitment and initiative of the top management” (4.36 points), followed by “assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach” (3.59 points), “Design and Implementation of Policies and Procedures for Promoting the AMA Compliance” (3.41 points), “Design and Implementation of Internal Rules for Contacts with Competitors” (3.10 points), and “Providing In-House Trainings on the AMA” (2.96 points).

In addition, in the Questionnaire answer column requiring a written answer, the responses listed below were received as reasons for placing importance on these items.

[Commitment and initiative of the top management]

- The commitment of top management and the delivery of messages from the top are of paramount importance in order to raise awareness of compliance with the competition law and improve behavior throughout the company.
- Through clarification by the top management itself that violations of the AMA and other compliance regulations are not tolerated, compliance-related measures were strongly promoted, and the awareness of the entire group was improved.
- Regularly sending messages by the top management in their own words using various media is important and effective to foster a culture that emphasizes compliance.

[Assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach]

- Since there are multiple business fields in our company, it is important to carry out risk assessment and countermeasures for each business field from a risk-based perspective.
- At the time of product development, we asked not only the risk management department but also the department in charge to identify risks and formulate countermeasures. As a result, the department in charge developed a sense of risk ownership.
- The Risk Management Committee, chaired by the President, reviews risk assessment every year, determines the risks to preferentially address, and implements respective response measures, thereby contributing to preventing the risks from becoming apparent.

[Design and Implementation of Policies and Procedures for Promoting the AMA Compliance]

- By establishing a Code of Conduct, policy, and guidebook intended for the whole group, we have been able to present a unified policy for the whole group.
- Under the concept that it is important to clearly demonstrate the attitude of the company, translate this into rules and plans, and put them into practice, our company has set out an attitude of compliance with competition law in the Code of Conduct and established internal rules in the regulations concerning compliance with competition law.
- In addition to the regulations concerning compliance with competition law, we

have clarified in the guidelines the prohibited matters and the matters to be observed according to the situations and purposes of contact with other companies, making it clearer what employees should pay attention to.

[Design and Implementation of Internal Rules for Contacts with Competitors]

- By disseminating and thoroughly enforcing the contact rules with competitors, we are contributing to the awareness of the sales department that there is a risk of AMA violations even in the course of daily business.
- Compared to before the Design and Implementation of Internal Rules for Contacts with Competitors, the awareness of contact with competitors has increased in the sales department and other departments.
- By regularly disseminating the importance of compliance with internal rules concerning contact with competitors, consultations regarding not only the said rules but also the AMA itself have been increasing, and the sensitivity of executives and employees regarding the AMA has been improving.

[Providing In-House Trainings on the AMA]

- In designing an AMA compliance program, it is important that executives and employees are first made aware of the content of the provisions of the AMA, in particular, the content of unreasonable restraint of trade, private monopolization, and unfair trade practices, in an easy-to-understand manner.
- Our company has not experienced any problems related to the AMA so far, and considers prevention to be of the utmost importance. Therefore, company-wide education on the AMA was started this fiscal year.
- We believe that education is of great importance in order to inform and disseminate the company's attitude and internal rules, and to prevent the recurrence of violations that occurred in the past.

B. Items that Responding Companies Perceive as Problematic

In the same manner as in Question 8-4, Question 8-5 of the Questionnaire asked about issues, barriers, and concerns in raising awareness of AMA compliance among executives and employees and improving their behavior. The results of the responses to Question 8-5 were summarized in the same manner as those to Question 8-4. The results are shown in Table 13 below.

