Basic approach to internal control

We recognize risk management and compliance as one of our most important managerial issues, and have established the Internal Control Policy.

Regarding internal control (Internal Control Report System) under the Financial Instruments and Exchange Act, 50 domestic and overseas companies of the Group and the Internal Audit Department made an evaluation of internal control for the fiscal year ended March 31, 2020 in compliance with the basic framework for internal control set forth in the Business Accounting Council’s “Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting” and “Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting.”

More than 10 years have passed since the introduction of the Internal Control Report System, and in order to rebuild the evaluation structure, we are reviewing the scope of evaluation of business sites and business processes, and conducting education activities at domestic and overseas business sites.

We will continuously develop the internal controls and make an operational evaluation appropriately, in accordance with relevant standards, in response to changes in the business environment.

Internal audit activities

In our company, the Internal Audit Department is in charge of the internal audit operation and the overall management operation of the internal control system.

The Internal Audit Department, as an organization that is independent of the executive organization, conducts internal audits of the status of the execution of operations by each division of the company and domestic and overseas group companies from the view point of compliance with laws and internal regulations, appropriateness, and the effectiveness and efficiency of business activities.

Based on the results of internal audits, we provide advice and recommendations on improvements to the departments subject to audits. We also confirm the status of implementation of improvement measures and conduct follow-up audits.

The findings of the internal audits are reported to President, Executive Officer and the Audit Committee as needed.

Outside Japan, an Office of the General Manager has been established in each region to oversee and monitor operations, each having an Internal Control Section within it. The Internal Control Section works with the Internal Audit Department and CSR Headquarters to implement policies specific to each local region and country or in accordance with local needs and characteristics.

The Internal Audit Department, the Audit Committee, and the Accounting Auditor work to improve efficiency and effectiveness of audit by regularly holding meetings and exchanging information and opinions about the policies, plans, and results of audit.