



QUALITY INSPECTION SERVICES INC. JAPAN

# **QISJ**

# **COMPLIANCE CODE**

4.1 Edition, September 27, 2022

## **QUALITY INSPECTION SERVICES INC. JAPAN**

YCC 1608, 22 Daikoku-futo, Tsurumi-ku,  
Yokohama, Japan 230-0054

Tel: (81) 45-500-6033

Fax: (81) 45-500-6034

e-Mail: [compliance@qisjp.com](mailto:compliance@qisjp.com)

[www.qisjp.com](http://www.qisjp.com)

**TABLE OF CONTENTS**

<b>INTRODUCTION</b> .....	4
<b>INTEGRITY</b> .....	6
<b>CONFLICTS OF INTEREST</b> .....	6
<b>CONFIDENTIALITY AND DATA PROTECTION</b> .....	7
<b>ANTI-BRIBERY</b> .....	7
<b>FAIR BUSINESS CONDUCT</b> .....	7
<b>HEALTH AND SAFETY</b> .....	8
<b>FAIR LABOR</b> .....	8
<b>1. APPLICATION OF COMPLIANCE PRINCIPLES</b> .....	9
<b>1.1. INTEGRITY</b> .....	9
<b>1.2 CONFLICTS OF INTEREST</b> .....	9
<b>1.3 CONFIDENTIALITY AND DATA PROTECTION</b> .....	10
<b>1.4 ANTI-BRIBERY RULES</b> .....	10
<b>1.5 FAIR BUSINESS CONDUCT</b> .....	14
<b>1.6 HEALTH AND SAFETY</b> .....	14
<b>1.7 FAIR LABOUR</b> .....	14
<b>2. IMPLEMENTATION OF COMPLIANCE PRINCIPLES</b> .....	16
<b>2.1 IMPLEMENTATION</b> .....	16
<b>2.2 COMPLIANCE PRINCIPLES AND RULES</b> .....	16
<b>2.3 APPOINTMENT OF COMPLIANCE OFFICER</b> .....	16
<b>2.4 ESTABLISHMENT OF A COMPLIANCE COMMITTEE</b> .....	16
<b>2.5 HUMAN RESOURCES</b> .....	17
<b>2.5.1 RECRUITMENT</b> .....	17
<b>2.5.2 EMPLOYEE COMMITMENT</b> .....	17
<b>2.5.3 TRAINING</b> .....	17
<b>2.5.4 CONSULTATION ON CODE DEVELOPMENT</b> .....	17
<b>2.5.5 EMPLOYEE PERFORMANCE EVALUATION</b> .....	18
<b>2.5.6 EMPLOYEE "HELP LINES"</b> .....	18
<b>2.6 SECURITY MEASURES</b> .....	18

<b>2.7</b>	<b>EXTERNAL COMMUNICATIONS .....</b>	<b>18</b>
<b>2.8</b>	<b>REPORTING OF VIOLATIONS.....</b>	<b>19</b>
<b>2.9</b>	<b>INVESTIGATIONS AND SANCTIONS .....</b>	<b>19</b>
<b>2.10</b>	<b>EFFECTIVENESS OF THE PROGRAM IMPLEMENTATION .....</b>	<b>20</b>
<b>2.10.1</b>	<b>MANAGEMENT DECLARATIONS.....</b>	<b>20</b>
<b>2.10.2</b>	<b>INTERNAL AUDITS.....</b>	<b>20</b>
<b>2.10.3</b>	<b>EXTERNAL VERIFICATIONS .....</b>	<b>21</b>
<b>2.10.3.1</b>	<b>FREQUENCY .....</b>	<b>21</b>
<b>2.10.3.2</b>	<b>APPOINTMENT OF EXTERNAL AUDIT FIRM.....</b>	<b>21</b>
<b>2.10.3.3</b>	<b>NOTIFICATION TO TIC OF QISJ'S APPOINTED EXTERNAL AUDIT FIRM(S).....</b>	<b>21</b>
<b>2.10.3.4</b>	<b>SCOPE OF VERIFICATION .....</b>	<b>23</b>
<b>2.10.3.5</b>	<b>EXTERNAL AUDIT FIRM'S "REPORT" .....</b>	<b>24</b>
<b>2.10.3.6</b>	<b>REPORTABLE CONDITIONS .....</b>	<b>24</b>
<b>2.11</b>	<b>APPLICATION OF THE QISJ'S PRINCIPLES AND RULES IN BUSINESS RELATIONSHIPS .....</b>	<b>24</b>
<b>2.11.1</b>	<b>INTERMEDIARIES.....</b>	<b>25</b>
<b>2.11.2</b>	<b>JOINT VENTURE PARTNERS.....</b>	<b>27</b>
<b>2.11.3</b>	<b>AGENTS AND SUBCONTRACTORS.....</b>	<b>27</b>
<b>2.11.4</b>	<b>CONTRACTORS AND SUPPLIERS .....</b>	<b>28</b>
<b>2.12</b>	<b>COMPLAINTS AND DISCIPLINARY PROCEDURES .....</b>	<b>28</b>
<b>2.13</b>	<b>CHART FOR QISJ COMPLIANCE CODE .....</b>	<b>28</b>