Table 13. Issues, barriers, and concerns in the AMA Compliance Guide (Question 8-5)

Order	Item	Points
1	Assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach	3.98
2	Design of organizational structure and adequate allocation of authority and resources	3.95
3	Commitment and initiative of the top management	3.86
4	Design and Implementation of Policies and Procedures for Promoting the AMA Compliance	3.67
5	Integrated efforts by corporate group	3.51
6	Design and Implementation of Internal Rules for Contacts with Competitors	3.38
7	Providing In-House Trainings on the AMA	3.11
8	Introduction of an internal leniency system about the AMA	2.91
9	Design and operation of a consultation system on the AMA	2.79
10	Design and operation of a whistleblowing system	2.78
11	Appropriate response to suspected violations of the AMA	2.77
12	Periodic evaluation and update of the program	2.74
13	Design and implementation of internal disciplinary rules for AMA violations	2.60
14	Conducting audits on the AMA	2.50

According to Table 13, “assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach” (3.98 points) has the highest points among the issues, barriers, and concerns in the AMA Compliance Guide, followed by “design of organizational structure and adequate allocation of authority and resources” (3.95 points), “commitment and initiative of the top management” (3.86 points), “Design and Implementation of Policies and Procedures for Promoting the AMA Compliance” (3.67 points), and “integrated efforts by corporate group” (3.51 points).

In addition, in the Questionnaire answer column requiring a written answer, the responses listed below were received as the specific content of issues, barriers, and concerns.

[Assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach]

- As the scope of our business continues to expand greatly beyond the conventional scope, it is becoming necessary to identify and address the risks of AMA violations in new business fields for our company.
- As we have a wide variety of businesses, an understanding of business processes is also necessary in order to identify risks in each business field. Therefore, we will need persistent and determined efforts.

- While participation in meetings, etc. of industry associations has become more frequent than in the past, an assessment of the degree of importance against risks tends to be relatively low.

[Design of organizational structure and adequate allocation of authority and resources]

- With increasing awareness of legal compliance in recent years, the burden on the internal audit department and compliance department has increased year by year. We recognize that it is urgent to secure human resources with the necessary knowledge and to develop in-house human resources, but we are struggling to deal with it as it is not progressing smoothly.
- We are having difficulty in allocating resources because we need to deal with not only the AMA but also overall compliance work, such as anti-bribery, personal information protection, and whistleblowing response, with a limited number of personnel.
- In order to expand the AMA compliance program to domestic and overseas group companies, we will need to confirm local laws and thus require attorneys' fees, etc.

[Commitment and initiative of the top management]

- Amid a wide variety of management issues and risks, our company, which has a low market share, has little reason to engage in AMA compliance, thereby making it difficult for us to proactively work on it.
- Compared with other risks of violation of laws and regulations, it is less likely to be the subject for the top management to give priority to work on.
- In our company, there have been few cases of internal problems related to the AMA in the past, and top management has little sense of urgency.

[Design and Implementation of Policies and Procedures for Promoting the AMA Compliance]

- Although the Code of Conduct calls for fair and free competition, the lack of comprehensive policies and regulations has prevented the establishment of a clear framework.
- The basic matters to address regarding AMA compliance have been summarized in training materials, etc., but a comprehensive manual has not been established, and the development of internal guidelines is also in progress.
- As time has passed since past problematic cases, with an increasing proportion

of employees who do not know the situation at that time, it is necessary for individual executives and employees to fully recognize the importance of compliance with the AMA and take measures to maintain a high level of compliance awareness.

[Integrated efforts by corporate group]

- Since we have a large number of group companies, we need a lot of effort to ascertain the execution status in each country, adopt best practices in a timely manner, and deploy them globally.
- As for local subsidiaries, they have their own local legal systems, and their organizational cultures also differ. Therefore, our initiatives in Japan cannot be transferred as they are.
- There are many local subsidiaries having difficulties in allocating sufficient staff to back-office sections, and it is also difficult to ascertain how much effort is necessary.

(3) Increase in the Number of Internal Consultations, and Initiatives with a High Degree of Contribution to Whistleblowing

The purpose of an AMA compliance program is to prevent AMA violations, as well as to detect them at an early stage and take appropriate measures if such violations occur. It is not easy to directly measure the extent to which the design and implementation of an AMA compliance program contribute to the prevention and early detection of AMA violations. For example, from the perspective of preventive measures, even if there are no AMA violations committed by a company itself, it is possible that AMA violations have actually been committed behind the scenes and have not yet been discovered. Therefore, it is not easy to directly verify that violations have ceased through the design and implementation of an AMA compliance program. On the other hand, it is considered possible to measure the degree of contribution of awareness/actions of executives and employees to the prevention and early detection of AMA violations.

