

Anti-Bribery Handbook



Introduction

In November 2021, the NTT Group announced the “NTT Group Sustainability Charter.” To realize a sustainable society, the NTT Group has declared the aim of simultaneously achieving corporate *growth* and *resolving social issues* through the implementation of the IOWN concept, which is based on high ethical standards and cutting-edge technologies and innovation. The NTT Group Sustainability Charter sets out three themes: (1) ensuring the coexistence of nature and humanity, (2) improving prosperity for all people and cultures, (3) maximizing well-being for all, and at the core of second theme is establishing shared ethical standards and strengthening/ensuring compliance.

As the NTT Group’s corporate activities become increasingly global, this series of handbooks will serve as a useful tool for enabling individual employees to understand, as owners, important laws and regulations that NTT Group personnel around the world must all abide by.

The first handbook in the series is this Anti-Bribery Handbook. The Anti-Bribery Handbook is a revised version of one we produced in 2015 mainly for the purpose of deepening understanding of regulations concerning the bribing of foreign public officials. In 2021 it came to light that senior NTT Group executives had dined out with persons connected to Japanese ministries and agencies, and reflecting on these incidents, we enhanced the contents and altered the format such as increasing the number of explanations using case studies.

NTT Group employees need a solid understanding of the importance of preventing bribery and should at least read the parts of the handbook that relate to their own work. In addition, NTT Group companies should make use of the handbook to ensure that bribery is prevented and to raise compliance awareness. For example, they could use the case studies it contains to run training sessions.

March 2022

Chapter 1. Q&A 4

Easy-to-understand explanations in a Q&A format

Case 1 Bribery of Domestic Public Officials, etc. 5

- (1) Interacting with domestic public officials (dining) 5
- (2) Interacting with domestic public officials (golf) 6
- (3) Interacting with domestic public officials (novelty gifts) 7
- (4) Regulations under the NTT Act 8

This handbook has been prepared with an emphasis on readability and clarity, so that the outline of major anti-bribery laws and regulations can be easily understood. If you have any question or need clarification on this handbook, please consult with the relevant departments or personnel (e.g., compliance officer) at your company.



Case 2 Bribery of Foreign Public Officials 9

- (1) Local regulations and cross-border rules of the U.S., etc. 9
- (2) Simultaneous application of laws 10
- (3) Scope of application of JUCPA 11
- (4) Scope of application of FCPA 12
- (5) Purpose of obtaining or retaining business 13
- (6) Corrupt Intent (bribery) 14
- (7) Intent of obtaining or retaining business (relationship between bribery and obtaining transactions) 15
- (8) Giving of benefit (bearing of travel expenses or hotel charges) 16
- (9) Provision of benefit (unlawful provision of benefit and lawful provision of benefit) 17
- (10) Facilitation payments 18
- (11) Company's liability for bribery by employees 19
- (12) Bribery through foreign subsidiaries 20
- (13) Bribery through agents 21
- (14) Bribery of state-owned/controlled institutions 22
- (15) Bribery of private-sector companies 23
- (16) Bribery of relatives 24
- (17) Penalties for bribery 25
- (18) Appropriate Compliance Program (based on FCPA Resource Guide 2.0) 26
- (19) Things to keep in mind during an M&A 27
- (20) Liability of acquirer in M&A 28
- (21) Role of supervisors in preventing bribery 29
- (22) Risks other than bribery 30

Chapter 2. Reference (Basic Knowledge) 31

To understand basic framework of major anti-bribery laws and regulations

1 Overview 32

- (1) Background to focus on anti-bribery laws and regulations 32

2 Bribery of Domestic Public Officials 33

- (1) Overview of each country 33
- (2) Overview of law of Japan 34

3 Bribery of Foreign Public Officials 36

- (1) Background to focus on Foreign Anti-Bribery Regulations 36
- (2) Actions violating regulations 39
- (3) Facilitation payments 41
- (4) Person subject to regulations 42
- (5) Bribery through third parties 43
- (6) Foreign public officials, etc. 44
- (7) Penalties 45
- (8) Things to keep in mind when conducting DD of M&A companies (based on FCPA Resource Guide 2.0) 46
- (9) Compliance program 47

Glossary 48

Chapter 1. Q&A



(1) Interacting with domestic public officials (dining)



In Japan, what sort of problems can there be with treating a government official who is in charge of a project we are bidding for to a meal?

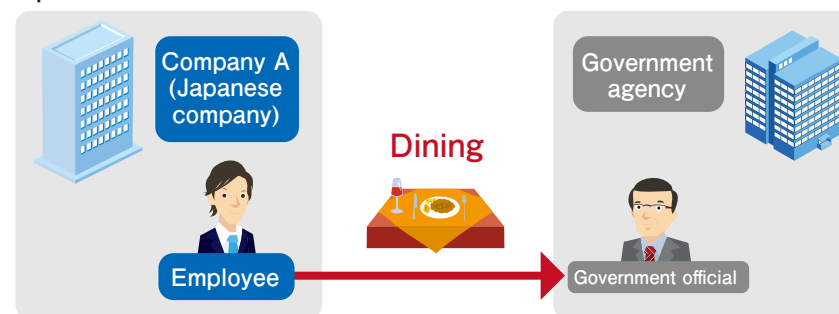


Under the National Public Service Ethics Act / Ethics Code, national public officials are prohibited from being provided food/drink, receiving gifts or any other benefit from an interested party, so this is an absolute no-no. And a similar code of ethics also exists for local public officials.



Furthermore, a person who gives, offers, or promises to give a bribe in connection with the duties of a public official could be charged with bribery under the Penal Code, so again, this is an absolute no-no.

Japan



Although the National Public Services Ethics Act / Ethics Code are rules only for national public officials, if an NTT Group salesperson is unaware of them, it could cause trouble for the national public official concerned. And if the story gets reported in the media, it will cause reputational risk to NTT Group, so providing benefit that contravenes the National Public Services Ethics Act / Ethics Code is an absolute no-no. Furthermore, if it is deemed that the benefit provided relates to the professional duties of the public official concerned, the employee that provided the benefit could be subject to

criminal penalties for bribery.

In the NTT Group, even if the other party is a disinterested public official, dining with them is generally only allowed if the cost is 10,000 yen or less and it is split completely equally.

If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



(2) Interacting with domestic public officials (golf)



In Japan, is there any problem with playing games such as golf or mahjong or with taking trips with an interested government official if the cost is split?



Under the National Public Services Ethics Act / Ethics Code, national public officials are prohibited from playing games such as golf or mahjong or taking trips with an interested party even if the cost is split, so this is an absolute no-no. And a similar code of ethics also exists for local public officials.



Japan



In the NTT Group, even if the other party is a disinterested public official, playing games such as golf or mahjong or taking trips with them is prohibited. If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



(3) Interacting with domestic public officials (novelty gifts)

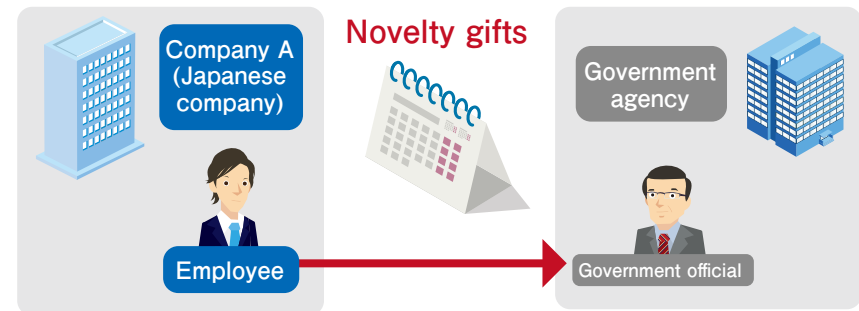


Is providing calendars or novelty gifts not allowed?



Under the National Public Service Ethics Act / Ethics Code, national public officials are allowed to receive commemorative gifts and promotional items that are widely distributed even from interested parties. So there would typically be no problem with providing inexpensive calendars or novelty gifts that are widely distributed to numerous public bodies and private companies. However, if the recipient is a public official, it is necessary to take care not to invite suspicion or distrust among the public by considering matters such as monetary value, frequency, and relationship with the other party.

Japan



In the NTT Group, exchanging presents with public officials is generally prohibited. And even if the other party is a private-sector company, exchanges of presents that go beyond social norms is prohibited. If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.

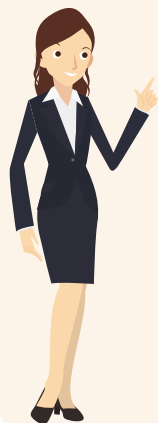


(4) Regulations under the NTT Act

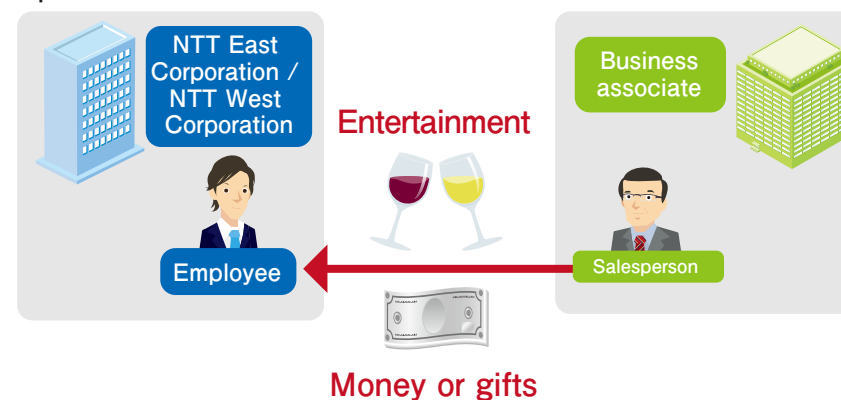
If an employee of the holding company (NTT) or a regional company (NTT East or West) receives money or gifts from a salesperson or consulting company employee (i.e., receives entertainment), what problems would arise?



Under the NTT Act, if a director, employee, etc. of the holding company or a regional company (NTT East or West) receives or requests or makes a promise of bribe in connection with their duties, they could be subject to criminal penalties for receiving a bribe, so this is an absolute no-no.



Japan



The NTT Act does not apply to employees, etc. of NTT Group companies other than the holding company or regional companies (NTT East and West), however, receiving excessive entertainment from a business associate could constitute the crimes of receiving bribes or special breach of trust under the Companies Act, so this is an absolute no-no. (Even if it does not constitute a crime, the employee, etc. could still be subject to disciplinary action for violation of the rules of employment.) In particular, if an employee, etc. who is involved in projects that the NTT Group puts out to tender or

requests competing quotations for (below, “invitations to tender, etc.”) receives entertainment, doubts will arise about whether outside vendors are selected appropriately, so this is a no-no. Also in the case of invitations to tender, etc., care needs to be taken to ensure that advantageous information is not conveyed only to a specific business operator and that ordering terms are not designed to be advantageous to a specific business entity.



(1) Local regulations and cross-border rules of the U.S., etc.

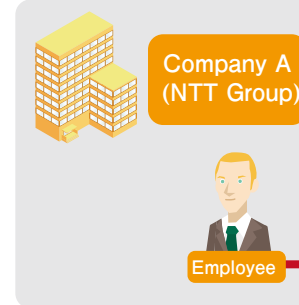


If an employee of Company A, an NTT Group company in Country P, provides money or gifts to a public official in a third country (Country Q) for the purpose of obtaining an order for a global project, what sort of problems could arise?

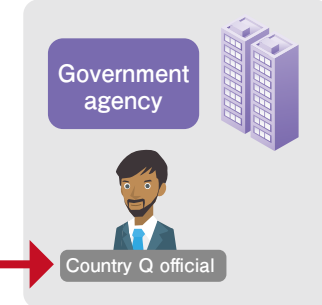


There is a possibility that bribery of a foreign public official, etc. could violate Foreign Anti-Bribery Regulations such as Japan's Unfair Competition Prevention Act (JUCPA), the U.S. FCPA, and the U.K. UKBA, or local anti-bribery laws and regulations. The scope of application of the FCPA and UKBA, in particular, is broad, and even if Country P is Japan, there is a possibility of hefty cross-border fines being imposed, so caution is required.

Country P



Country Q



Provision of money or gifts

If Country P is Japan, the employee that performed the act (regardless of whether they are Japanese) and Company A could be in violation of the JUCPA (for details, please see Case 2(3)). Furthermore, an act of bribery by Company A could constitute the crime of bribery in Country Q. Moreover, the results of these legal violations (fines, imprisonment, etc.) would be extremely serious (for details of fines, etc., please see Case 2(17) "Penalties for bribery").



In this case, if Country P is the U.S., Company A or its employee could be in violation of the FCPA as a U.S. company. Even if Country P is a country other than the U.S., if part of the act of bribery took place within the U.S., or if Company A is functioning as an agent for a U.S. company, the situation would be the same. If Country P is the U.K., there could be liability for violation of the UKBA. Similarly, even if Country P is a country other than the U.K., if Company A conducts business in the U.K., Company A or its employee could be in violation of the UKBA.