---

## INTRODUCTION

Quality Inspection Services Inc. Japan (QISJ) is a fast-growing inspection company based in Yokohama. Apart from its current focus on vehicle inspections, QISJ also conducts inspection of vehicle spare parts, machinery, tractors, trailers, boats, and other off road-vehicles.

The company was established in 2009 by industry veteran, Mr. Kiyooki Hatano. Over the years, QISJ expanded and acquired new inspection centers across Japan, U.A.E, U.K, and South Africa.

In Japan, QISJ has more than 30 inspections centers located in the eight strategic cities of Kisarazu, Yokohama, Nagoya, Kobe, Kawasaki, Osaka, Hakata and Moji. These are among Japan's busiest ports.

QISJ is proud to be accredited with ISO / IEC 17020 Type A as well as ISO 9001. This enables the company to conduct visual/body, mechanical, electrical system, and safety inspections.

QISJ can also provide document verification and radiation inspection.

QISJ is committed to the quality of its service offerings, customer satisfaction, and independence from trading companies in the industries they operate in to maintain the objectivity of inspection results.

QISJ is an environment conscious organization and, therefore, adheres to strict environmental standards. All rules and regulations set by international regulatory bodies are complied with.

The essence of this can be seen in our daily operations.

QISJ continues to offer the highest standards of vehicles inspection services and make a significant contribution for safer road transportation systems.

In an industry where high standards are looked upon, QISJ has implemented a Business Ethics & Compliance program throughout its network of offices. Driving this program is our QISJ Business Ethics & Compliance Code which apply to all our activities. It also addresses our technical work, business professional conduct, and ethics in relation to the following areas:

- ✓ Integrity
- ✓ Conflicts of interest
- ✓ Confidentiality and Data Protection
- ✓ Anti-bribery
- ✓ Fair Business Conduct
- ✓ Health and Safety
- ✓ Fair Labor

To ensure the effectiveness of the implementation of our Code, an independent audit is conducted by the company's external financial auditors annually.

The QISJ Business Ethics and Compliance Code reflects the requirements of the IFIA/TIC Compliance Code (4th edition) as of December 2018.

For further information please contact the QISJ Compliance Officer:

Email: [compliance@qisjp.com](mailto:compliance@qisjp.com)

Tel: (81) 045-500-6033 Ext. 11



## COMPLIANCE PRINCIPLES

---

### INTEGRITY

QISJ operates in a professional, independent and impartial manner in all its activities.

QISJ carries out its work honestly and does not tolerate any deviation from its approved methods and procedures.

In cases where approved test methods make provision for tolerances in results, QISJ ensures that such tolerances are not abused to alter the actual test findings.

QISJ reports data, test results and other material facts in good faith and does not improperly change them, and only issue reports and certificates that correctly present the actual findings, professional opinions or results obtained.

---

### CONFLICTS OF INTEREST

QISJ avoids conflicts of interest with any customers or related entity in which it is required to provide services.

QISJ ensures that its employees avoid conflicts of interest with the activities of QISJ. Furthermore, any person employed by our customers or related entities to which we provide services will not be included in our employees list.



---

## **CONFIDENTIALITY AND DATA PROTECTION**

QISJ handles all information received during the conduct of its services as confidential in so far as such information is not already published, generally available to third parties or otherwise in the public domain.

---

## **ANTI-BRIBERY**

QISJ does not allow the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment.

QISJ prohibits any acceptance of financial or non-financial payments as a means of guaranteeing or fast tracking the execution of a routine action as a means of receiving our certificate or inspection report.

QISJ forbids the use of other routes or channels for provision of improper benefits to, or the receipt of improper benefits from, customers, agents, contractors, suppliers or employees of any such party or government officials.