Specifically, if an internal system is established through the design and implementation of an AMA compliance program, and if executives and employees increase their awareness and knowledge of AMA compliance and become more sensitive to the risks of AMA violations, they will often have doubts about whether actions of their own or others violate the AMA in the course of daily business activities, while there is an increase in the number of internal consultations regarding the AMA. In addition, it is possible to suppose that whistleblowing reports will be made in the unlikely event that AMA violations occur behind the scenes.

From this point of view, the Questionnaire asked about the number of internal consultations (Question 4-3-3) and the number of whistleblowing cases (Question 5-2-3) regarding the AMA. Furthermore, the following results were obtained by regression analysis using the number of internal consultations and the existence of whistleblowing concerning the AMA as explained variables and the responses concerning specific measures as an explanatory variable⁴¹.

[Number of internal consultations]

✓ The number of internal consultations increases for companies conducting in-house training, incentive systems, the formulation and dissemination of contact rules with competitors, and audits on the AMA (in particular, the provision of in-house training on the AMA has contributed to an increase in the number of in-house consultations).

[Existence of whistleblowing]

✓ Companies that conduct in-house training on the AMA tend to have whistleblowing activities.

Part IV Recommendations for Further Improving the Effectiveness of AMA Compliance

1. Confirmation of the Current Status Regarding the Design and Implementation of Their Own AMA Compliance Programs

The Questionnaire asked about the status of efforts in companies in accordance with the content of the AMA Compliance Guide. These questionnaires provide an opportunity for each company to confirm whether or not there are any omissions in its efforts to work on regarding AMA compliance. We hope that companies responding to the Questionnaire look back on the notes of their responses and reflect on the status of design and implementation of their own AMA compliance programs. In particular, Part III, 2 (1) A above shows the results of aggregating the number of affirmative responses to questions on each item of the AMA Compliance Guide by industry. We hope that you will confirm the position of your company within each industry using Figure 70 upon aggregating the number of affirmative responses of your company once again in accordance with Table 10.

In addition, it is possible to suppose that undertaking overall measures in the first place is also effective in implementing specific measures, according to the results of the analysis described in Part III, 2 (1) B, when designing and implementing an AMA compliance program in line with the results of the above confirmation.

With regard to overall measures, “commitment and initiative of the top

⁴¹ See pages 7 and 8 on the Economic Analysis Memorandum.

management,” “assessing the risk of AMA violations in accordance with respective situations of companies and responding to the risk in risk-based approach,” and “Design and Implementation of Policies and Procedures for Promoting the AMA Compliance” were the top measures among those emphasized by the responding companies to the Questionnaire in Part III, 2 (2) A above, and it is thus desirable that these measures be preferentially taken.

Moreover, as for specific measures, “Design and Implementation of Internal Rules for Contacts with Competitors” and “Providing In-House Trainings on the AMA” were the top measures among those emphasized by the responding companies to the Questionnaire in Part III, 2 (2) A above. Regression analysis using the number of internal consultations and the existence of whistleblowing concerning the AMA as explained variables also showed that the former and the latter were cited as factors for increasing the number of internal consultations, and the latter as a factor for increasing the possibility of whistleblowing, respectively⁴². From the viewpoint of preventing cartels and bid-rigging, it is important to properly design and implement contact rules. In addition, it is important to improve the knowledge and understanding of executives and employees through in-house training so that they are properly aware of situations where the AMA becomes an issue in their daily business activities, from the viewpoint of not only cartels and bid-rigging, but also the prevention of private monopolization and unfair trade practices. Therefore, with regard to specific measures, it is desirable that priority be given to the design and implementation of contact rules and the provision of in-house training, and the implementation of other measures sequentially.