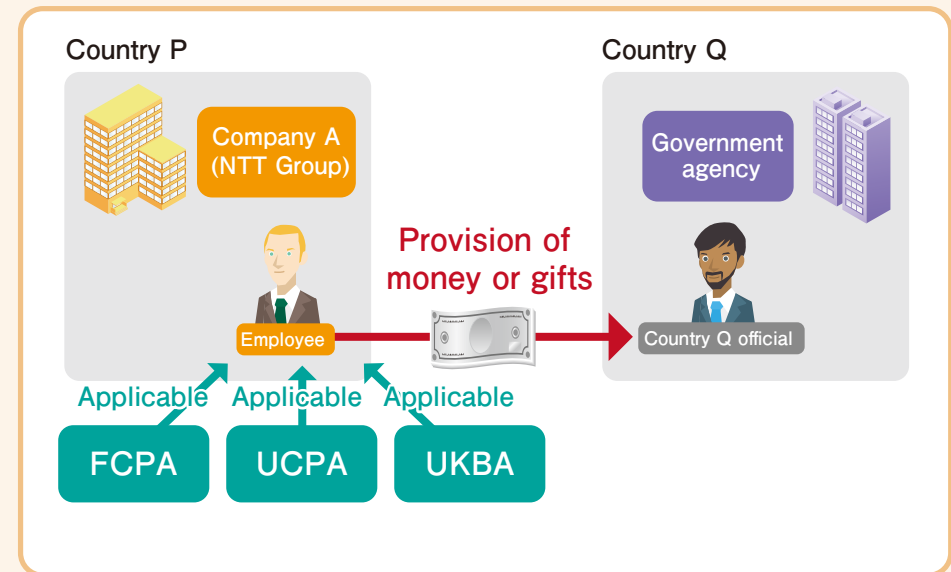


(2) Simultaneous application of laws

If Company A, an NTT Group company, is penalized for violation of the U.S. FCPA, would it be fair to assume that Company A and its parent would not also be penalized under the U.K.'s UKBA or Japan's JUCPA?



In addition to the FCPA violation, Company A and its parent could also be penalized for violating the UKBA or the JUCPA.



As explained in Case 2(1), the scope of application of the Major Foreign Anti-Bribery Regulations, and particularly the FCPA and UKBA, is broad. Therefore, it is quite possible that a bribery of a foreign government official by a company could violate both the FCPA and UKBA. In addition, the JUCPA could also be applied to NTT Group companies.

Therefore, if an NTT Group company has conducted bribery, that Group company and its parent could be imposed fines, etc. by the U.S., U.K., and Japan, and the NTT Group could suffer huge losses.



(3) Scope of application of JUCPA

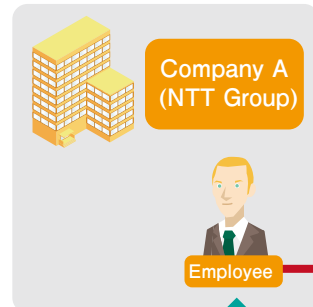
The JUCPA is a Japanese law, but if an employee working at an overseas site of an NTT Group company conducted bribery overseas, would they be penalized under the JUCPA?



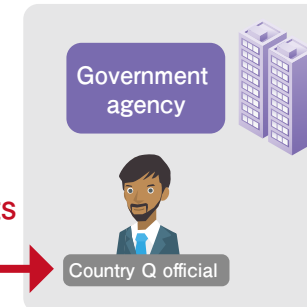
Even an employee working at an overseas site could be penalized under the JUCPA.



Country P (not Japan)



Country Q (not Japan)



Provision of money or gifts

Applicable
UCPA

under the JUCPA. And if a meeting concerning the bribery (i.e. act of conspiracy) took place in Japan, part of the act of bribery would be deemed to have taken place in Japan (constituting (1) above), and the foreign national working at the overseas site could be penalized under the JUCPA.



Under the JUCPA, if (1) part of an act of bribery of a foreign public official, etc. took place in Japan, the person concerned would be penalized regardless of whether they are Japanese or foreign, and even if (2) the act of bribery took place overseas, the person concerned would be penalized if they were Japanese. Therefore, a Japanese employee working at an overseas site could be penalized under the JUCPA. Furthermore, even in the bribery is conducted by a foreign national at an overseas site, any Japanese people involved would be penalized as accomplices



(4) Scope of application of FCPA



Company A, an NTT Group company in Country P is to bid jointly for a project in a third country (Country Q) with Company B of the U.S. Executives of companies A and B agreed, within the U.S., to bribe a high-level official of Country Q for the purpose of obtaining preferential treatment for their bid, and paid a bribe on a later date. Company A was not established in the U.S., but would Company A or its employees be penalized under the U.S. FCPA?

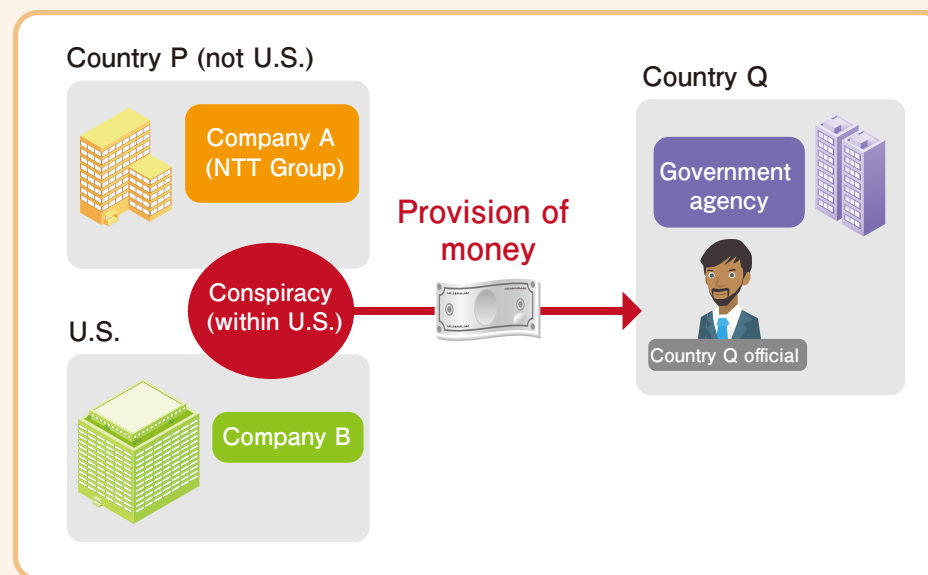


Company A and its employees could be penalized under the FCPA.



The FCPA applies not only to companies established in the U.S. and companies listed on the U.S. Securities Exchanges, but also to “those who engages in any act in furtherance of a corrupt payment in the territory of the U.S.” So, for example, even a non-U.S. company that had done no more than wiring money in U.S. dollars via a U.S. bank in connection with bribery could be penalized under the FCPA.

In this case, although Company A is not a U.S. company, it had made an agreement with Company B to conduct bribery within the U.S. Therefore, it would be deemed



to be furthering a corrupt payment in the territory of the U.S., and Company A or the employee of Company A that actually negotiated with Company B within the U.S. could be suspected of violating the FCPA. (Further, although not asked about in this question, note also that in addition to the above, Company A could also be penalized under other Foreign Anti-Bribery Regulations such as the U.K. UKBA and Japan’s JUCPA, as well as its parent.)

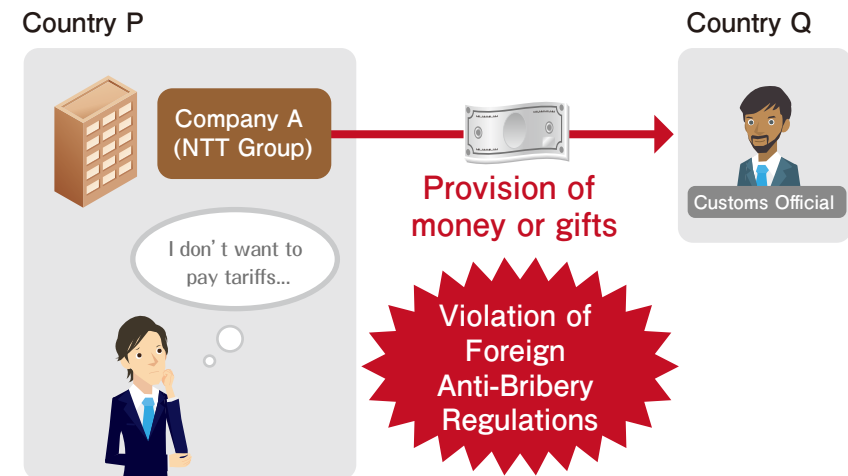


(5) Purpose of obtaining or retaining business

If Company A, an NTT Group company in Country P, gives a gift card to a public official, who has no direct connection with a certain project, for the purpose of avoiding the application of tariffs by a third country (Country Q), would this be a problem?



Even if the purpose is just to avoid tariffs, there could be a violation of Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA.



Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA basically apply to bribes for the purpose of obtaining or retaining business for oneself or a third party. And under the UKBA, not only bribes for the purpose of obtaining or retaining business, but also ones for the purpose of improper execution of duties are subject to penalties. Furthermore, actions for obtaining a contract, as well as those for reducing the amount of tariffs, etc. are deemed to have the purpose of obtaining or retaining business, because such actions will result in an unfair

advantage over competitors, and as such, they could be penalized under the JUCPA, the FCPA, or the UKBA. Note that the laws and regulations that could be applied in this case will depend on factors such as which country Country P is, the nature of Company A's business, and the place where the bribe was paid. For details, please see Cases 2 (1) and (2).



(6) Corrupt Intent (bribery)



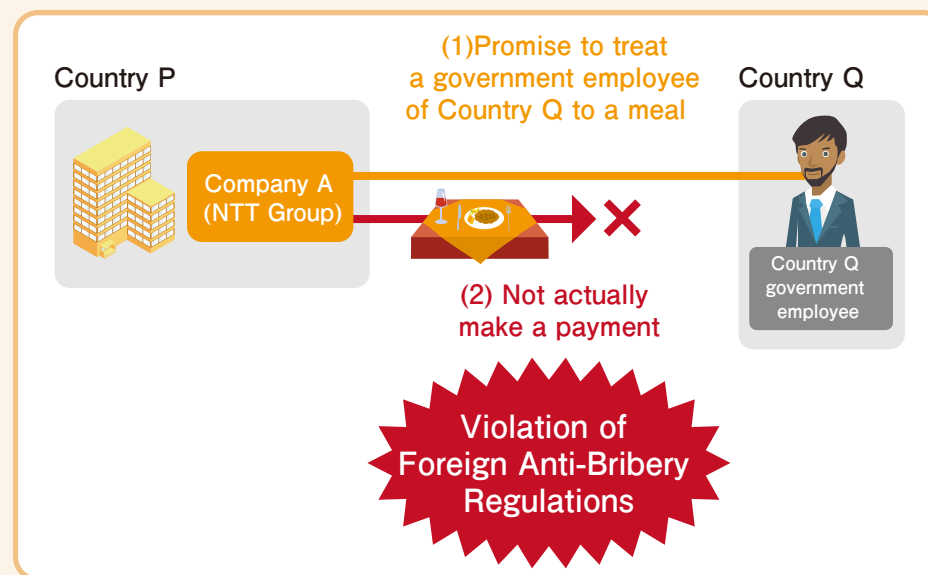
Company A, an NTT Group company in Country P, with the aim of winning the order for a project in State T of a third country (Country Q), promised to treat a public official of State T to a meal, but ultimately did not follow through on the promise. In this case, would there be no problem on the grounds that no treatment of meal took place?



Even if there was only a promise of buy a meal, this would still be deemed a violation of Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, and could therefore be subject to penalties. Penalties could also be imposed under laws and regulations related to bribery in Country Q.



Under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, offer or promise of payment of money, etc. itself is typically specified as a violation even if a foreign public official, etc. does not actually receive corrupt payment. Furthermore, laws and regulations related to bribery in Country Q are likely to provide that bribery occurs at the moment promise of payment is made. In this case, even though the public official was not actually treated to a meal, there was a promise of a bribe for the purpose of winning the order for the project, so penalties could be imposed under the JUCPA, the FCPA, the UCPA, and laws and regulations related to bribery in



Country Q. Therefore, you should avoid casually promising public officials to treating them to a meal. Please note that, in this case, the person who was promised a bribe was a local public official of State T, not a national a government official of Country Q. However, the JUCPA, the FCPA, and the UKBA, punish bribery of not only national government officials but also bribers to public officials of state, municipal, district, etc. Note that the laws and regulations that could be applied in this case will depend on factors such as which country P is, the nature of Company A's business, and the place where the bribe was made. For details, please see Cases 2 (1) and (2).



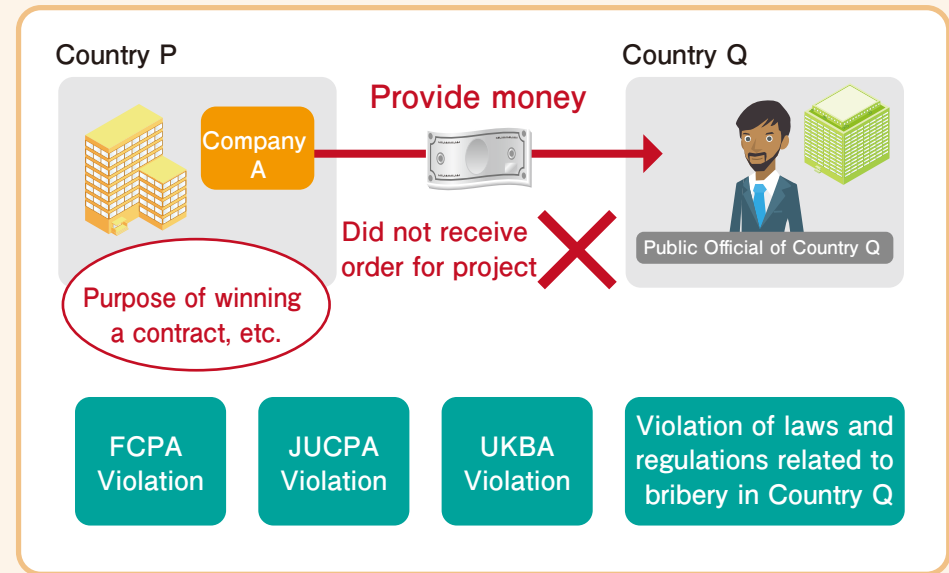
(7) Intent of obtaining or retaining business (relationship between bribery and obtaining transactions)



Company A, an NTT Group company in Country P, in exchange for obtaining the order for a project, provided money to a public official of a third country (Country Q), but in the end, Company A did not receive the order. In this case, since the order was not obtained, does this not constitute a violation of the various Foreign Anti-Bribery Regulations?



Even though Company A did not receive the order in the end, under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, penalize offers or promises of payment of money, etc. with the intent of obtaining or retaining business even if the purpose was not accomplished.