---

## **FAIR BUSINESS CONDUCT**

QISJ only presents itself and conducts marketing including comparisons with, or references to, competitors, or their services, in a manner that is truthful, not deceptive or misleading or likely to mislead. QISJ is committed to conduct itself with the highest standards of business ethics and integrity, and shall not do anything which would bring its reputation, or the reputation of TIC Council or the TIC industry, into disrepute



---

## HEALTH AND SAFETY

QISJ implements adequate training and procedures to protect the health and safety of employees, customers, and third parties and shall monitor incidents with the view of minimizing risks in the course of business operations.

---

## FAIR LABOR

QISJ is aware of its social responsibility for its employees and the people, communities and environments in which it works and shall respect human rights and has zero tolerance policy against any form of harassment in the workplace.

## APPLICATION AND IMPLEMENTATION OF COMPLIANCE PRINCIPLES

---

### 1. APPLICATION OF COMPLIANCE PRINCIPLES

The implementation of QISJ's principles is based on the TIC Council (former International Federation of Inspection Agencies) compliance principles and covers the entire QISJ organization. As an ISO 17020 and ISO 9001 accredited company, all QISJ principles are integrated with our ISO standards.

#### 1.1. INTEGRITY

- 1.1.1 QISJ provides guidance to its employees for dealing with clients who expect QISJ to abuse tolerances to obtain acceptable results
- 1.1.2 QISJ demands that all its employees, partners, intermediaries comply with QISJ Compliance Code and the governing local laws of the service locations. Any criminal or illegal actions found after due process investigations shall warrant the full consequence as per the QISJ by-laws.
- 1.1.3 In respect of those business sectors in which QISJ is active, QISJ complies with any sector specific Integrity Rules published by the applicable TIC Council and or relevant entities.

#### 1.2 CONFLICTS OF INTEREST

- 1.2.1 To avoid conflicts of interest, or the appearance of conflicts of interest, in QISJ's business transactions and services, QISJ maintains a policy regarding conflicts of interest.
- 1.2.2 QISJ's policy provides guidelines to employees to avoid conflicts of interest between:
  - i. QISJ and any related entities in which QISJ has a financial or commercial interest and to which it is required to provide services; and
  - ii. QISJ's companies and/or branches engaged in different activities but which may be providing services to either the same client or each other.

1.2.3 QISJ's policy provides, at a minimum, that QISJ's employees shall not:

- i. Directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a client or a competitor of QISJ, except for the acquisition of shares of a client, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the Employee unduly dependent on its financial fortunes.
- ii. Hold any position with a competitor or client.
- iii. Conduct any company business with any member of their family or with an individual or organization with which they or their family is associated.
- iv. Employ a member of their family without approval of QISJ's management.

## 1.3 CONFIDENTIALITY AND DATA PROTECTION

1.3.1 QISJ's Employees are required, as a condition of employment, to sign a Non-Disclosure Agreement which prohibits the disclosure of any confidential business information, obtained during their employment, to other parties.

1.3.2 QISJ ensures that all intermediaries, joint venture partners, agents, subcontractors, contractors and suppliers are made aware of the confidential nature of the business information that they may handle through their dealings with QISJ, and that they should not disclose confidential information to other parties. They are required to commit to the Compliance Code which includes the policy on confidentiality and data protection.

## 1.4 ANTI-BRIBERY RULES

### 1.4.1 COMPLIANCE WITH LAWS

- i. QISJ ensures that the Principles and Rules of its Program meet the requirements of the TIC/TIC Compliance Code and local laws relevant to countering bribery in all the jurisdictions in which QISJ operates.
- ii. If the local laws specify additional or different requirements, which are not covered by the Program, QISJ modifies accordingly its Program for the country(ies) concerned. Records are kept of countries where the Program has been modified.

## 1.4.2 ANALYSIS OF RISKS

QISJ's Compliance Committee and/or the Managing Director, or his delegate, in each country of operation organizes periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews are systematically conducted:

- i. Prior to the commencement of a new service or the startup of operations in a new country, and
- ii. Whenever a significant breach of QISJ's Business Ethics & Compliance Code and Rules occurs which warrants a review of the existing control measures.

## 1.4.3 POLITICAL CONTRIBUTIONS

QISJ, its employees, agents or intermediaries shall not make direct or indirect contributions to political parties, organizations or individuals engaged in politics, as a way of obtaining advantage in business transactions.

- i. Maintains a policy and criteria for political contributions.
- ii. Ensures proposed political contributions be subject to prior review and approval by the QISJ Compliance Committee including the Managing Director and shall consider the applicable laws in the countries concerned.
- iii. Accounts for all political contributions made by QISJ in a separate general ledger account in its accounting records. QISJ consolidates all such payments made by any of its operations forming part of its organization.