2. Points for Further Reinforcement and Improvement of AMA Compliance Program

(1) Transitioning from Passive to Proactive Responses

In the tabulation and analysis of individual survey items (Part III, 1 above), the existence of initiatives related to each item was analyzed by comparing companies with and without a history of disposition, etc. As a result, for all items, companies with no history of disposition, etc. tended to have little progress in their efforts.

Moreover, according to Part III, 2 (1) A above, industries to which a large number of companies with no history of disposition, etc. belong tended to have a relatively small number of initiatives taken.

Furthermore, according to Figure 13 of 1 (1) C, Figure 21 of (2) A, and Figure 56 of (3) D of Part III above, the timing of formulation of the Code of Conduct is distributed evenly before and after the time of disposition, etc., while the timing of formulation of the basic rules, manuals, contact rules, and the emergency response manuals is distributed before and after the disposition, etc. This is considered to suggest that

⁴² See pages 7 and 8 on the Economic Analysis Memorandum.

companies with a history of disposition, etc. did not establish such internal rules or manuals prior to the disposition, etc. (prior to the occurrence of problems under the AMA), and have come to establish such internal rules and manuals as part of measures included in the disposition, etc. and recurrence prevention measures.

The results of such comparison and analysis show that many companies did not fully identify, analyze, or assess their own risks of AMA violations and to respond on a full scale in accordance with the risks of AMA violations until they were actually caught committing the violation of the AMA. (They have been taking passive responses, only realizing the risks of AMA violations after being caught for the violation.)⁴³

To begin with, the AMA is a law that covers all “enterprises” (Article 2, Paragraph 1 of the Antimonopoly Act). For this reason, even if there is a high or low risk of violation depending on the business content, it is possible to suppose that there is usually no company that can say that the AMA is completely irrelevant without properly conducting an AMA violation risk assessment. Nevertheless, it is clear from past cases of AMA violations that companies that thought “our company will not be caught for violations of the AMA” and failed to take necessary measures were caught committing a violation of the AMA, resulting in suffering disadvantages, including surcharges, lost opportunities due to suspension of designation, and damage to the reputation from stakeholders, including customers and business partners.

The AMA compliance program is intended to help companies avoid and mitigate such disadvantages ⁴⁴. We hope that companies with no history of disposition, etc. take a proactive attitude in identifying, analyzing, and assessing their own risks of AMA violations by using the failure cases of companies with a history of disposition, etc. as a springboard so as not to make the same mistakes as those companies.

Note that it is the same for companies with a history of disposition, etc. as they need to take a proactive attitude to identify, analyze, and assess their own risks of AMA violations and respond to the risks of AMA violations. As mentioned in Part III, 1 (5) above, issues related to algorithms, price pass-through of labor and other costs, private monopolization, and unfair trade practices have become increasingly important in recent years, and it goes without saying that these recent developments should be understood as early as possible and reflected in their own AMA compliance programs so as not to be caught again for violating the AMA.

⁴³ Figure 13 shows that there are a certain number of companies that had established a Code of Conduct before they were subject to disposition, etc., but it is necessary to keep in mind that the Code of Conduct may not have worked to prevent AMA violations.

⁴⁴ See page 3 on the AMA Compliance Guide.

(2) Fostering an Organizational Culture that Faces Competition Head-On

In interviews with companies with a history of disposition, etc., comments were received explaining that the reason for the occurrence of AMA violations in companies was that executives and employees tried to avoid competition and easily secure sales, profits, and the companies' market positions, resulting in anti-competitive behaviors.

AMA violations are nothing but an act of neglecting a variety of ingenuity and efforts without facing the competition among companies head-on, and an act of depriving a company of its own opportunities for growth and development. In order for companies to produce better products and services and to achieve sustainable growth and development, it is essential that they face competition among companies head-on and work on a variety of ingenuity and efforts to realize fair and free competition⁴⁵. For this reason, it is important to foster a company-wide organizational culture that directly faces competition by making executives and employees on site understand that facing the competition head-on and engaging in fair and free competition lead to the sustainable growth and development of a company.

Furthermore, in order to foster such an organizational culture, it is important for top management to send specific messages to all executives and employees that deny their motives to engage in violations, such as "we do not want even a single yen of profit from AMA violations."

