

Compliance Activities

Basic Policy on Compliance

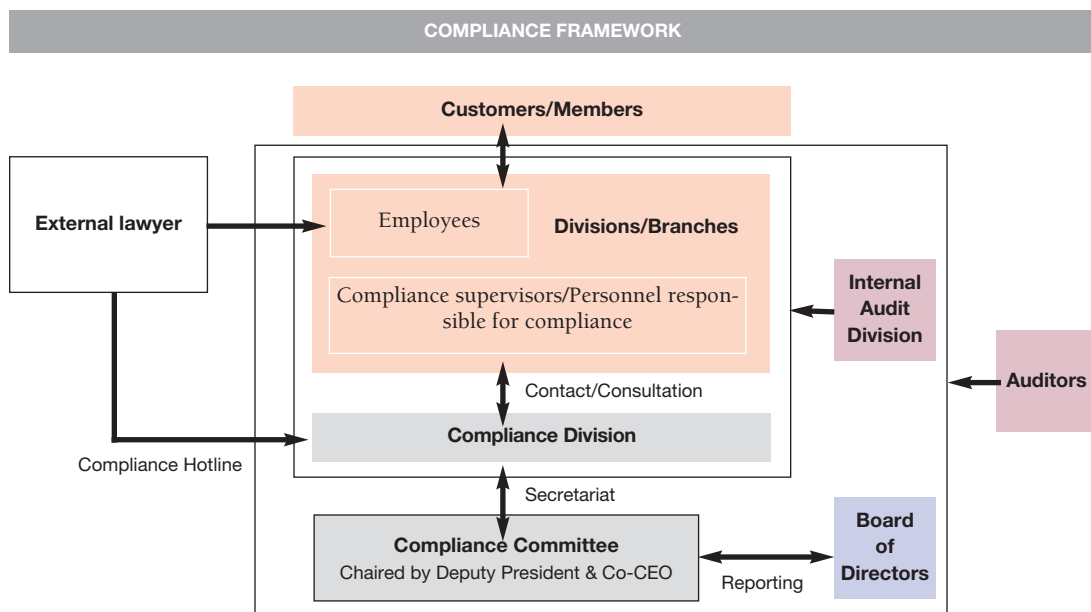
The concepts of corporate business management are being strongly questioned by society amid changes in the nation's socioeconomic situation and its structural reform. Moreover, scathing public criticism of corporate improprieties in recent years has pushed for better and more effective compliance to the top of the management agenda for most companies. This is especially true for financial institutions, whose very existence rests on strong compliance to secure bonds of trust and reliability with the general public, beginning with customers.

As a core member of Japan's financial system and as a nationwide financial institution of the cooperative credit business, the Bank is unequivocally committed to transparent management that emphasizes accountability, disclosure and compliance with all relevant laws and regulations. Basing its activities in these areas on strict adherence to the principle of self-responsibility, the Bank aims to build ever-stronger bonds of trust with the public, which are necessary to fulfill its basic mission and societal obligations.

Compliance Activities that Are Directly Linked to Management

The Bank's compliance activities are conducted mainly by the compliance supervisors and the personnel responsible for compliance stationed in every division and branch. These personnel work with the Compliance Division and the Compliance Committee responsible for monitoring and improving overall compliance activities.

The Compliance Committee (chaired by the Deputy President & Co-CEO) is a subordinated body of the Board of Directors and was established to deliberate the Bank's fundamental issues on compliance. Items deliberated by the Compliance Committee are decided by the Board of Directors.



Compliance Arrangement by the Bank

In addition to assuming the secretariat function for the Compliance Committee as the compliance control unit of the Bank, the Compliance Division conducts compliance-related educational/awareness programs within the Bank and serves as the contact point for the personnel in charge of compliance stationed in each division and branch.

Also, employees can at any time contact the Compliance Division or outside lawyers through the Bank's Compliance Hotline, which is set up to provide full protection from negative repercussions to those who provide information.

Compliance Program

Each fiscal year, the Bank formulates its "Compliance Program" to serve as a road map for the execution of compliance measures, including the upgrade of the compliance framework and compliance promotion/awareness activities. Additionally, respective divisions and branches establish their own compliance programs that contain specific policies for carrying out ongoing compliance activities.

Firmly Affixing Compliance in the Bank's Corporate Mind-Set

In addition to the "Corporate Ethics" and the "Code of Conduct," the Bank distributes to all employees the "Compliance Manual," including "Employee's Guide to Legal Compliance," and the "Bank's Basic Views on Compliance." These materials are distributed to further entrench compliance activities in the Bank's daily operations and to firmly affix compliance in the Bank's corporate mind-set.

Cooperation with Subsidiaries and Affiliates

The Bank's stance on compliance is communicated to subsidiaries and affiliates as a whole by holding periodic meetings for the personnel in charge of compliance at subsidiaries. At these meetings, the Bank explains its compliance program and discusses current compliance-related issues.

Column 1

Corporate Ethics

The Bank's Fundamental Mission and Social Responsibility

1. Always cognizant of the importance of its fundamental mission and social responsibility as a financial institution, the Bank is committed to maintaining solid bonds of trust with society by fulfilling these challenges through sound management.

Provision of High-Quality Financial Services

2. By providing high-quality financial services that tap the Bank's creativity and ingenuity, the Bank fulfills its role as a nation-wide financial institution based on the cooperative credit business and contributes to the development of the economy and society as a member of the financial system.

Compliance with Relevant Laws and Regulations

3. The Bank complies with all relevant laws and regulations and conducts fair and impartial operations in line with social norms.

Prevention of Anti-Social Behavior

4. The Bank is resolutely committed to preventing antisocial behavior that could harm society or hinder safety.

Creating an Organizational Culture Committed to Highly Transparent Disclosure

5. The Bank continually strives to improve communication with parties both inside and outside the cooperative system, beginning with impartial and proactive disclosure of business information. The Bank also works to maintain good relationships with these parties while maintaining an organizational culture that is committed to highly transparent disclosure based on respect for human rights.