## 1.4.4 CHARITABLE CONTRIBUTIONS AND SPONSORSHIPS

QISJ ensures that all charitable contributions and sponsorships are not used as a subterfuge for bribery. In doing so, QISJ:

- i. Maintains a policy and criteria for charitable contributions and sponsorships.

- ii. Every contribution or sponsorship shall require approval from the Managing Director.
- iii. Prior to approval of each proposed charitable contribution or sponsorship a due diligence review is conducted to ensure that:
  - The organization receiving the contribution or sponsorship is reputable pursuing a purpose unequivocally in the public interest and having the financial and personnel resources required to reach its purpose. Care should be taken to ensure that the organization is not a "front" for some other purpose. Donations to individuals shall be avoided unless approved and monitored by QISJ's Compliance Committee.
  - There are no conflicts of interest.
  - Sponsoring agreements are in writing and state the consideration being offered by QISJ. If funds are offered, the use of these funds shall be specified in detail and an opportunity to check on their use must exist.
  - Accounting records are maintained locally of all charitable contributions and sponsorships.

#### 1.4.5 FACILITATION PAYMENTS

- i. QISJ's policy is that facilitation payments are discouraged and only made when necessary.
- ii. Where QISJ's policy permits facilitation payments, it is subject to compliance with the following requirements:
  - ⊙ There is no doubt as to the entitlement of QISJ to the action to be performed.
  - ⊙ The demander of the facilitation payment has a clear and non-discretionary obligation to perform the task.
  - ⊙ The payment is modest.
  - ⊙ The payment is appropriately accounted for.

#### **GIFTS, HOSPITALITY AND EXPENSES**

QISJ does not allow the offer or receipt of gifts, hospitality or expenses

if it

- (a) influences, or be perceived to influence, a contractual or material transaction or
- (b) serve, or be perceived to serve, as an inducement to act in breach of duty

QISJ:

- i. Sets limits / guidelines on the value of gifts, hospitality or expenses that may be given without special authorization from QISJ's Compliance Committee.
- ii. Provides employees with guidelines on the circumstances under which
  - (a) gifts, hospitality or expenses may be received and
  - (b) gifts may be kept by Employees or should be surrendered to QISJ's management for disposal.
- iii. Provides employees with the guidelines for the compliance of gifts, hospitality and expenses with this Code.
- iv. All extraordinary expenses / proceeds, falling outside the limits / guidelines set in section 2.4.6, related to gifts, hospitality and expenses, are accounted for in a separate general ledger account in QISJ's accounting records. QISJ consolidates all such payments made by any of its operations forming part of its Organization.

#### **1.4.7 ACCOUNTING AND BOOKKEEPING**

QISJ maintains accurate books and records which properly and fairly document all financial transactions. Off-the-books accounts are prohibited.

## 1.5 FAIR BUSINESS CONDUCT

1.5.1 QISJ provides guidelines to employees, agents and intermediaries to ensure that they understand and adhere to the Business Ethics & Compliance Principle governing Fair Business Conduct

1.5.2 QISJ maintains a Fair Business Conduct policy prohibiting:

- i) making untrue statements about competitors, their operations, services or service offerings
- ii) activities contrary to rules for fair competition, anti-trust or tendering
- iii) inciting, inducing or encouraging any person to breach its contractual obligations (including obligations of confidentiality)
- iv) commercial espionage and/or data theft

1.5.3 QISJ's presentations and publications accurately and unambiguously reflect QISJ's network and affiliations, resources / capabilities, experience and services provided.

## 1.6 HEALTH AND SAFETY

1.6.1 QISJ maintains a policy on Health & Safety that meets all legal requirements.

1.6.2 QISJ provides Health & Safety training to employees appropriate for the activities engaged in

1.6.3 QISJ encourages employees to report Health & Safety related incidents, record these incidents, investigate these incidents and if required, take corrective measures.

## 1.7 FAIR LABOUR

1.7.1 QISJ maintains a policy on fair labor.

1.7.2 QISJ policy states its commitment to the following:

- i) Compliance with at least with minimum wage legislation and other applicable wage and working time laws.
- ii) Prohibition of child labor – strictly prohibit the use of child labor
- iii) Prohibition of forced and compulsory labour – prohibit all forms of forced labour, whether in the form of prison labour, indentured labour, bonded labour, slave labour or any kind of non-voluntary labor.
- iv) Respect of equal opportunities in the workplace
- v) Zero tolerance of abuse, bullying or any form of harassment in the workplace.