(3) Considering the Risk of AMA Violations in the Company-Wide Risk Assessment Process

As described in (1) above, based on the results of the tabulation and analysis of this Fact-Finding Survey, it can be inferred that many companies did not make serious efforts to identify, analyze, and assess their own risks of AMA violations and to respond on a full scale in accordance with the risks of AMA violations until they were actually caught for the violation of the AMA (they have been taking passive

⁴⁵ See page 3 on the AMA Compliance Guide. Regarding unfair trade practices, an abuse of a superior bargaining position, for example, is regulated under the AMA as an unfair trade practice because "if a party who has a superior bargaining position against the other transacting party makes use of such position to impose a disadvantage on the transacting party, unjustly in light of normal business practices, such act would impede transactions based on the free and independent judgement of the said transacting party, and put the said transacting party in a disadvantageous competitive position against its competitors, while putting the party having the superior bargaining position in an advantageous competitive position against its competitors," which may impede fair competition (Japan Fair Trade Commission, "Guidelines Concerning Abuse of Superior Bargaining Position under the Antimonopoly Act" (November 30, 2010) (<https://www.jftc.go.jp/dk/guideline/unyoukijun/yuetsutekichii.html>)). Unfair trade practices are acts that "may impede fair competition." However, even if an act that falls into an unfair trade practice gives a competitive advantage in relation to a competitor, the advantage is not the result of ingenuity or efforts to realize fair and free competition. Therefore, unfair trade practices also deprive companies of opportunities for their growth and development.

responses, only realizing the risks of AMA violations after being caught for the violation). Such an attitude was also seen in interviews with companies with a history of disposition, etc.

As mentioned in Part III, 1 (1) B (A) above, although all the laws and regulations relating to their own companies are themselves important, in reality, the resources of companies are limited, and it is considered difficult in practice to respond to all the laws and regulations relating to their own companies with the utmost consideration. For this reason, in order to effectively establish a system for the prevention and early detection of violations of laws and regulations, etc., it is possible to first thoroughly identify all relevant laws and regulations, including the AMA, in the company-wide risk assessment process, and then take particularly careful responses for laws and regulations, etc., which are highly likely to result in violations and have a significant impact in the event of a violation, by, for example, establishing a department specialized in the relevant laws and regulations and allocating the necessary personnel to the said department.

In addition, for example, cartels and bid-rigging may incur disadvantages such as high surcharges and lost opportunities due to suspension of designation, as well as the pursuit of liability through shareholder derivative lawsuits. In addition, criminal penalties may be imposed on individual executives and employees in addition to corporations. Therefore, it will have a significant impact on business activities if the risks of AMA violations become apparent. For this reason, in cases where consideration and decisions are made as to which of the relevant laws and regulations each company will particularly carefully respond to, the risks of AMA violations are considered to be positions as risks of a high degree of importance. Therefore, it is important for a company that does not conduct such an assessment of the degree of importance, or that has conducted such an assessment but has not properly identified, analyzed, or assessed the risks of AMA violations, to begin by conducting or reviewing such an assessment of the degree of importance.

In addition, as mentioned in Part III, 1 (5) above, issues related to algorithms, price pass-through of labor and other costs, private monopolization, and unfair trade practices have become increasingly important in recent years. In order to promptly respond to these recent developments, it is also important to conduct risk assessments by type of AMA violation and by product, base, and department.

(4) Managing the Risk of AMA Violations in Day-to-Day Business Processes

When actually working for the prevention and early detection of AMA violations in the course of daily business activities, it is important to establish rules on AMA compliance in internal rules, manuals, etc., and to implement them in daily business

processes. However, in interviews with companies with a history of disposition, etc., comments were received that such rules did not exist before the companies were caught committing AMA violations, and that the risks of AMA violations were not adequately managed in their daily business processes.