In this case, since there was a promise of a bribe for the purpose of obtaining or retaining business, i.e., winning the order for the project, even though the order was not actually received, Japan's JUCPA, the U.S. FCPA, the U.K. UCPA, and laws and regulations related to bribery in Country Q could all be applied, and result in penalty under the each respective laws and regulations. The following are examples of major laws and regulations that could be applied in this case:

(1) If Country P is the U.S., Company A is functioning as an agent for a U.S. company, or if part of the act of bribery took place within the U.S., it could be a violation of the FCPA.

(2) If Country P is the U.K., or Company A is deemed to be conducting business in the U.K., it could be a violation of the UKBA.

(3) If part of the act of bribery took place in Japan, or the person who made the bribe is Japanese, it could be a violation of the JUCPA.

(4) In addition to (1)(2)(3), penalties could also be imposed under laws and regulations related to bribery in Country Q.

Given the above, with respect to the bribery described in this case, the FCPA, the UKBA, the JUCPA, and laws and regulations related to bribery in Country Q could all be applied and result in penalty under the each respective laws and regulations.

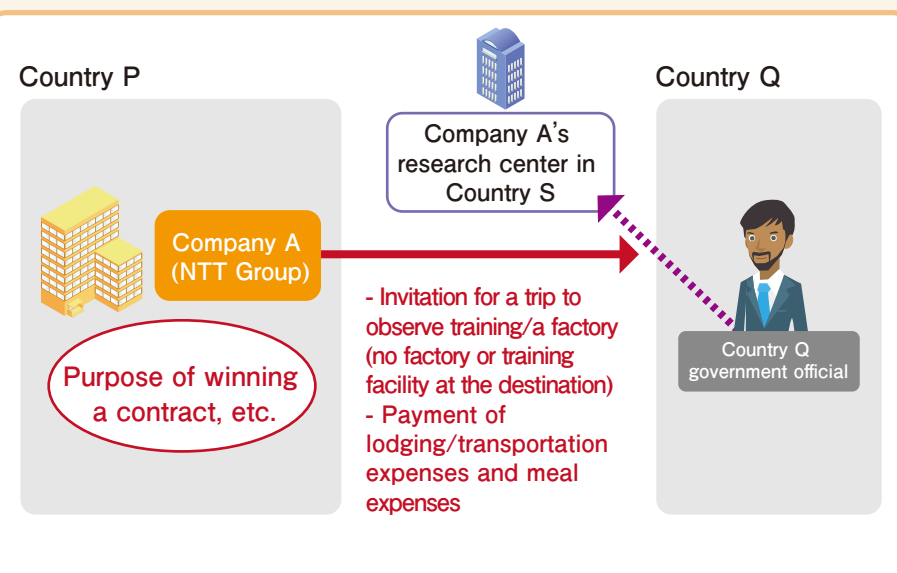


(8) Giving of benefit (bearing of travel expenses or hotel charges)

Each year, Company A, an NTT Group company in Country P, invited a public official from Country Q to a company facility such as a research center in Country A, and paid their travel expenses and hotel charges. Would there be no violation, on the grounds that it was only the travel expenses and hotel charges?



If the travel expenses of a foreign government official, etc. are paid, there could be a violation of Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA.



Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, contain no specific provisions concerning the amount of provision of improper benefit. The relevant authorities of each country consider the specific circumstances (e.g., the contents, forms and amount of benefit) as a whole in each case, and take a severe attitude in bringing charges for bribery. For this reason, even if the amount is small, it should be assumed that it could be subject to penalties.

In this case, if the travel expenses of a foreign public official, etc. selected based on certain internal criteria that are incurred in cases where a visit to a company's research center is required, it may not be a violation. However, if, in light of the amount of the travel expenses and other specific circumstances, the visit is

merely nominal and that the actual intent was to provide benefit to a public official, penalties under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA could be imposed.

In the NTT Group, taking trips with interested public officials is generally prohibited. Even if it is required for business operations, only the expenses related to company employees' business trips, including their lodging expenses and travel expenses, shall be borne by the company concerned, and the expenses of the other party must not be borne. If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



(9) Provision of benefit (unlawful provision of benefit and lawful provision of benefit)

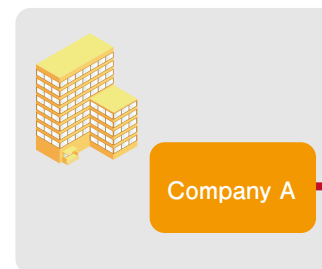
When demonstrating a product to a foreign government official, etc., would paying their transportation expenses constitute a violation on the grounds of unlawful provision of benefit?



Payment of transportation expenses, etc. based on a legitimate purpose would not immediately be a violation. However, it should be noted that depending on the amount and duration of the expenditure, it could be subject to penalties.

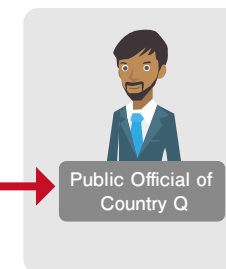


Country P



Payment of
transportation expenses
to product exhibition site

Country Q



(Prohibited if the payment is made for corrupt purposes such as continuous payments over a long period or payments made in an organized fashion)

Also pay attention to specific regulations in Country Q!



Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA do not typically prohibit all expenditures up to a certain limit made for the purpose of courtesy to foreign public official, etc., and may allow expenditures up to a certain limit made for genuine reasons such as sales promotion, advertising, or hospitality. However, if there is corrupt intent or the payment is organized and made over a long period, or if there are specific regulations under local laws, caution should be exercised. In the NTT Group, providing interested public officials

with taxi vouchers, etc. is prohibited in principle. Note also that the exchange of gifts, including bouquets of flowers, or money for celebratory or condolence purposes with interested public officials is generally prohibited. If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



(10) Facilitation payments



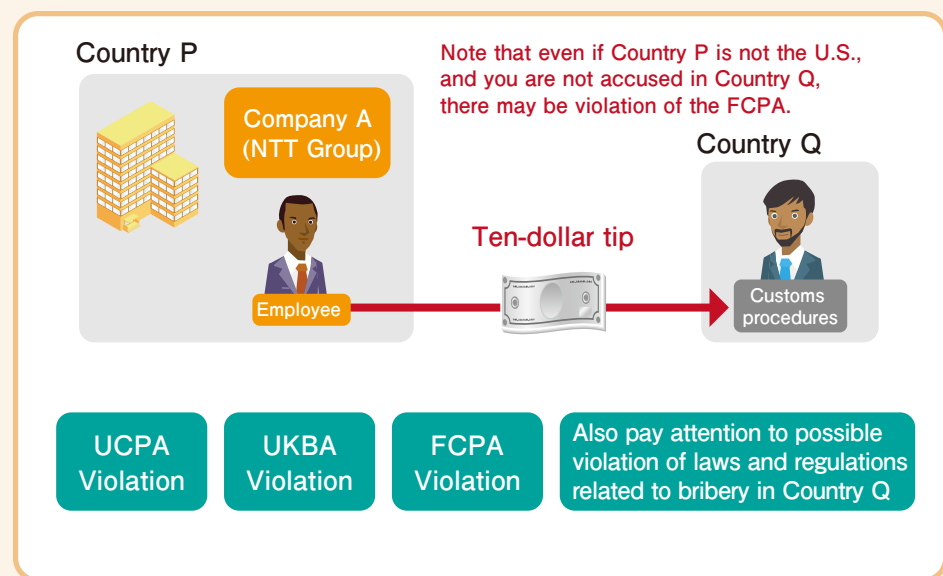
An employee of Company A, an NTT Group company in Country P handed a ten-dollar tip to a customs officer in order to get them to swiftly complete procedures at customs in a third country (Country Q). Would this also be illegal?



Under Japan's JUCPA and the U.K. UKBA, the payment of money for the purpose of obtaining preferential treatment in public duties constitutes bribery, even for a small amount of money, would be a violation of these laws. It could also be a violation of laws and regulations in Country Q. Under the U.S. FCPA, on the other hand, it is unlawful in principle, but there are also exceptions depending on the specific circumstances, so please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



In this case, under the JUCPA and the UKBA, since the purpose of providing benefit is to obtain preferential treatment from a public official, Company A could be subject to penalties. However, under the FCPA, a "small payment made in furtherance of routine governmental action" without a public official's discretion (facilitation payment) is not illegal, as an exception. Whether something actually constitutes a lawful facilitation payment depends not only on the amount of money involved, but also on specific circumstances such as whether the public official had discretion.



If the public official has discretion with regard to customs procedures, the possibility of an FCPA violation cannot be denied even if the amount was only ten dollars. Please also note that it could be a violation of local laws and regulations related to bribery in Country Q.



(11) Company's liability for bribery by employees



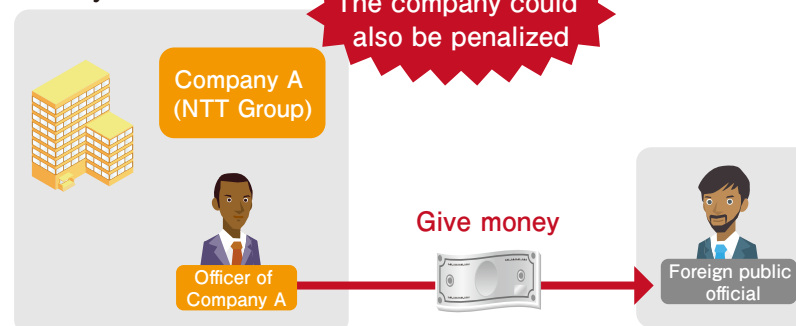
If an NTT Group employee gave money to a foreign public official for the purpose of winning the order for a project, would the company to which the employee belongs also be subject to penalties?



The company to which the employee belongs could also be penalized.



Country P



Under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, not only employees, but also corporations, are frequently penalized on the grounds that corporations have a duty to properly supervise their employees. Therefore, even in this case, not only the employee but also the company to which they belong could be penalized.

Note that under laws and regulations for the prevention of bribery of foreign public officials, etc. such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, if the company has made every effort necessary to prevent bribery, such

as introducing a Compliance Program that is effective for bribery prevention, the company may avoid prosecution. Each company of the NTT Group needs to make every effort to prevent bribery, such as introducing an effective Compliance Program and providing periodic education to employees on the prevention of bribery.



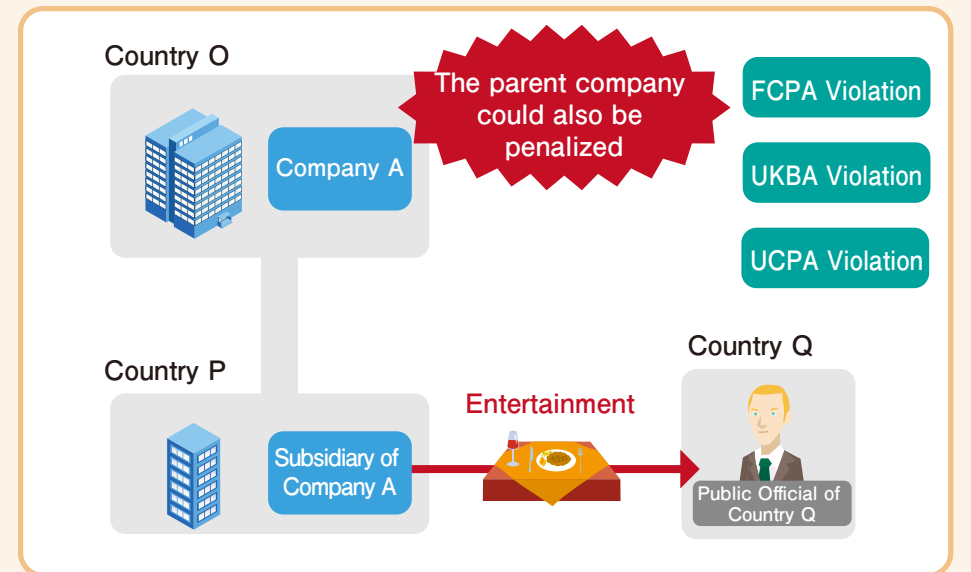
(12) Bribery through foreign subsidiaries



If an employee of a subsidiary has entertained a foreign public official, and the subsidiary is penalized, would it be fair to assume that the parent company will not be in trouble?



The parent company could be penalized for bribery by a subsidiary.



Under Foreign Anti-Bribery Regulations such as Japan's JUCA, the U.S. FCPA, and the U.K. UKBA, not only the subsidiary but also the parent company could be penalized even if the parent company did not directly instruct the subsidiary to pay the bribe. It could also be penalized if it authorizes, tacitly approves, or ignores the bribery. A parent company therefore needs to prevent bribery not only by the parent company itself but also by its group companies, and to properly control and supervise its subsidiaries.



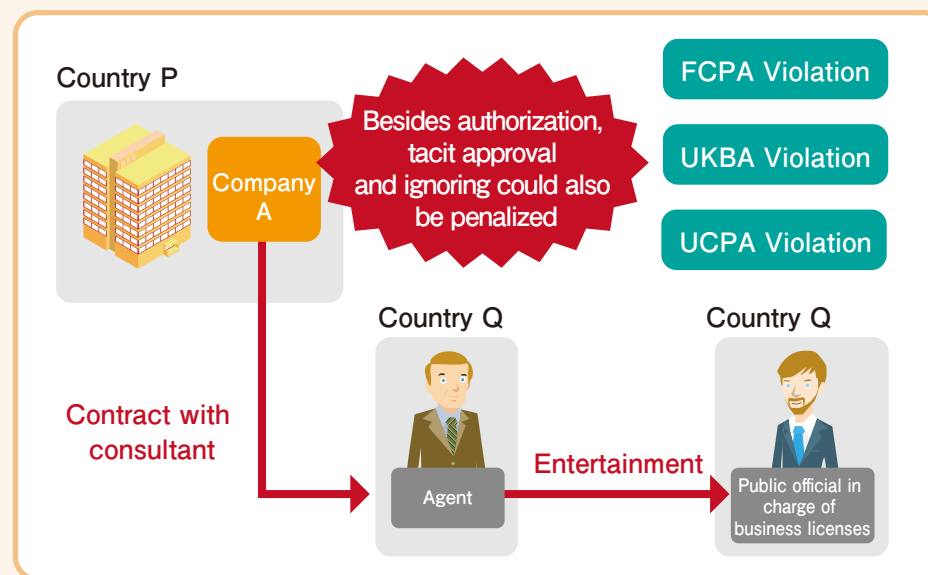
(13) Bribery through agents



Company A, an NTT Group company in Country P, hired a local consultant in Country Q for the purpose of obtaining a local business license, but it came to light that the consultant, without authorization, entertained the public official in charge of business licenses. Could Company A be penalized for an act that the consultant performed without authorization? Please also share any points to keep in mind for avoiding such a situation.