---

## 2. IMPLEMENTATION OF COMPLIANCE PRINCIPLES

### 2.1 IMPLEMENTATION

QISJ implements a Business & Compliance Program, based on this Code, throughout its organization. Please refer to the QISJ Compliance Manual for further information concerning how the Program is implemented.

### 2.2 COMPLIANCE PRINCIPLES AND RULES

2.2.1 The QISJ Management has confirmed its commitment to implementing this Code by publishing the QISJ's Business Ethics & Compliance Principles which, at least, reflect the TIC Compliance Principles.

2.2.2 QISJ sends, within one month of publication, a copy of the Business Ethics & Compliance Principles and Rules which apply throughout its organization, and any subsequent updates thereof, to the Director General of TIC for verification of compliance with the TIC Compliance Code.

### 2.3 APPOINTMENT OF COMPLIANCE OFFICER

The QISJ Managing Director, which has ultimate responsibility for the Compliance Program, has nominated a member of management as the Compliance Officer, who, irrespective of his other responsibilities has responsibility and authority for the co-ordination of the implementation of the Program throughout the QISJ Organization.

The Compliance Officer reports directly to the Managing Director. Additionally, QISJ Head Office and International Branch Managers have responsibility for implementation of the Program in their area of responsibility.

### 2.4 ESTABLISHMENT OF A COMPLIANCE COMMITTEE

The QISJ Managing Director has established a Compliance Committee to initially carry out quarterly reviews of the progress of the Program and provide policy guidance. The Compliance Committee includes the Managing Director, the Compliance Officer and other managers representing Operations, Finance, Quality, and Administration.

## **2.5 HUMAN RESOURCES**

### **2.5.1 RECRUITMENT**

Prior to job offer, prospective employees of QISJ are informed of the QISJ Business Ethics & Compliance Program.

### **2.5.2 EMPLOYEE COMMITMENT**

QISJ ensures that:

- i. Each employee is provided with a copy of the QISJ Business Ethics & Compliance Code and is requested to sign a declaration that it has been received, read and understood. A record is kept in the file of the Employee.
- ii. Each manager or area leader is required to sign an annual declaration (see section 2.10.1) that QISJ's Program has been implemented in their area of responsibility.
- iii. Each employee is required to sign, as a condition of employment, a Non-Disclosure Agreement prohibiting the disclosure to other parties of any confidential business information obtained during his/her employment.

Employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Program even if it may result in a loss of business.

### **2.5.3 TRAINING**

All Employees including Managers of QISJ are required to undergo a Compliance Training Course based on the TIC Compliance Training Guide. A Record of course completion is kept in the file of each Employee.

### **2.5.4 CONSULTATION ON CODE DEVELOPMENT**

QISJ's Employees could provide input on the development of the Program during performance evaluations, staff training sessions or at review meetings (directly, through their superior or through staff representatives) or directly to the Compliance Officer.

## 2.5.5 EMPLOYEE PERFORMANCE EVALUATION

QISJ ensures that each Employee has an on-going understanding of the QISJ Business Ethics & Compliance Program during employee performance evaluations.

## 2.5.6 EMPLOYEE "HELP LINES"

QISJ has established "help lines" where QISJ's Employees may obtain guidance on any question or matter of concern relating to the implementation or interpretation of the Program. At the Employee's request, any such question shall be dealt with confidentially and the anonymity of the Employee shall be protected to the extent reasonably practicable.

Dedicated Help Line: (81) 045-500-6033 Ext. 11

Dedicated email address: [compliance@qisjp.com](mailto:compliance@qisjp.com)

## 2.6 SECURITY MEASURES

QISJ implements adequate security measures in its organization's premises containing confidential business information to ensure that:

- (a) Access is restricted to authorized personnel only and
- (b) Documents / data are stored in designated secure areas and disposed of in a secure manner.
- (c) Appropriate controls with Usernames and Passwords are in place for online data security and protection.

## 2.7 EXTERNAL COMMUNICATIONS

QISJ ensures effective external communications by:

2.7.1 The QISJ Business Ethics & Compliance Code is published on [www.qisjp.com](http://www.qisjp.com) and copies of the Code are available from any of QISJ's offices.

2.7.2 Inquiries, complaints or feedback from relevant interested parties may be made via the web site, email ([compliance@qisjp.com](mailto:compliance@qisjp.com)) or to the Manager of each of QISJ's offices.