With respect to cartels and bid-rigging conducted through communication of intention with competitors, the risk that executives and employees will be involved in AMA violations can be greatly reduced if opportunities for contact with competitors can be appropriately identified and managed in the course of daily business processes. Although the design and implementation of such rules entail a certain amount of burden, the Questionnaire and interviews, as described in Part III, 1 (2) A above, revealed that there are cases where rules are designed according to the level of the risks of AMA violations so as not to impose an excessive burden by the design and implementation of such rules. It is important for companies that have not established internal rules concerning contact with competitors to design and implement such rules while referring to such case examples.

Moreover, as for private monopolization and unfair trade practices, as described in Part III, 1 (5) C above, we have seen cases where executives and employees are requested to consult with the legal department if there is any suspicion that an action falls into any of these practices, and where these practices have been included in the items to confirm during contract review. With regard to the types of violations that may be problematic under the AMA and have diverse and irregular forms, such as private monopolization and unfair trade practices, as well as collusion⁴⁶ that is expected to have anti-competitive effects and also pro-competitive effects, consultations with the legal department, reviews by the legal department, and consultations with legal counsels and the Japan Fair Trade Commission may be incorporated into the daily business processes and operated

⁴⁶ Of the concerted efforts by enterprises, etc., there are efforts implemented for socially and publicly desirable purposes and are expected to bring benefits to consumers, especially the concerted efforts by enterprises, etc. toward the realization of a green society. Most of them can be implemented without causing problems under the AMA because most of them are expected to bring about pro-competitive effects (effects to create new technologies, products, markets, etc. as a result of initiatives by enterprises, etc. and to promote the competition among enterprises). On the other hand, if the efforts of a specific enterprise, etc. are expected to have an anti-competitive effect (effect of restricting competition among enterprises or effect of impeding competition) but are also expected to have a pro-competitive effect, whether or not such efforts constitute a problem under the AMA will be determined in comprehensive consideration of the anti-competitive effect and the pro-competitive effect arising from such efforts, while considering the rationality of the purpose of such efforts and the appropriateness of the means (e.g., whether there are alternative means that are less restrictive). For this reason, it is desirable that concerted efforts by enterprises, etc. should be carefully addressed as described in the text of this report if they are expected to have anti-competitive effects and also pro-competitive effects.

Moreover, with an aim to support the efforts of enterprises, etc. to realize a green society, the Japan Fair Trade Commission has published the *Guidelines Concerning the Activities of Enterprises, etc. Toward the Realization of a Green Society Under the Antimonopoly Act* (April 24, 2024) (https://www.jftc.go.jp/houdou/pressrelease/2024/apr/240424_green.html) (hereinafter referred to as the "Green Guidelines"), and actively accommodated consultations from enterprises, etc. When enterprises, etc. implement initiatives for the realization of a green society, it is expected that they take specific measures by referring to the Green Guidelines and consulting with the Japan Fair Trade Commission where necessary.

accordingly.

(5) Raising Awareness and Knowledge of AMA Compliance Among Executives and Employees

Among companies with a history of disposition, etc., lack of awareness and knowledge of AMA compliance among executives and employees was often cited as a cause of AMA violations in their companies.

Measures to directly improve the awareness and knowledge of AMA compliance among executives and employees include the preparation and dissemination of the AMA Compliance Manual and Providing In-House Trainings on the AMA.

In particular, as mentioned in Part III, 2 (3) above, provision of in-house training on the AMA increases the number of internal consultations and raises the possibility of whistleblowing. We request that executives and employees make efforts to improve their awareness and knowledge of AMA compliance by referring to this Report and the AMA Compliance Guide.

(6) Monitoring from a Third-Party Perspective by the Internal Audit Department or External Personnel

In interviews with companies with a history of disposition, etc., comments were received that the internal audit department and third parties, such as outside directors, outside auditors, and outside lawyers, failed to adequately monitor the business units of the first line and their own AMA compliance programs, and as a result, the incorrect practices of the business units of the first line have not been corrected.