Under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, even if the company did not instruct the agent to carry out the bribery, it could be penalized if it authorizes, tacitly approves, or ignores the bribery. It is therefore vital to exercise adequate caution in the selection of outside vendors, etc., and to execute contracts with appropriate terms after confirming that the amount to be paid for the contracted work is reasonable given the nature of work. It is also important to control and supervise the work of an outside vendor following the execution of the contract.



Tips for avoiding a situation like the one described in the question:

(Points that should be checked by outsourcers that are presented in the U.S. FCPA guidelines as examples of facts indicating danger that a third party such as a consultant would bribe foreign public officials, etc.)

- Excessive commissions to consultants, etc.,
- Wholesalers or third-party distributors are given large, unreasonable discounts
- The nature of the services to be provided is vague in the contract with the consultant
- The work to be engaged as stated in the contract

differs from the line of business of the third party normally performs

- The third party is related to or closely associated with the foreign public official
- The third party became part of the transaction at the express request from a foreign public official
- The third party is a shell corporation incorporated overseas (i.e., outside the country concerned)
- The third party requests to an overseas (i.e., outside the country concerned) bank accounts



(14) Bribery of state-owned/controlled institutions



I entertained hospital employees in connection with a systems project for an overseas hospital. As the hospital is not a state institution, would it be fair to assume that this is not a violation of laws and regulations for the prevention of bribery of foreign public officials, etc. such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA?

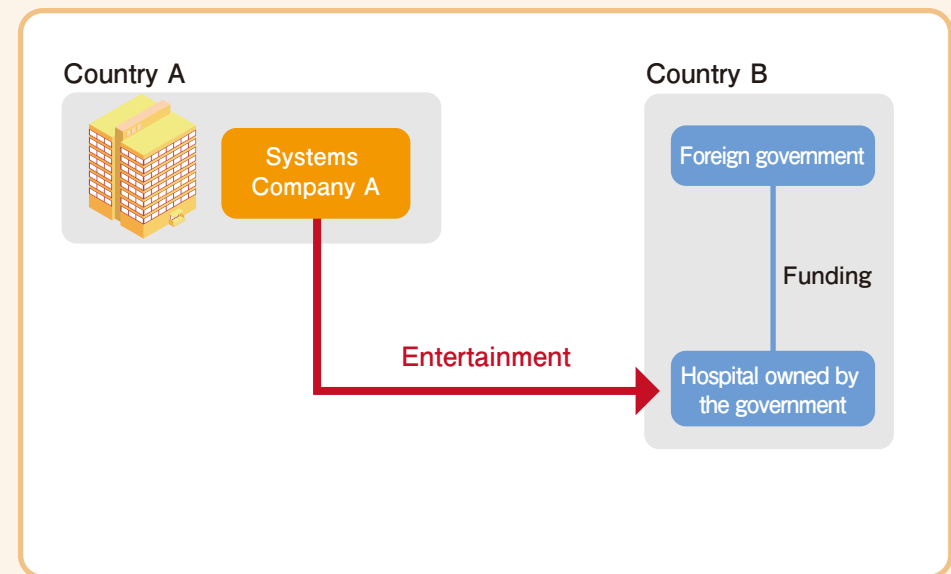


Even though the other party is a hospital, if there are circumstances such as it being under the control of a foreign government, entertaining the hospital employees could be penalized under Japan's JUCPA and the U.S. FCPA. As for the U.K. UKBA, the entertainment described in this case could be penalized regardless of whether the hospital is under the control of a foreign government, because the UKBA also applies to bribery of private-sector companies.



The definition of a "foreign public official, etc." varies depending on the laws and regulations concerned, but often includes not only typical public officials but also employees, etc. of state-owned companies, national universities, and public companies.

Please note that, under the Major Foreign Anti-Bribery Regulations, not only government employees, but also employees of institutions that foreign governments control through investments, (including state-owned or state-controlled companies, such as state-owned/controlled financial institutions, national hospitals, and state-controlled



electric power companies) are deemed to be foreign public officials, etc.



(15) Bribery of private-sector companies



I gave money to an employee of a private-sector company for the purpose of obtaining the order for the private-sector company's systems development project. It seems that anti-bribery laws cover public officials, so would it be fair to assume that giving money to an employee of a private-sector company would not be a violation?

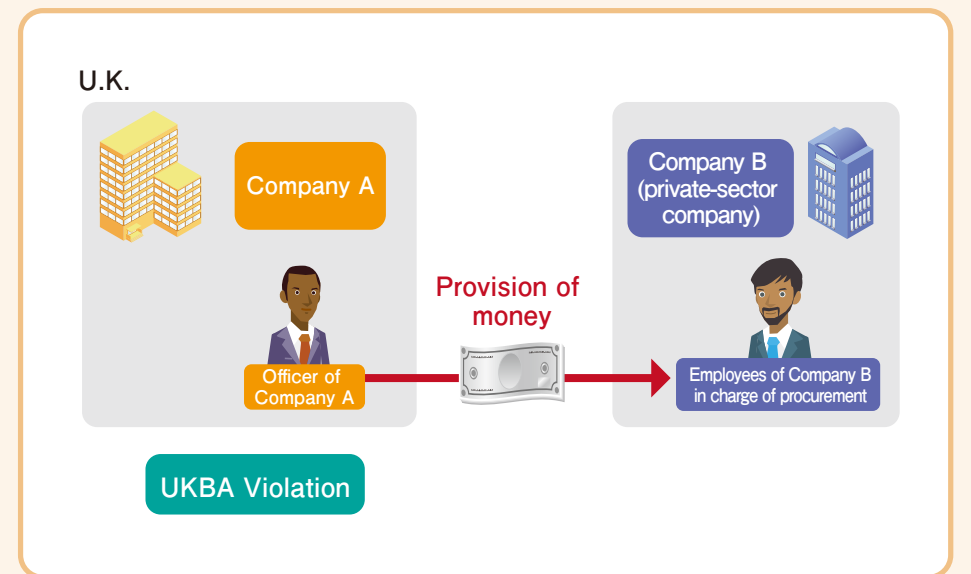


At least under the U.K. UKBA, there could be penalties.



The U.K. UKBA prohibits the bribery of foreign public officials, as well as bribery among private-sector companies. Furthermore, please note that, even if the bribing company is not a British company, the UKBA would still apply if, for example, it was deemed to be conducting business in the U.K.

Also note that even if a company appears to be a private-sector company, it could still be under the control of a foreign government or local public body. And if that is the case, it could be penalized under the U.S. FCPA or Japan's JUCPA (for details, please see



Case 2(14)). Especially in developing countries, there could well be cases where what one thought to be a purely private-sector company actually turned out to be an organization under the control of a foreign government or local public body.



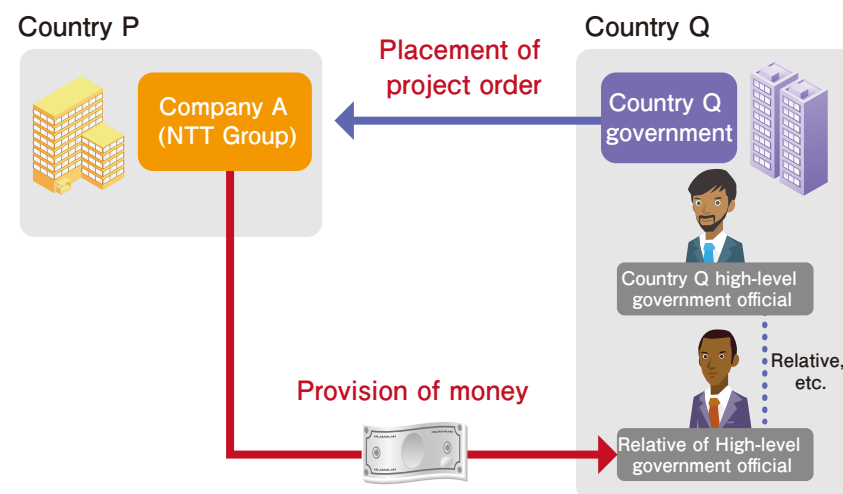
(16) Bribery of relatives



Company A, an NTT Group company in Country P, entertained a relative of a Country Q public official in connection with the placement of the order for a project in the third country (Country Q). In this case, would it be fair to assume that there is no problem since the public official of Country Q was not entertained, and the relative who was entertained is not a public official?



If it can be said that benefit was actually provided to the foreign public official, etc. concerned, such as when providing benefit to a relative of the foreign public official, etc., it could be subject to the same penalties as if the foreign public official themselves had been bribed. Therefore, Company A and its employees could be penalized under various Foreign Anti-Bribery Regulations.



Under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, bribery of a person close to a foreign public official, etc., such as relative, is also generally seen as bribery of the foreign public official, etc., so it could be subject to penalties. It is therefore strictly prohibited to carelessly entertain or provide gifts on the grounds that the recipient is not the public official themselves.



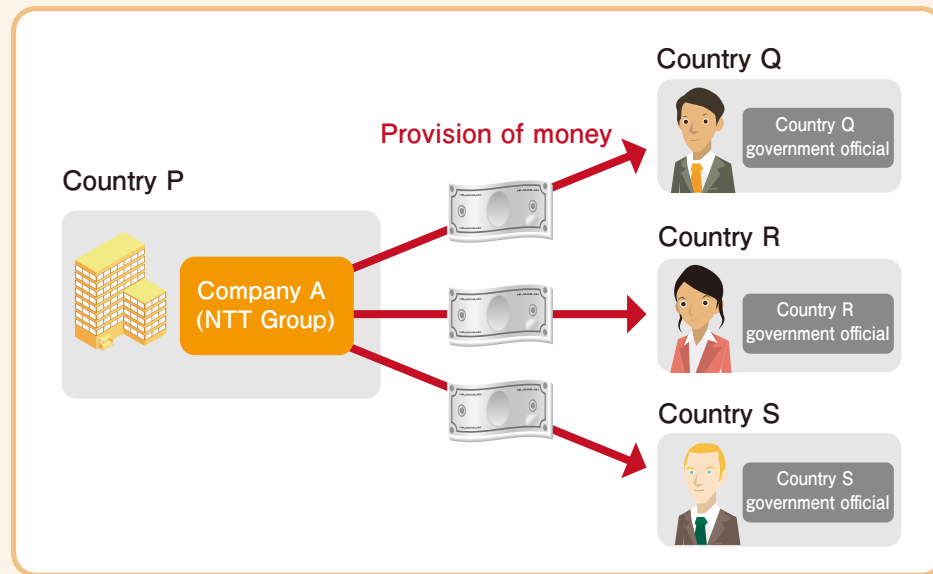
(17) Penalties for bribery



Company A, an NTT Group company in Country P, in connection with the placement of a project order by the governments of three Asian countries (Country Q, etc.), provided rebates to government personnel at their request, and the provision of the rebates subsequently came to light. In this case, what sort of penalties could Company A or its employees receive?



Violation of the Major Foreign Anti-Bribery Regulations results in severe penalties (e.g., fine/imprisonment) for the employee that made the bribe, the company to which the employee belongs, its parent company, etc.. In addition, the company could be banned from bidding for projects or suffer reputational risks, so the effect of bribing is tremendous.



For example, under the U.S. FCPA, criminal penalties are up to five years of imprisonment and a fine of 2 million USD (there will also be civil liability), but if the company, etc. has benefited from the bribery, the amount of the fine can be increased drastically.

Under the U.K. UKBA, the criminal penalties are up to ten years of imprisonment, and there is no limit to the fine that can be imposed.

As for Japan's JUCPA, the person that paid the bribe will be imprisoned for up to five years and/or fined up to 5 million JPY, while their company will be fined up to 300 million JPY.

Examples of fines imposed in the past

Law/regulation violated	Subject	Fine
FCPA	U.S. financial institution	Approx. 1.6 billion USD
	Swedish communications device manufacturer	Approx. 1.0 billion USD
	German communications business operator	Approx. 800 million USD
UKBA	Dutch aviation equipment manufacturer	Approx. 980 million EUR
	British automaker	Approx. 490 million GBP
UCPA	Japanese company	90 million JPY



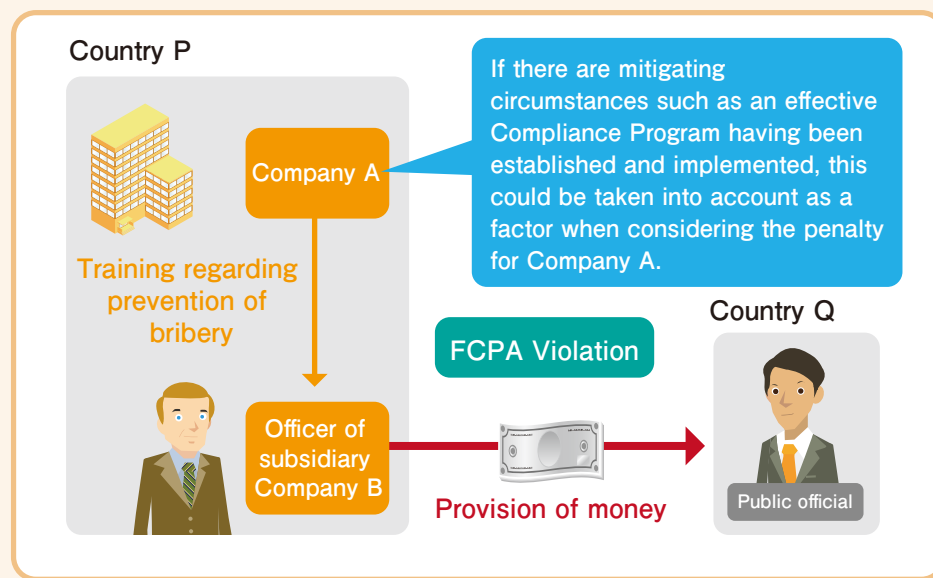
(18) Appropriate Compliance Program (based on FCPA Resource Guide 2.0)



An officer of Company B, a subsidiary of Company A, a global company headquartered in Country P, paid a bribe (money) to a public official of a government authority in Country Q. Company A's corporate group had established and implemented an effective Compliance Program, but even in this situation, would Company A violate Foreign Anti-Bribery Regulations?