## 2.8 REPORTING OF VIOLATIONS

2.8.1 QISJ's Employees are encouraged to report details of violations or suspected violations to either:

- (a) The Compliance Officer or his/her nominated delegate(s), i.e Compliance Team or
- (b) The Employee's superior or member of senior management or internal auditor

Who will in turn, inform the Compliance Officer or his/her nominated delegate(s).

The reporting Employee is fully protected against any form of reprisal unless he/she acted maliciously or in bad faith. If requested, the Employee's anonymity will be protected to the extent reasonably practicable.

2.8.2 QISJ's Employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge in the same manner as provided for under section 2.8.1.

## 2.9 INVESTIGATIONS AND SANCTIONS

2.9.1 The Compliance Officer or his/her nominated delegate(s) initiates, where appropriate, an investigation into any violation of the Program reported to him/her or coming to his/her knowledge.

2.9.2 The Compliance Officer maintains a documented procedure, approved by the Compliance Committee, for the handling of investigations and sanctions which includes requirements for:

1. The maintenance of records of all reported violations and subsequent actions taken.
2. The alleged perpetrator of such violation to have the right to be heard.
3. The QISJ Management or Compliance Committee to decide on the appropriate corrective and disciplinary measures to be implemented if a violation has been

established. These measures may include a reprimand, demotion, suspension or dismissal.

4. The Compliance Officer to receive progress reports from his/her nominated delegates and/or the management in the locations concerned and prepare quarterly summary reports for the Compliance Committee on investigations, violations established and the implementation of corrective actions and disciplinary measures.

## **2.10 EFFECTIVENESS OF THE PROGRAM IMPLEMENTATION**

### **2.10.1 MANAGEMENT DECLARATIONS**

QISJ requires its Managers throughout its organization to prepare and sign, on an annual basis, a Compliance Declaration which, as a minimum, is based on the template contained in Annex A.

Declarations are to be received, in respect of all applicable locations and/or activities, by the Compliance Officer by the 15th of February of each year. The Compliance Officer submits an annual summary report to the Compliance Committee by 15th March.

### **2.10.2 INTERNAL AUDITS**

QISJ's internal auditors, as part of their internal audit plan, verify that the QISJ Business Ethics & Compliance Code has been implemented within the organization and that the Management Declarations, as per section 2.10.1:

- i. have been completed in conformance with Annex A and
- ii. Reflect compliance with the Principles and Rules and
- iii. in respect of those locations selected for site audits, correctly reflect the actual situation. Such site audits shall review the processes in place and include testing, on a sampling basis, to ensure the effective application and implementation of the

Program. The TIC Guidance Check List for QISJ's Internal Compliance Audits will be used for guidance or reference as appropriate.

The compliance findings resulting from such audits are reported to the Compliance Officer who submits a summary report to the

Compliance Committee. The Compliance Officer and/or Compliance Committee takes follow-up actions where appropriate.

## **2.10.3 EXTERNAL VERIFICATIONS**

### **2.10.3.1 FREQUENCY**

The effectiveness of the implementation of the Program is examined at least annually by QISJ's appointed independent external audit firm.

### **2.10.3.2 APPOINTMENT OF EXTERNAL AUDIT FIRM**

QISJ's appointed independent external audit firm carries out the verification by agreed upon procedures. The audit firm engages for the statutory audit of QISJ's (consolidated) financial statements which shall be a reputable organization that is a member of a recognized national professional accountancy organization.

### **2.10.3.3 NOTIFICATION TO TIC OF QISJ'S APPOINTED EXTERNAL AUDIT FIRM(S)**

Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, QISJ submits details to the Director General of TIC for confirmation of compliance with TIC requirements.

#### **2.10.3.4.1 Submit documents for verification to TIC Council**

QISJ submits the following documents:

1. QISJ's Compliance Programme, as policies in relation to each Principles.
2. The Terms of Reference for the Compliance Committee including the specification that the Compliance Committee is responsible for overseeing the Compliance Programme.

3. List of members of the Compliance Committee including job title.
4. Compliance Programme training course material.
5. Material helping the awareness of the Employee Help Line.
6. Material encouraging employees to report details of violations or suspected violations and to whom they can report.
7. Screen print of QISJ's website where:
  - the compliance Principles are explained.
  - an interested party can make inquiries, complaints or feedback.
8. Documented procedure for the handling of investigations and sanctions
9. Policies relating to confidential business information (information security policy, confidentiality policy).
10. Procedures for due diligence for initiating or reviewing relationships with intermediaries, joint ventures partners and franchisees.
11. Procedure for contracting with intermediaries, joint venture partners and franchisees and related templates of contract / terms & conditions with a new / renewed intermediary, joint venture partner or franchisee.
12. Template of the annual management declaration based on the template in Annex A.
13. Scope of Internal Audit plan that includes the review of the implementation of the Compliance Code.
14. Annual summary reports prepared by Compliance Officer covering statistics or confirmations to show compliance with QISJ's procedures and policies, as specified in Annex B.
15. Annual report of the results of the agreed upon procedures.