For example, with regard to cartels and bid-rigging, if interactions and information exchange with competitors are actively carried out as a practice in the industry as a whole, and if this is carried over continuously as a practice in a company, there will be fewer opportunities for such a practice to be considered problematic internally, which will make it difficult to detect it at an early stage. In addition, regarding private monopolization and unfair trade practices, once a trade scheme that may be problematic under the AMA has been established, it is difficult to be conscious of the problem again. In order to avoid such a situation, it is important to incorporate the views of third parties such as internal audit departments, outside directors, outside auditors, and outside lawyers in conducting audits on the AMA as well as evaluation/update of the AMA compliance program, and to conduct regular and continuous monitoring so as to prevent practices that are problematic under the AMA from taking root. In recent years, from the viewpoint of ensuring the implementation of various

measures, there have been cases where monitoring by an independent third party has been included in a commitment plan or a cease and desist order⁴⁷. From the perspective mentioned above, such monitoring by a third party is considered to contribute to the improved effectiveness of efforts for the prevention and early detection of AMA violations, as well as to ensuring the reliability of their own AMA compliance programs.

(7) Proactively Using the Leniency Program

Interviews with companies with a history of disposition, etc. also confirmed the comments of companies exempted from surcharges through the use of the leniency program. (See Part III, 1 (3) D above.)

According to the results of interviews mentioned above, the following were noted as points where a company, including top management, was able to apply for the leniency program in advance of other companies when it came into contact with information on problems under the AMA: 1) active information collection by utilizing internal leniency; 2) early involvement of outside lawyers; and 3) adoption of a company with an audit & supervisory board (existence of monitoring and supervision by outside directors). If a company can apply for the leniency program in advance of other companies prior to the on-site inspection by the Japan Fair Trade Commission, it will be able to obtain the benefits, such as the exemption of surcharge and the avoidance of criminal charges, and also to minimize the disadvantages suffered by the company due to AMA violations. Therefore, it is important to lead to an early application for the leniency program in the event of AMA violations in the company while referring to points 1) to 3) above.

Part V Conclusion

As described above, in this Fact-Finding Survey, we examined the overall status of the design and implementation of AMA compliance programs, the status of responses to recent developments related to AMA compliance, in particular, the status of responses to risks of AMA violations in the use of algorithms, the status of the use of AI in audits on the AMA, the status of design and implementation of compliance programs for the pass-through of labor and other costs, and the status of efforts for prevention and early detection of private

⁴⁷ In order to ensure the implementation of the commitment measures in the commitment procedures, the Japan Fair Trade Commission has made active use of performance monitoring by an independent third party (Secretary General's regular briefing (https://www.jftc.go.jp/houdou/teirei/2024/jul_sep/240703.html) dated July 3, 2024). To date, the commitment plans include monitoring by an independent third party of the status of implementation of various measures, including the development of a compliance system, in 2024 (Approval) No. 3 (case against HASHIMOTO SOGYO Ltd. (<https://www.jftc.go.jp/houdou/pressrelease/2024/dec/241212dai2.html>)) and 2025 (Approval) No. 1 (case against Sysmex Corporation (<https://www.jftc.go.jp/houdou/pressrelease/2025/feb/250213dai4.html>)). Such third-party monitoring of performance has also been ordered in recent years in cease and desist orders (2025 (Order) No. 5 (case against Google LLC, https://www.jftc.go.jp/houdou/pressrelease/2025/apr/250415_digijyo.html)).

monopolization and unfair trade practices, and recommendations were made for further improvement of the effectiveness of AMA compliance.

In addition, based on the results of this Fact-Finding Survey, we have revised the AMA Compliance Guide. Implications and case examples obtained from this Fact-Finding Survey are also included in the AMA Compliance Guide. After confirming the current status of the design and implementation of each company's AMA compliance program in accordance with Part IV, 1 above, we hope that each company takes a proactive attitude to further improve the effectiveness of its AMA compliance by referring to the points for reinforcing and improving its own AMA compliance program as described in Part IV, 2 above, and the content of AMA Compliance Guide.

The Japan Fair Trade Commission will continue to actively engage in activities to support and advocate corporate initiatives related to AMA compliance through the dissemination of this Report and the AMA Compliance Guide.