It cannot be denied that Company A and its parent could be penalized under Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA. However, if there are mitigating circumstances such as an establishment and implementation of an effective Compliance Program, this could be taken into account as a factor when considering the penalty for Company A.



Under the Major Foreign Anti-Bribery Regulations, it is either required or recommended that companies take steps to improve their anti-bribery measures and ensure the effectiveness of their internal controls, such as by establishing Compliance Programs and providing education. Furthermore, if the company was implementing internal controls through an effective Compliance Program, it may avoid prosecution or have this taken into account as a mitigating factor in sentencing. For details concerning Compliance Programs, please see page 47 (Chapter 2. Reference

(Basic Knowledge) 3 Bribery of Foreign Public Officials (9) Compliance program).



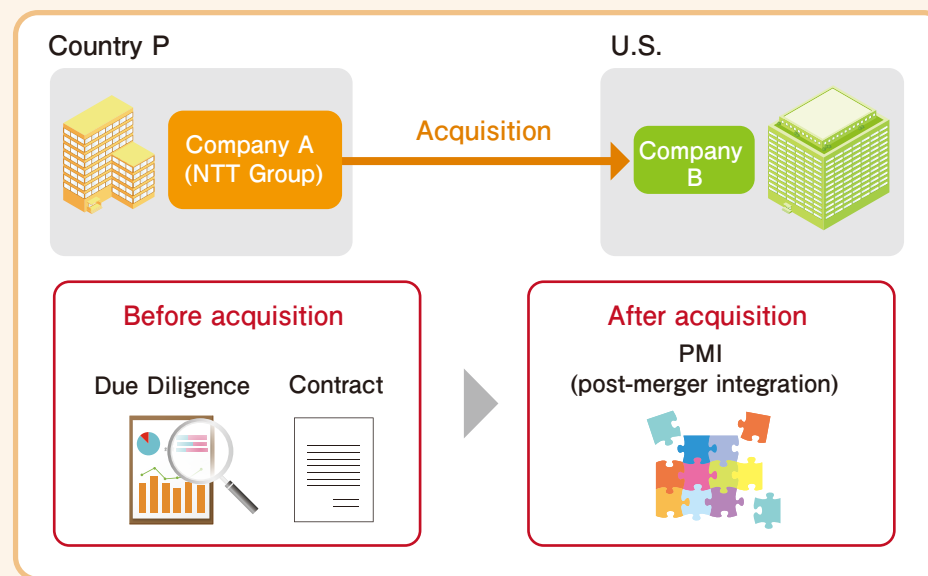
(19) Things to keep in mind during an M&A



If Company A, an NTT Group company in Country P, acquires a foreign company, what are the points to keep in mind for the sake of prevention of bribery?



After acquiring a foreign company, Company A could be held liable not only for acts of bribery by the acquired company occurred after the acquisition, but also for acts of bribery by the acquired company occurred before the acquisition. It is therefore essential to inform your legal advisor that you want them to ascertain the risk of bribery, and consider what action to take in connection with each deal.

**(1) Pre-acquisition due diligence**

It is helpful to ascertain the business flow and compliance structure of the acquired company by reviewing the results of past internal audits, contracts with the government, government institutions, contracts with consultants involved in such contracts, compliance rules, etc., and to then identify transactions, departments, etc. for which bribery risk is high. And then narrow the points down and ask specific questions, and focus on confirming interviews and transaction-related documents.

(2) Contractual measures

The acquisition contract could include representations and warranties, indemnification provisions, etc., so that financial risks can

be avoided/mitigated. It can also stipulate that it is a prerequisite of the execution of the acquisition or a covenant provision that the corporate structure will be re-structured in a manner requested by the acquirer so that an appropriate governance structure and compliance structure can be swiftly established after the acquisition.

(3) After the acquisition

After the acquisition, an appropriate governance structure could be put in place and a Compliance Program for preventing bribery could be implemented. In addition, material such as this handbook could be used to provide education on Foreign Anti-Bribery Regulations, and employees should be made aware that there is a corporate ethics hotline (i.e., a consultation desk outside the company).



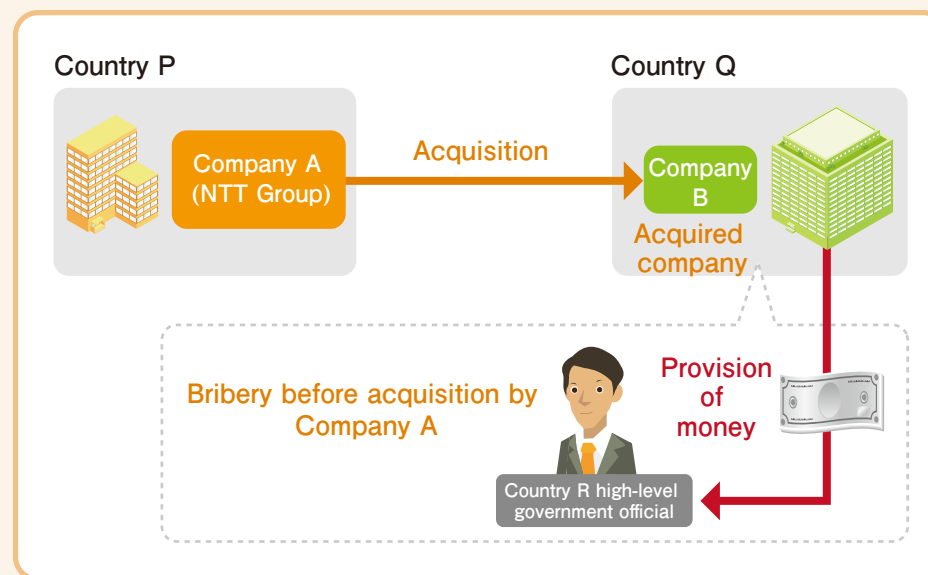
(20) Liability of acquirer in M&A



Company A, an NTT Group company in Country P, acquired Company B in Country Q, but it later discovered that Company B had bribed a public official in a third country, Country R. Is it fair to assume that Company A would not be held liable for the actions of Company B conducted before its acquisition?



Depending on the Foreign Anti-Bribery Regulations, companies could also be liable for bribery that occurred before the acquisition. It is therefore critical to perform proper due diligence prior to the acquisition. And even if pre-acquisition due diligence did not reveal any bribery, if bribery is subsequently discovered, it is important to voluntarily disclose it promptly. It is also vital to perform proper post-acquisition due diligence and to implement an effective Compliance Program.



Under the U.S. FCPA, Company A may not be exempted from liability from the mere fact that it was not aware of Company B's past bribery. However, there is potential to be exempted from liability if, for example, proper due diligence was performed and the bribery was voluntarily disclosed. For example, the FCPA guidelines state that in cases such as where proper due diligence was performed before and after the acquisition, and the discovery of past bribery after the acquisition was promptly disclosed to the FCPA authorities, the acquiring company would probably not be prosecuted.

Furthermore, under the U.K. UKBA and Japan's JUCPA, the acquiring company could be held liable not only for bribery by the acquired company conducted before the acquisition. Even if the acquiring company is not legally liable, its value and reputation could be harmed. Therefore, whichever law or regulation is applied, there is no difference in the importance of steps such as performing proper due diligence before and after the acquisition. Please refer to Case 2(19) Things to keep in mind during an M&A.



(21) Role of supervisors in preventing bribery



What should supervisors keep in mind to prevent bribery by their subordinates?



To prevent bribery, day-do-day communication between supervisors and subordinates is crucial. Specifically, you should pay attention to points such as these:



- Ensuring awareness of basic knowledge and operations concerning bribery, e.g., training for subordinates and raising awareness of the corporate ethics helpline

- Providing appropriate support when concluding contracts with agents, consultants, etc. so that they do not lead to bribery

Day-do-day communication is crucial

Ensuring awareness of basic knowledge and operations



Checking that there is no conduct that raises suspicion on bribery

Anti-Bribery Handbook, corporate ethics helpline, etc.



Ensuring awareness of basic knowledge and operations

- Periodically confirm that subordinates understand the content of the Anti-Bribery Handbook.
- Make subordinates aware of the existence of the corporate ethics helpline, and let them know that if they have any questions about their daily work, they can consult their supervisors or the use the helpline. Also inform them that by using the helpline, they will not be retaliated.

Support from the standpoint of preventing the provision of bribes

- Before a subordinate heads out to a client's place, check the purpose of the meeting.
- When authorizing payments, make sure that the bank account to receive the money is not in the name of an individual although the payment is for procedures performed by a government office,
- In the case of contracts with outside vendors, confirm that the contracted

amount of money is not excessively high given the nature of the work, and that proper records of verification of deliverables and work performance.

- In the case of overseas products, confirm that orders are not placed with advisors or consultants whose roles are vague.

Support from the standpoint of preventing the receipt of bribes

- When placing orders with vendors, if only one company is selected or the other companies asked to submit quotations are not vendors that are normally used, confirm the reason for these.

- If orders are always placed with the same vendor, confirm the reason for this. Also confirm the suitability of vendors by, for example, asking vendors that are not normally used to submit competing quotations.

- In the case of contracts with outside vendors, confirm that inspections of deliverables are being conducted appropriately by checking the actual item yourself or asking several project team members about the status of deliverables.



(22) Risks other than bribery



If the meeting does not raise concern of bribery under the laws and regulations, would it be okay to have a meeting with a public official from Country P by having a meal together? And given that the our company is inviting them, would it be fine to bear the cost of the meal?

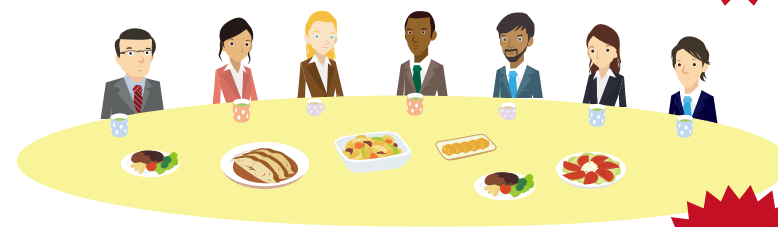


Even if it does not violate Foreign Anti-Bribery Regulations such as Japan's JUCPA, the U.S. FCPA, and the U.K. UKBA, or laws and regulations concerning bribery in Country P, the ministry or agency to which the Country P public official belongs might have rules about dining, etc. Note also that in the NTT Group, even if the other party is a disinterested public official, dining with them is allowed in principle only if the cost is 10,000 yen or less and it is split completely equally.



So even if something would not be violation of laws and regulations, it is necessary to pay attention to rules on both sides!

Meeting with Country P public official in the form of a meal



Rules on public official's side

NTT Group pays for meal

Internal rules



If, after confirming the hospitality rules of your company and the laws of your country, you are unsure as to whether something would be prohibited, please consult with the relevant departments or personnel (e.g., compliance officer) at your company in advance.



Chapter 2. Reference (Basic Knowledge)



(1) Background to focus on anti-bribery laws and regulations

Why is bribery prohibited?

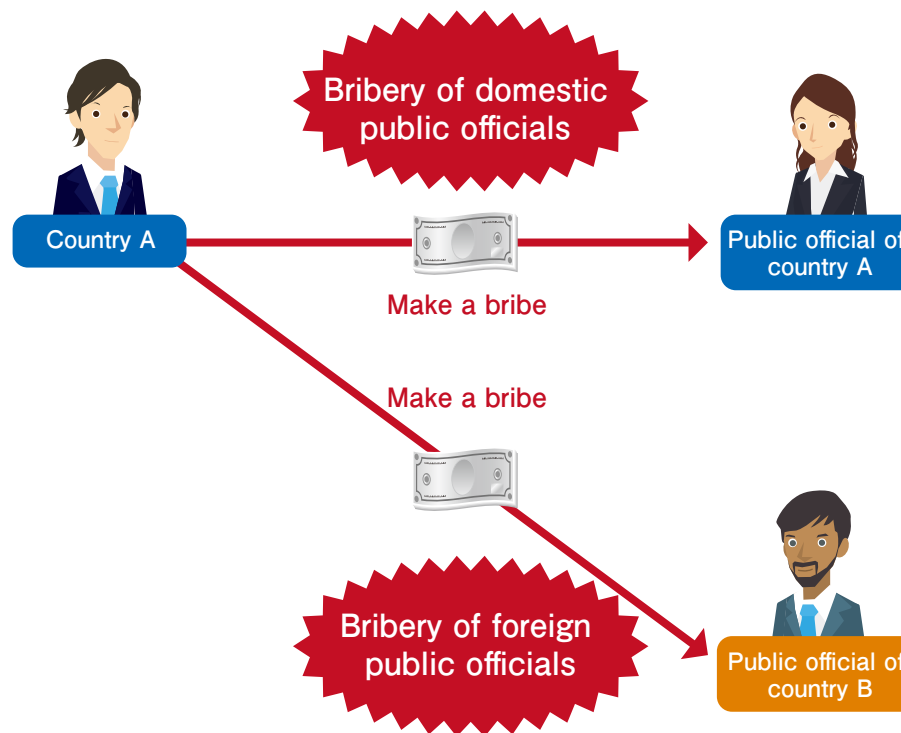
Bribery of public officials is prohibited in many countries and regions worldwide as it undermines the fair administration of public services and erodes the public trust.