When submitting the documents, QISJ assess by itself whether the evidence being submitted meets all the evidence requirements as described in Annex B. In case of any deviation from the Annex B requirements, QISJ explains the rational.

Unless otherwise dated, documents are re-submitted only if they have been updated. All documents should be reviewed and updated at least every three years or whenever there is an updated version of the Compliance Code and/or guidelines issued by TIC Council.

#### **2.10.3.4 SCOPE OF VERIFICATION**

For the purposes of demonstrating that QISJ is in conformance with the TIC Compliance Code, QISJ requires the external audit firm to carry out agreed upon procedures for the following areas:

- i. Understanding of compliance code by each new employee
- ii. Attendance of Compliance Programme training courses by employees
- iii. Employee Help Line to raise queries and/or issues relating to the Compliance Programme.
- iv. Reviewing and taking actions on enquires, complaints and feedback from interested parties
- v. Understanding of the confidentiality requirements by each new employee
- vi. Schedules prepared for political contributions; charitable contributions and sponsorships; expenditures relating to gifts, hospitality and expenses; and intermediaries' remuneration

vii. Monitoring of annual compliance declaration submissions by Managers.

(see the specific agreed upon procedures in Annex C)

#### **2.10.3.5 EXTERNAL AUDIT FIRM'S "REPORT"**

- i. QISJ requires the external audit firm to issue an Report showing the results of the agreed upon procedures using template contained in Annex C.
- ii. QISJ instructs their external audit firm to send a copy of their Assurance Report to the Director General of TIC within 6 months of QISJ's financial year-end closing date.

#### **2.10.3.6 REPORTABLE CONDITIONS**

Significant deficiencies in the design or implementation of QISJ's Compliance Programme that adversely affect QISJ's ability to ensure conformity with the TIC Compliance Code should be deemed reportable conditions.

These reportable conditions, which are detected by the external audit firm during performance of the Assurance Review Procedures, shall be reported in the Assurance Report regardless if QISJ has already taken corrective action.

The external audit firm shall not be required to include any minor non-conformities detected in their Assurance Report. These shall be communicated separately only to QISJ's management including the Managing Director for corrective action within the time frame stipulated by the auditor.

#### **2.11 APPLICATION OF THE QISJ'S PRINCIPLES AND RULES IN BUSINESS RELATIONSHIPS**

To ensure that QISJ's Business Ethics & Compliance Principles and Rules are applied, to the extent appropriate, in its business relations with parties

external to the organization such as intermediaries, joint venture partners, agents and subcontractors, contractors and suppliers, the Compliance Committee develops and distributes appropriate procedures / work instructions. These procedures incorporate the following requirements:

## 2.11.1 INTERMEDIARIES

To ensure

- (a) the Intermediary's compliance with the QISJ Business Ethics & Compliance Code and
- (b) avoid improper payments being channeled through Intermediaries, QISJ includes:

2.11.1.1 Prior to appointing an Intermediary, or renewing or substantially revising the terms of the appointment of an Intermediary appointed prior to the entry into force of this Code, conduct due diligence which includes:

- i. A risk analysis
- ii. An interview with the Intermediary
- iii. Providing the Intermediary with a copy of the QISJ Business Ethics & Compliance Code and requesting confirmation that, in the event of his/her/its appointment, or re-appointment, she/he/it accepts that her/his/its contract with QISJ requires his/her/its full compliance with the Principles and Rules and allow that this may be periodically verified by QISJ.
- iv. An investigation of the Intermediary's background which, for Intermediaries required to deal with government officials, is performed by an independent investigator and the findings reviewed and approved by the Compliance Committee.

v. A verification that the compensation paid to each Intermediary is an appropriate and justifiable remuneration for legitimate services rendered, and does not facilitate improper payments by an Intermediary, through:

★ A remuneration analysis. This may include, where appropriate, consideration of:

- the remuneration of other Intermediaries already used by QISJ for performing a similar function
- quotations from other prospective Intermediaries
- local market information on rates paid to Intermediaries
- justification for the rate proposed for the prospective Intermediary, and
- A review of the remuneration analysis and, for Intermediaries required to deal with government officials, an approval by the Compliance Committee prior to appointment of the prospective Intermediaries.

2.11.1.2 Monitor the Intermediary's continual compliance with QISJ's Business Ethics & Compliance Code and, in the event of breach, take remedial action which could, for serious breaches, result in termination of the contract.

2.11.1.3 Where appropriate, undertake to provide training and support to the Intermediary.

2.11.1.4 Maintain records of fulfilment of the above-mentioned requirements, including a copy of the contract with the Intermediary, integrating the QISJ Business Ethics & Compliance Principles.

- 2.11.1.5 Account for the intermediaries' remuneration in a separate general ledger account in QISJ's accounting records. QISJ consolidates all such payments made by any of its operations forming part of its organization.
- 2.11.1.6 Prepare annually a consolidated management statement of intermediaries' remuneration.
- 2.11.1.7 Not deal with prospective Intermediaries which it knows to be involved in bribery.

## **2.11.2 JOINT VENTURE PARTNERS**

- 2.11.2.1 QISJ conducts due diligence of prospective joint venture partner(s), as outlined in section 2.11.1.1.
- 2.11.2.2 QISJ does not deal with any joint venture partner(s) which it knows to be involved in bribery.
- 2.11.2.3 QISJ monitors the joint venture partner's compliance with the QISJ's Business Ethics & Compliance Principles through monitoring of its conduct and, as appropriate, periodic verification.

## **2.11.3 AGENTS AND SUBCONTRACTORS**

- 2.11.3.1 QISJ undertakes due diligence of prospective agents and subcontractors, as outlined in section 2.11.1.1.
- 2.11.3.2 QISJ provide, where appropriate, training for agents and subcontractors.
- 2.11.3.3 QISJ does not deal with agents and subcontractors which it knows to be involved in bribery.
- 2.11.3.4 QISJ monitors the agent's or subcontractor's compliance with the QISJ Business Ethics & Compliance Principles and Rules through monitoring of its/their conduct and, as appropriate, periodic verification.

## 2.11.4 CONTRACTORS AND SUPPLIERS

- 2.11.4.1 QISJ conducts its procurement practices in a fair and transparent manner.
- 2.11.4.2 QISJ undertakes due diligence per Section 2.11.1.1 in evaluating major prospective contractors and suppliers. The Compliance Committee
- 2.11.4.3 provides guidance to Employees on the definition of "major prospective contractors and suppliers" and the scope of due diligence.
- 2.11.4.4 QISJ makes known its Business Ethics & Compliance Principles to major contractors and suppliers.
- 2.11.4.5 QISJ avoids dealing with contractors and suppliers which it knows to be involved in bribery.

## 2.12 COMPLAINTS AND DISCIPLINARY PROCEDURES

Complaints concerning alleged non-Compliance with the TIC Compliance Code (Second edition) by other members of TIC shall be lodged with TIC in accordance with the TIC Complaints and Disciplinary Procedures.

QISJ refrains from submitting such complaints to other parties unless it is necessary to do so to protect QISJ's reputation.

## 2.13 CHART FOR QISJ COMPLIANCE CODE

"(QIS-004-007) Chart for (QIS-003-002) QISJ COMPLIANCE CODE" shows the reporting route for operation of 2. IMPLEMENTATION OF COMPLIANCE PRINCIPLES. The owner of the title is controlled by kintone staff list. In the chart, "CRO" represents any employee who has received a complaint/appeal directly from a client. The employee shall contact Chief Administrator immediately.

## Revision History

Version	Date of issuance	Details of revision	created/approved
1.0	Feb. 10, 2017	Created	
2.0	Feb. 13, 2020	Revised for IFIA/TIC Compliance Code Program	Miyagawa
2.1	Mar. 10, 2020	Title changed from BUSINESS ETHICS and COMPLIANCE CODE to "QISJ Compliance Code"; Header, footer, revision history, colorful objects harmonized with quality management system documents; Numbering corrected: 2.10.3.6.1->2.10.3.7	Tokuda
3.0	July 21, 2020	2.8 "Compliance Team" added 2.13 added	Tokuda
4.0	June 8, 2021	approval column added, name change IFIA->TIC Council, external verification based on Compliance Code Guidelines on Implementation	Tokuda/Miyagawa
4.1	Sep. 27, 2022	correction of Document Number in footer (delete "-02"), 2.10.3.4 correction of typo ad -> and	Tokuda/Miyagawa