It is important not to be involved in any bribery, so you must not offer bribes, and should also firmly decline any request to make a bribe.

NTT Group has expanded its business field globally and you need to be aware of not only the regulations relevant to the business in your home country but also those in foreign countries. In recent years strict regulations for preventing bribery of foreign public officials as well as those of your home country have been enacted and have been actively and strictly enforced worldwide. You need to be more careful than ever.



The basic approaches to bribery of public officials of your home country and bribery of foreign public officials are explained in Chapter 2 and Chapter 3, respectively.



(1) Overview of each country

What actions constitute a bribe of public officials of your home country?

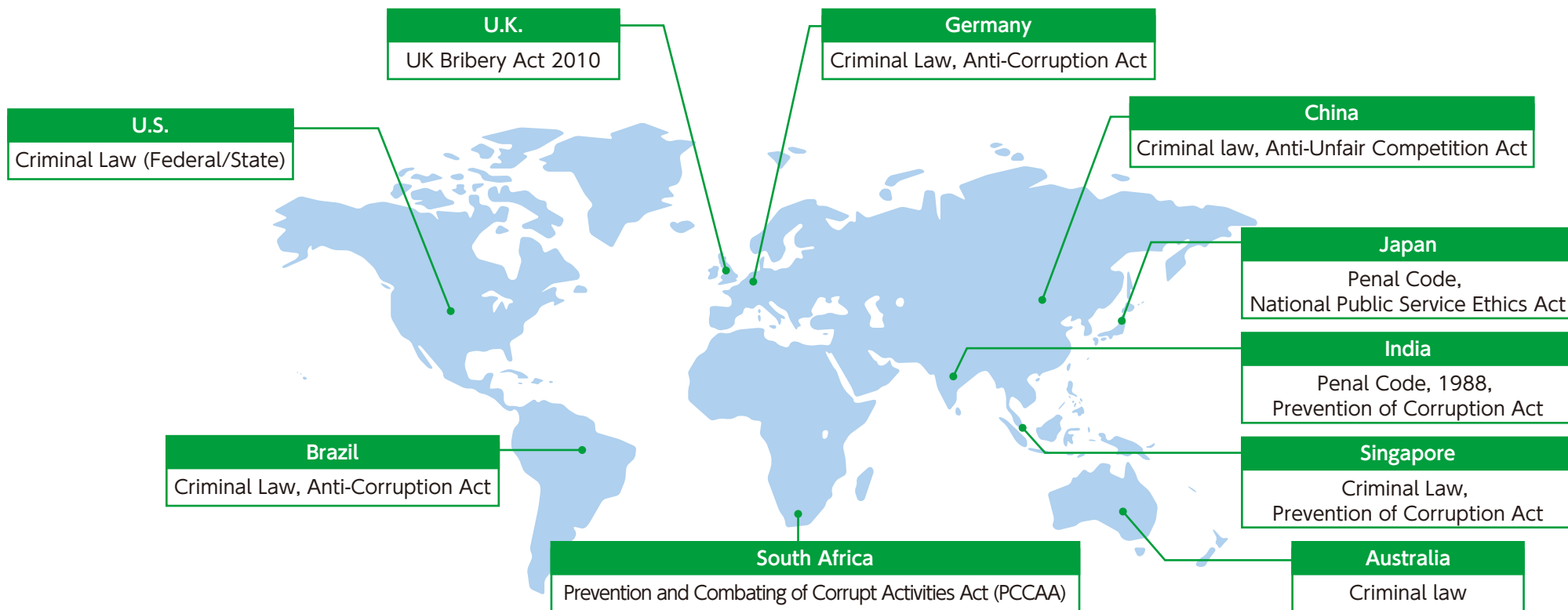
Although the statutory definition of bribery varies in each country the major factors for bribery of public officials in regulations such as criminal laws and anti-corruption laws are as follows.

- To a public official of one's home country (with corrupt intent),
- benefit is provided or offered in connection with the duties of such a public official

"Giving of benefit" is not limited to cash or property but may include golf and food and beverage entertainment. In addition, indirect bribes to public officials through third parties such as consultants and distributors may be regarded as violation of anti-bribery regulations.

Following matters should be also noted.

- Even if public officials do not actually treat the briber favorably in connection with their duties or receive a bribe, the briber could be held liable for bribery just by offering, promising, or authorizing a bribe.
- Public officials who may be the recipient of a bribe are not limited to typical public officials. It should be noted that in many countries anti-bribery regulations prohibit bribery of officials of state-owned companies, national universities, and state-controlled companies as well.
- If bribery is committed, severe penalties will be imposed on both the individual and their company. For instance, unlimited fines or life imprisonment may be imposed in some countries.



(2) Overview of law of Japan

Penal Code: Crime of active bribery (Article 198)

The crime of active bribery is a crime committed by the act of providing a bribe to a public official. A person who engages in such act is punished by imprisonment for not more than 3 years or a fine of not more than 2.5 million yen (Penal Code, Article 198).

Basically, the crime of active bribery is committed when a certain person (private citizen, etc.) (1) in connection with the duties of a public official (2) provides, offers, or promises said public official a bribe (when the crime of simple acceptance of a bribe in the heading Article 197(1) of the Penal Code) is committed by the public official). Note that the public official who receives the bribe will be penalized pursuant to one of the provisions concerning the acceptance of bribes (Penal Code, Article 197(1)-(4), and depending on the type of bribe acceptance that has been committed, the criteria for the committing of active bribery may differ slightly from (1) and (2) above.

(1) Connection with official duties

- Connection with official duties is recognized even when the bribe relates to duties that the public official does not actually perform, provided that the duties is within the general scope of the public official's authority.

- Furthermore, connection with official duties is recognized even when the bribe relates to acts that are closely connected with the public official's authority.

- Therefore, the criteria for connection with official duties tend to be broadly interpreted (note also that the provision, etc. of bribes in connection with the duties of persons who were formerly public officials and persons who are to become public officials are also subject to penalties).

(2) Provision, offer, or promise of bribe

- Even if a bribe is not actually paid, merely "offering" or "promising" a bribe is sufficient to establish the crime of active bribery.

- And the term "bribe" is also broadly interpreted as "any benefit that satisfies a person's demands or wishes." Therefore, besides cash, benefits such as the provision of securities and entertainment such as wining and dining would also constitute "bribes."

National Public Service Ethics Act / Ethics Code

National Public Service Ethics Act and Ethics Code stipulate rules for the maintenance of ethics by national public officials. Under Article 3 (Prohibited Acts) of the National Public Service Ethics Code, national public officials are prohibited from receiving benefits such as money, articles, or other property, receiving entertainment, etc.

Interested parties

Interested parties refer to business operators, etc. or individuals who are the other party to the national public official in the case of specific affairs. They could include applicants for licenses, recipients of subsidies, and so on. Therefore, whether someone is an interested party is determined based on the nature of the affairs of the national public official and the position/attributes of the business entity or individual (see table below).

If an interested party is a company, etc., officers and employees who are seen to be in contact with national public officials for the purpose of benefitting the company (e.g., salespersons) are also regarded as interested parties.

Reference: Examples of "specific affairs" and "interested parties" stipulated in each of the items of Article 2, paragraph 1 of the Ethics Code

Nature of affairs	Interested parties
Affairs concerning permission, etc. (i)	Persons who engage in business with the permission, etc., persons who are applying for the permission, etc.
Affairs concerning granting subsidies, etc. (ii)	Persons who have been granted the subsidies, etc. and engage in the affairs or business subject to the grant, persons who are applying for the grant of the subsidies, etc.
Affairs concerning on-site inspection, audit or inspection (iii)	Persons subject to the inspection, etc.
Affairs concerning adverse dispositions (iv)	Persons who are to be subject to the adverse disposition in the case where the authority intends to make the adverse disposition
Affairs concerning administrative guidance (v)	Persons who are actually required a certain action or inaction by the administrative guidance
Affairs concerning development, improvement and coordination of business among those under the jurisdiction of the Cabinet Office or each ministry (vi)	Persons who engage in the said business
Affairs concerning contracts (vii)	Persons who have concluded these contracts, those who are offering these contracts

“Prohibited acts” under the National Public Service Ethics Code

Acts with interested parties that national public officials are prohibited from engaging in are listed in Article 3 (Prohibited Acts) of the Ethics Code. The key points are as follows:

National public officials cannot receive gifts of money, article, or real properties from interested parties.

National public officials cannot receive hospitality such as food and alcoholic beverages from interested parties.

National public officials can dine with interested parties provided that the cost of one’s own food and drink is not borne by the interested party (however, if the cost exceeds 10,000 yen, the national public official must report it).

National public officials cannot play golf, take a trip, or play games (mahjong, etc.) with interested parties, even at their own expense.

National public officials cannot receive free services from interested parties.

(Even with non-interested parties, it is prohibited to receive entertainment or gifts of articles beyond what is regarded as reasonable social norms.)

(Note that for the crime of active bribery to be committed, a provision, offer, or promise of benefit “in connection with the duties” of a public official is required, but the National Public Service Ethics Act/Code prohibits the provision of benefit even if it is unconnected to official duties.)

NTT Group’s approach to wining and dining public officials, etc.

The NTT Group has established rules for hosting outsiders including public officials, so please confirm them and be sure to abide by them.

Bribery, etc. under the NTT Act, etc.

The NTT Act penalizes officers and employees of the NTT holding company, NTT East, and NTT West for receiving bribes (NTT Act, paragraph 19, paragraph 1), and with such conduct subject to heavy penalties, namely up to three years’ imprisonment or, in the cases such as corrupt practices, up to seven years’ imprisonment. Furthermore, any benefit received by an officer or employee will be confiscated (NTT Act, Article 20).

Like the Penal Code, the NTT Act penalizes both ex-ante receipt of bribes (e.g., where a person, before becoming an officer or employee, received a bribe after being solicited) and ex-post receipt of bribes (e.g. where a person who was an officer or employee received a bribe in connection with misconduct in the performance of their duties while they were in the post) (NTT Act, Article 19, paragraphs 2 and 3).

In addition, persons who have paid bribes, etc. to officers and employees are subject to penalties just as they are for active bribery under the Penal Code (NTT Act, Article 21).

Note that if an officer, etc. accepted a wrongful request and received property benefits, they will be subject to penalties for bribery under Article 967 of the Companies Act. This is not limited to the NTT holding company, NTT East, and NTT West.

Reference

- If a director, accounting advisor, auditor, executive officer, or employee of the NTT holding company, NTT East, or NTT West has received, demanded, or promised to receive a bribe in connection with their duties, they are punished by imprisonment up to three years. And if, as a result, they engaged in wrongful conduct or failed to act appropriately, they are punished by imprisonment up to seven years. (NTT Act, Article 19, paragraph 1)
- If a director, accounting advisor, auditor, or executive officer, etc. accepts, solicits, or promises to accept property benefits in connection with such person’s duties, in response to a wrongful request, such person is punished by imprisonment up to five years or a fine of up to five million yen. (Companies Act, Article 967, paragraph 1, item (i), etc.)

(1) Background to focus on Foreign Anti-Bribery Regulations

What Foreign Anti-Bribery Regulations aim for?

Foreign Anti-Bribery Regulations refer to the laws and regulations that prohibit companies from bribing a certain foreign public official. Key examples of laws and regulations for the prevention of bribery by foreign public officials, etc. are the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act 2010 (UKBA). Japan also prohibits the bribery of foreign public officials, etc. under its Unfair Competition Prevention Act (JUCPA).

A significant feature of the Foreign Anti-Bribery Regulations includes their broad geographical scope of application.

Accordingly companies with international business activities must pay close attention to the regulations of third-party countries as well as those of their home country and the relevant local countries.

(For a definition of “foreign public officials, etc.,” see “Chapter 2. Reference (Basic Knowledge) 3(6) Foreign public officials, etc.” [Reference](#))

Why bribery of a foreign public official is prohibited?

In 1997 the Organization for Economic Co-operation and Development’s (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention) concluded that the provision of unjust benefit to a foreign public official has inhibited and distorted fair competition in international business transactions.

41 countries (as of May 2014) are signatories to the OECD Convention each of which has been enacting laws and regulations in accordance with the framework of the OECD Convention and allying with others to secure fair competition in international business transactions.

Considering laws and regulations and an increased number of enforcement cases in recent years as well as the closer international coordination of investigations and information sharing among relevant authorities enforcement will enable greater exposure of foreign anti-bribery regulations in the future.

(FCPA enforcement trends)

[Reference](#)

(Bribery risks in each country/industry)

[Reference](#)



There's a strict crackdown on bribery in progress worldwide.

Domestic regulations and foreign regulations

Take note of regulations of multiple jurisdiction

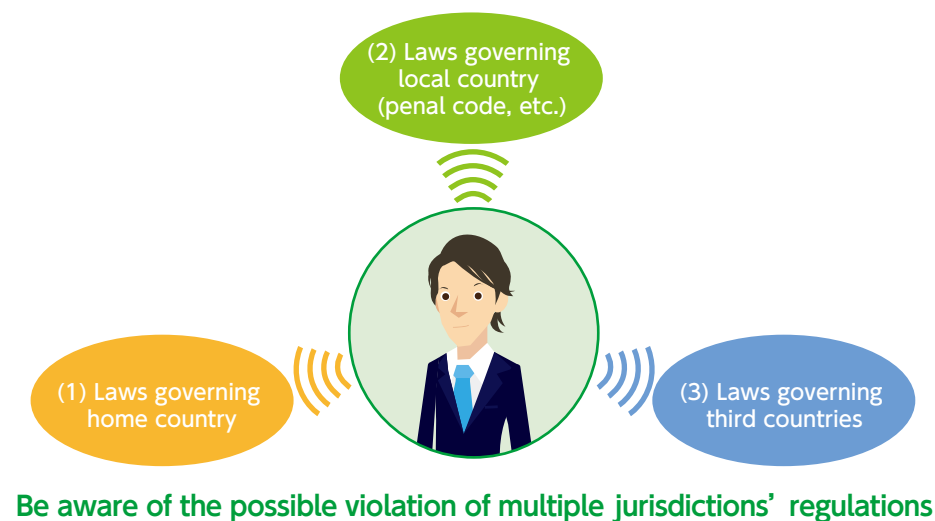
You should be aware that the bribery of a foreign public official may violate not only the regulations of your home country but also those of other countries.

<1> Take note of the Foreign Anti-Bribery Regulations of your home country (e.g., JUCPA for Japanese companies/citizens)
<2> Take note of the laws (e.g., penal code) governing the local country (e.g., country where foreign public official is based and location of act of bribery)

(Bribing a public official, etc. is penalized under the penal/criminal codes of many countries)

<3> Take note of laws governing third countries that have a broad geographical scope of application (e.g., FCPA and UKBA)

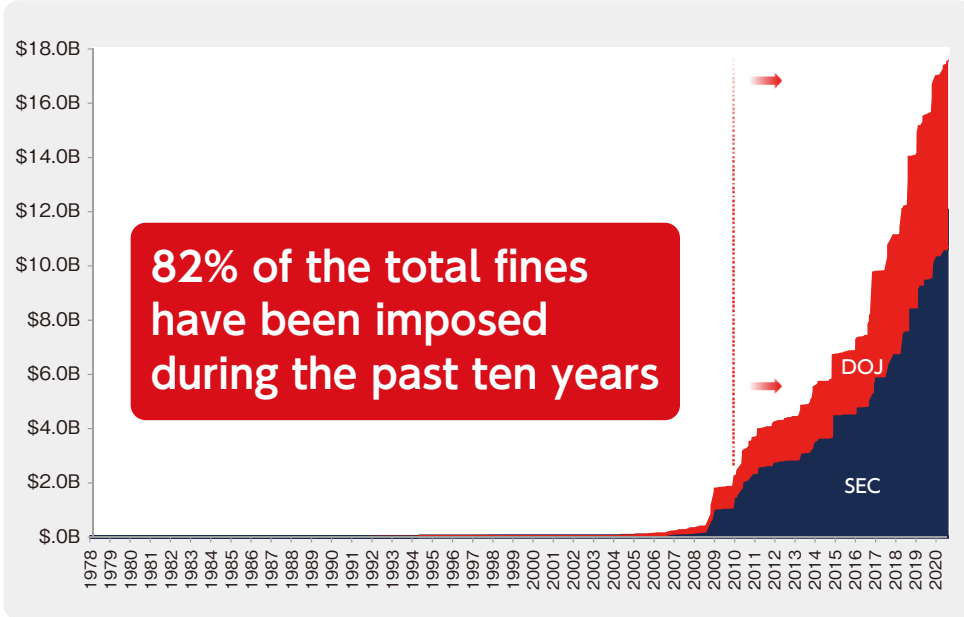
Even in cases where almost all the acts took place outside the U.S., the FCPA has been aggressively applying it by recognizing very minor connections with the U.S., and non-U.S. companies. As a result, many foreign companies have been charged.



Reference FCPA Enforcement Trends

■ Scale of penalties expanding in recent years

[Trend of total amount of fines under FCPA (1978-2020)]



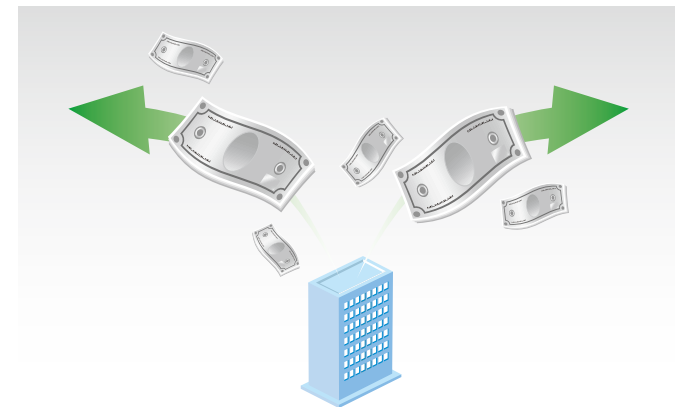
■ Fines are becoming huge

[Top ten settlements with U.S. authorities for FCPA violations]

2020	Goldman Sachs	\$1.66 billion
2019	Ericsson	\$1.06 billion
2019	Mobile TeleSystems PJSC	\$850 million
2008	Siemens	\$800 million
2014	Alstom	\$772 million
2009	KBR/Haliburton	\$579 million
2016	Teva	\$519 million
2017	Telia	\$483 million
2016	Och-Ziff	\$412 million
2010	BAE Systems	\$400 million



Tremendous fines are being imposed against companies.

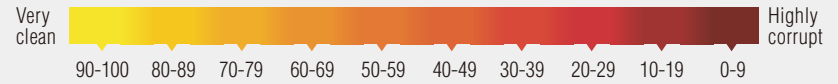


Reference Corruption Risks in Each Country/Industry

■ Data on perceived levels of public sector corruption countries around the world is available

[Level of public sector corruption in 175 countries/territories]

SCORE



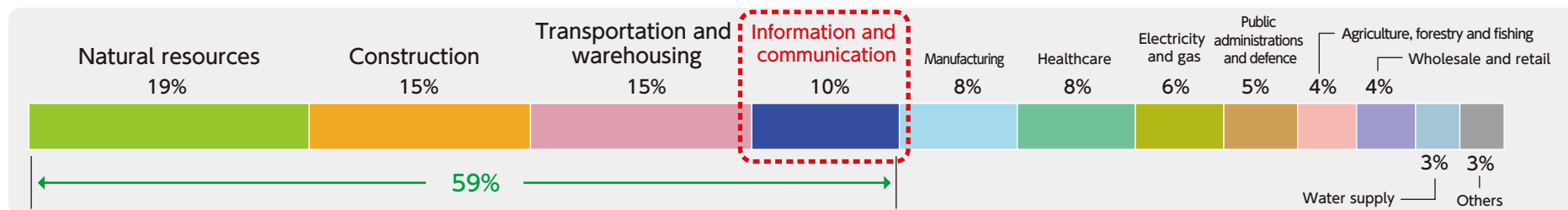
SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK						
88	Denmark	1	67	United States of America	25	54	Rwanda	49	42	Argentina	78	36	Albania	104	30	Malawi	129	25	Tajikistan	149
88	New Zealand	1	66	Seychelles	27	53	Grenada	52	42	Bahrain	78	36	Algeria	104	30	Mali	129	24	Honduras	157
85	Finland	3	65	Taiwan	28	53	Italy	52	42	China	78	36	Cote d'Ivoire	104	30	Russia	129	24	Zimbabwe	157
85	Singapore	3	64	Barbados	29	53	Malta	52	42	Kuwait	78	36	El Salvador	104	29	Laos	134	22	Nicaragua	159
85	Sweden	3	63	Bahamas	30	53	Mauritius	52	42	Solomon Islands	78	36	Kosovo	104	29	Mauritania	134	21	Cambodia	160
85	Switzerland	3	63	Qatar	30	53	Saudi Arabia	52	41	Benin	83	36	Thailand	104	29	Togo	134	21	Chad	160
84	Norway	7	62	Spain	32	51	Malaysia	57	41	Guyana	83	36	Vietnam	104	28	Dominican Republic	137	21	Comoros	160
82	Netherlands	8	61	Korea, South	33	51	Namibia	57	41	Lesotho	83	35	Bosnia and Herzegovina	111	28	Guinea	137	21	Eritrea	160
80	Germany	9	61	Portugal	33	50	Greece	59	40	Burkina Faso	86	35	Mongolia	111	28	Liberia	137	21	Iraq	160
80	Luxembourg	9	60	Botswana	35	49	Armenia	60	40	India	86	35	North Macedonia	111	28	Myanmar	137	19	Afghanistan	165
77	Australia	11	60	Brunei Darussalam	35	49	Jordan	60	40	Morocco	86	35	Panama	111	28	Paraguay	137	19	Burundi	165
77	Canada	11	60	Israel	35	49	Slovakia	60	40	Timor-Leste	86	34	Moldova	115	27	Angola	142	19	Congo	165
77	Hong Kong	11	60	Israel	35	47	Belarus	63	40	Trinidad and Tobago	86	34	Philippines	115	27	Djibouti	142	19	Guinea Bissau	165
77	United Kingdom	11	60	Lithuania	35	47	Croatia	63	40	Turkey	86	33	Egypt	117	27	Papua New Guinea	142	19	Turkmenistan	165
76	Austria	15	60	Slovenia	35	47	Cuba	63	39	Colombia	92	33	Eswatini	117	27	Uganda	142	18	Democratic Republic of the Congo	170
76	Belgium	15	59	Saint Vincent and the Grenadines	40	47	Sao Tome and Principe	63	39	Ecuador	92	33	Nepal	117	27	Bangladesh	146	18	Haiti	170
75	Estonia	17	58	Cabo Verde	41	45	Montenegro	67	38	Brazil	94	33	Sierra Leone	117	26	Central African Republic	146	18	Korea, North	170
75	Iceland	17	57	Costa Rica	42	45	Senegal	67	38	Ethiopia	94	33	Ukraine	117	26	Uzbekistan	146	17	Libya	173
74	Japan	19	57	Cyprus	42	44	Bulgaria	69	38	Kazakhstan	94	33	Zambia	117	26	Cameroon	149	16	Equatorial Guinea	174
72	Ireland	20	57	Latvia	42	44	Hungary	69	38	Peru	94	32	Niger	123	25	Guatemala	149	16	Sudan	174
71	United Arab Emirates	21	56	Georgia	45	44	Jamaica	69	38	Serbia	94	31	Bolivia	124	25	Iran	149	15	Venezuela	176
71	Uruguay	21	56	Poland	45	44	Romania	69	38	Sri Lanka	94	31	Kenya	124	25	Lebanon	149	15	Yemen	176
69	France	23	56	Saint Lucia	45	44	South Africa	69	38	Suriname	94	31	Kyrgyzstan	124	25	Madagascar	149	14	Syria	178
68	Bhutan	24	55	Dominica	48	44	Tunisia	69	38	Tanzania	94	31	Mexico	124	25	Mozambique	149	12	Somalia	179
67	Chile	25	54	Czechia	49	43	Ghana	75	37	Gambia	102	30	Pakistan	124	25	Nigeria	149	12	South Sudan	179
			54	Oman	49	43	Maldives	75	37	Indonesia	102	30	Azerbaijan	129						
			43	Vanuatu	49	43	Vanuatu	75				30	Gabon	129						

The Transparency International (published December 2020) corruption Perception Index indicates to what extent public officials or politicians are corrupted in each country/ territory. It is compiled and published by Transparency International, an NGO.

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■ Many cases of bribery have occurred in the information and communication industry

Percentage of enforcement of Foreign Anti-Bribery Regulations by industry (cumulative totals for February 1999 - June 2014)



Excerpt from OECD Foreign Bribery Report -OECD- (Dec. 2014)

(2) Actions violating regulations

What actions are considered violation?

It will be violation of Major Foreign Anti-Bribery Regulations when

- <1> **For the purpose of obtaining or retaining business**
- <2> **With corrupt intent**
- <3> **Provision of benefit**

is made to a foreign public official
(The FCPA, the UKBA and the JUCPA have basically the same structure)

Structure of foreign anti-bribery regulations

FCPA	<ul style="list-style-type: none"> - To a foreign public official, etc. - For the purpose of obtaining or retaining business - With corrupt intent - Provision of benefit <p>(There is also a clause prohibiting improper accounting by companies)</p>
UKBA	<ul style="list-style-type: none"> - To a foreign public official, etc. - For the purpose of inducing the improper performance of a relevant function or activity or for the rewarding of such performance - Provision of benefit
JUCPA	<ul style="list-style-type: none"> - To a foreign public official, etc. - In order to make any wrongful gain in business with regard to international commercial transactions - In order to have them act or refrain from acting in relation to the performance of official duties - Provision of benefit

(1) Meaning of “for the purpose of obtaining or retaining business”

“The purpose of obtaining or retaining business” exists if benefit is given for the purpose of obtaining or retaining gains for one’s own or a third party’s business. For example, the following actions are deemed to have purpose of obtaining or retaining business

Examples of actions taken for the purpose of obtaining or retaining business

- Obtaining a contract
- Influencing the procurement process
- Circumventing the rules for importation of products
- Gaining access to non-public bid/tender information
- Evading taxes or penalties
- Influencing the adjudication of lawsuits or enforcement process
- Obtaining exceptions to regulations
- Avoiding contract termination

Excerpt from FCPA Resource Guide 2.0



(2) Meaning of “corrupt intent”

“Corrupt intent” means intent or desire to wrongfully influence a foreign public official.

“Corruptly” means intent to induce a foreign public official to misuse his/her official position, for example to unfairly obtain business, preferential legislations or regulations, or to induce a foreign public official not to perform an official duty.

Following should be also noted

- It is irrelevant whether the purpose of the act of bribery has been achieved (e.g. whether the business was obtained).
- It is irrelevant whether a corrupt payment was actually made (even a promise of payment is a violation).
- It is irrelevant whether the briber was aware of Foreign Anti-Bribery Regulations.

Excerpt from FCPA Resource Guide 2.0

The issue also lies in whether or not there is corrupt intent.

**(3) Meaning of provision of “benefit”**

The giving of “benefit” means anything of value that may satisfy a person’s demand or desire and is not limited to proprietary benefit such as cash or property.

Benefits obviously include providing entertainment or gifts such as souvenirs, but also include the provision of non-proprietary benefits such as appointment to an official position. As such, any tangible or intangible benefit could be regarded as a “benefit.”

Followings are included within the scope of “benefit”**[Proprietary benefit]**

- Entertainment such as invitations to dinner or a show
- Granting of a golf club membership
- Payment of travel expenses
- Payment of tuition for a relative of a foreign public official
- Lease of a residence or building for free
- Payment of rent
- Provision of collateral or indemnification

[Non-proprietary benefit]

- An official position
- Use of one’s connections to secure employment for a relative of a foreign public official

Prepared based on *Guidelines for the Prevention of Bribery of Foreign Public Officials*, Ministry of Economy, Trade and Industry of Japan

Column

Even when the other party is not a public official, etc., but an individual or a company, please take care not to directly or indirectly provide them with economic benefit with the intention of wrongfully soliciting business (even if the benefit is described as a charitable donation or sponsorship of an event).

Example of method of wrongfully soliciting business:

In exchange for a charitable donation or sponsorship contract, getting them to provide you with information about competitors’ bid prices



(3) Facilitation payments

What does “facilitation payment” mean?

A facilitation payment means a small amount of payment that is made merely in furtherance of routine governmental action.

Is the facilitation payment illegal?

Even a small amount of facilitation payment is, in principle, illegal.

Although it takes 5 days for a customs clearance, it would be completed in 2 days if you pay \$100.



Country A's customs officer

As it is a small amount and this is an urgent matter, I think it is fine to pay...



Company X



Facilitation payment in major foreign anti-bribery laws and regulations

FCPA	Illegal except small payments made in furtherance of routine governmental action. (See Note 1)
UKBA	Facilitation payment is illegal. Upon deciding whether to prosecute, prosecutors have discretion to consider the circumstance in light of public interest. (See Note 2)
UCPA	Law/regulation violated SFPs (small facilitation payments) could constitute the provision of benefit for the purpose of “making wrongful gain in business,” so it is advisable to clearly state in internal rules that SFPs are generally prohibited. <small>Guidelines for the prevention of bribery of foreign public officials https://www.meti.go.jp/policy/external_economy/zouwai/pdf/GaikokukoumuinzouwaiBoushiShishin20210512.pdf</small>

Note 1: Examples of “routine governmental action” under the FCPA

- Processing governmental papers, such as visas and work orders
- Scheduling inspections related to transit of goods across country
- Actions normally and typically performed by national government officials (without discretion) in the course of providing public services, such as mail pickup and delivery, phone service, power and water supply

Even if the services fall under the above categories, those that involve discretionary acts are not included in the scope of “routine governmental acts.” (An example would be payment made to facilitate the issuance of a visa even though the requirements for issuing a visa are not met.)

Excerpt from A Resource Guide to the U.S. FCPA -DOJ-SEC-

Note 2: Examples of public interest factors taken into account under the UKBA

- Number of payments and amount per payment
- Payments are made as part of an ordinary course of business
- There is an appropriate internal process to follow if facilitation payments are requested

Excerpt from the Bribery Act 2010 Guidance -Ministry of Justice-

(4) Persons subject to regulations

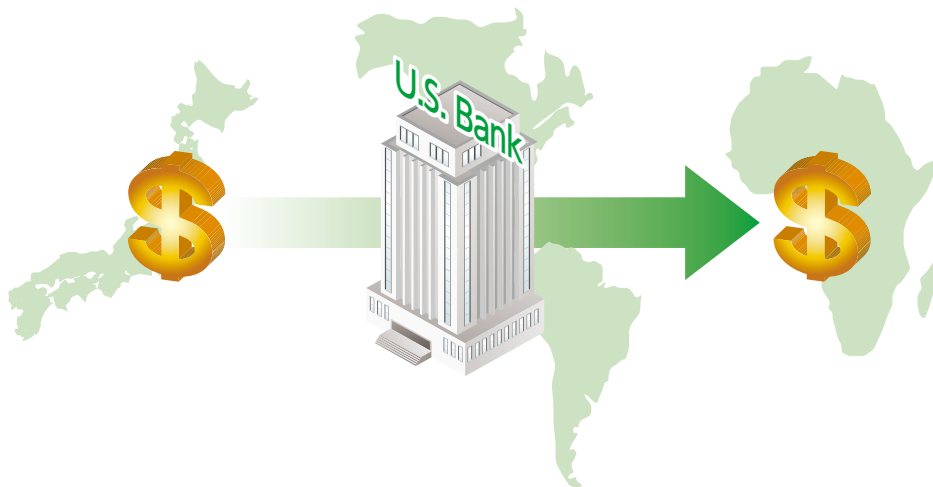
Does it only apply to companies or individuals of the country where such laws and regulations have been enacted?

Major Foreign Anti-Bribery Regulations scopes of application are not limited to companies or individuals of the country where such regulations have been enacted.

For instance, FCPA applies to those who committed part of bribery in the territory of the U.S., even if they are not U.S. companies or U.S. citizens.

Please note that “those who committed part of bribery in the U.S. territory” is interpreted very broadly.

For instance, if an employee of a Japanese company wires money in U.S. dollars from Japan via a U.S. bank in connection with bribery, FCPA may apply because a part of his/her bribery would be deemed as being committed in the U.S. territory.



It may apply to conducts made by the following

FCPA	<ul style="list-style-type: none"> - Companies incorporated in the U.S., including U.S. subsidiaries of foreign companies - Companies listed on U.S. securities exchanges - U.S. citizens - Those who committed part of an act of bribery in the U.S. (interpreted very broadly) <p>Those such as subsidiaries who conspire with or aid and abet any of the foregoing are also subject to the FCPA</p>
UKBA	<ul style="list-style-type: none"> - Companies incorporated in the U.K. - Companies that carry on a business or part of a business in the U.K.
UCPA	<ul style="list-style-type: none"> - Companies (including foreign companies) that employ an employee who offered to provide benefit to a foreign public official from the territory of Japan - Japanese parent companies that effectively control a Japanese employee of their foreign local subsidiary who bribed a foreign public official

These regulations have a broader reach than we might think.



(5) Bribery through third parties

Does bribery through third parties have any effect on our company?

Under Major Foreign Anti-Bribery Regulations, bribery through third parties is prohibited

FCPA applies to the case where one has made a transaction with a third party, while “knowing” that all or a portion of the benefit would be provided to a foreign public official from such third party.

“Knowing” not only includes cases where one is aware that bribery is actually being committed, but also include a belief or awareness that bribery will be highly likely to be committed.

Similarly, if one is aware of bribery or the possibility of its occurrence, UKBA and UCPA apply even if it is a third party who actually provides the bribe.

Examples of “third parties” triggering liability of bribery

Include any parties outside the company

- Agents
- Business partners
- Consultants
- Distributors
- Outside vendors (including event companies, bid brokers, and customs brokers)

“Red flags” for possible bribery through third parties

Something is wrong

- Excessive commissions to consultants
- Consulting agreements that include only vaguely described services
- Third party is related to or closely associated with a foreign public official
- Third party became part of the transaction at the request, recommendation, nomination, or demand of a foreign public official
- Request of remittance to a bank account in a third country

Excerpt from *A Resource Guide to the U.S. FCPA* -DOJ·SEC-



Implement appropriate due diligence to avoid risk

The U.S. authorities recommend appropriate prior and during-the-term due diligence on contracts with third parties (e.g. outsourcing, placing orders). Degree of appropriate due diligence may vary depending on the level of the risk determined based on industry, country, size and nature of the transaction, historical relationship with the third party, etc.

Examples of key factors for due diligence of third-party provided by the U.S. authorities

- Understand the qualifications of the third party (such as its business reputation) and its relationship with a foreign public official
- Understand the business rationale for inclusion of the third party in the transaction (such as their specific role) clarify the contents of the third party's scope of work in the contract, manage execution such as confirmation of work performance
- Undertake continuous monitoring by updating qualification assessment periodically, or by requesting compliance covenant or certifications, etc.

Excerpt from *A Resource Guide to the U.S. FCPA* -DOJ·SEC-

Our outside consultant said, “I’ll make the cash payment myself, so it’ll cause no trouble to your company.” Is this okay?

NG



(6) Foreign public officials, etc.

What is the definition of a “foreign public official”?

The definition of a “foreign public official” varies depending on the Foreign Anti-Bribery Regulations of each country. Please note that some regulations prohibit bribery not only to typical public officials but also to officials of state-owned/controlled companies, national universities, and public international organizations.

For instance, JUCPA defines “foreign public official” broadly, as follows

- <1> A public official of a foreign government or a foreign local government
- <2> A person who engages in the business affairs of a foreign government-affiliated entity
- <3> A person who engages in the business affairs of a foreign public enterprise
- <4> A person who engages in public services for an international organization
- <5> A person who works for an organization to which authority is delegated by a foreign government

(The FCPA and UKBA also define “foreign government official” broadly)

Bribery among private companies

Note that UKBA prohibits bribery between private companies as well.

Major Foreign Anti-Bribery Regulations prohibit bribery of those including the following persons.

- Executives or officials of state-owned/controlled companies of foreign countries
⇒ Executives or officials of state-controlled electric power companies.
- Individuals holding legislative, administrative or judicial positions of foreign countries
⇒ Judges and court clerks.
- Officials or agents of public international organizations
⇒ Officials of the United Nations
- Individuals engaging in the business affairs of foreign government-affiliated entities
⇒ Executives of national railways, executives or officials of national hospitals, librarians of national libraries, officials of national universities, etc.
- Candidates for public offices in foreign countries
- Private-sector companies (in case of UKBA)

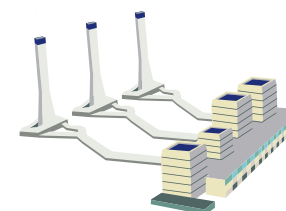
(The rank or position of the bribe recipient is irrelevant)

Be aware that definition of “foreign public officials” varies.

national hospital



state-controlled company



(7) Penalties

What penalties could be imposed if bribery is committed?

FCPA, UKBA and UCPA provide severe penalties on an individual and a company.

In association with the recent increase of the charges for bribery, the fine amounts have been on the increase, and there are many cases where a severe fine and long-term imprisonment are imposed simultaneously on individuals.

In addition, due to other relevant costs and various social sanctions, the adverse effects suffered by the company will be extensive.

Fines under the FCPA and other anti-corruption laws worldwide

	Company charged	Year	Settlements in the U.S.	Settlements worldwide	Resolving Authorities
1	Airbus SE (Netherlands: Aerospace)	2020	\$294M	\$3.7B	U.S. France UK
2	Odebrecht S.A./Braskem S.A.(Brazil: Construction)	2016	\$253M	\$3.3B	U.S. Brazil Switzerland
3	Goldman Sachs Group, Inc. (U.S.: Financial Services)	2020	\$1.7B	\$2.6B	U.S. Hong Kong Singapore UK
4	J&F Investimentos S.A. (Brazil: Food)	2020	\$155M	\$2.1B	U.S. Brazil
5	Petróleo Brasileiro S.A. (Brazil: Oil and Gas)	2018	\$171M	\$1.7B	U.S. Brazil
6	Siemens AG (Germany: Manufacturing)	2008	\$800M	\$1.6B	U.S. Germany
7	Telia Company AB (Sweden: Telecommunications)	2017	\$699M	\$965M	U.S. Sweden Netherlands
8	Mobile Telesystems PJSC (Russia: Telecommunications)	2019	\$850M	\$850M	U.S.
9	Rolls-Royce plc (UK: Aviation)	2017	\$170M	\$800M	U.S. UK Brazil

Cases of imprisonment of individuals by U.S. Authorities

Name, Position	Company	Period of imprisonment
Mr. J (CEO)	Terra Telecomm	15 years
Mr./Ms. M (International sales manager)	Bridgestone	2 years
Mr./Ms. C (Executive)	Alcatel	2.5 years
Mr./Ms. D (Executive)	American Rice, Inc.	5.25 years



Penalties under main laws and regulations.

FCPA	Criminal Penalty	Company	Fine of up to 2 million USD (can be increased up to twice as much as the benefit obtained from the violation)
		Individual	Fine of up to 250,000 USD and/or Imprisonment of up to 5 years (Fine can be increased up to twice as much as the benefit obtained from the violation)
	Civil Penalty	Company/ Individual	Civil fine of up to 16,000 USD for both company and individual (employers, etc. cannot pay the fines of individuals)
UKBA	Company	Fine without upper limit	
	Individual	Imprisonment of up to 10 years and/or fine without upper limit	
UCPA	Company	Fine of up to 300 million JPY	
	Individual	Imprisonment of up to 5 years and/or fine of up to 5 million JPY	

(Please also consider penalties under local laws and regulations)

Other possible adverse effects by violations of Foreign Anti-Bribery Regulations

- Loss of new (existing) business opportunities due to suspension of bidding qualification
- Huge cost required to deal with the charge, internal investigation, and prosecution
- Serious damage to corporate brand due to media coverage inside and outside of the country
- Monitoring and interference in ordinary course of business by third parties through committees for recurrence prevention and monitoring

(8) Things to keep in mind when conducting DD of M&A companies (based on FCPA Resource Guide 2.0)

When conducting DD in the case of M&A, are there any points to keep in mind from the standpoint of the U.S. FCPA?

A company that acquired a company that had violated the FCPA could also be held liable for violating the FCPA. To avoid such situation, it is important to take appropriate measures such as enhancing the post-acquisition Compliance Program in addition to conducting pre-acquisition due diligence.

The FCPA Resource Guide explains that the acquiring company could be held liable under the FCPA, and provides examples of cases where this has actually happened. Because the descriptions of the actual sorts of situations in which a company would inherit FCPA liability following a merger or acquisitions are highly technical, you may need assistance with interpreting and comprehending the FCPA Resource Guide. If so, please consult the person in charge of legal affairs at your company (the person in charge of legal affairs should also consult an outside attorney as necessary).



About the FCPA Resource Guide

The FCPA Resource Guide is set of guidelines for FCPA implementation and application published jointly by the U.S. Department of Justice (DOJ) and Securities and Exchange Commission (SEC). The Resource Guide explains the points that should be kept in mind in the context of M&A as follows:

(1) Importance of due diligence (DD)

- If an act by an acquired company that violates FCPA was overlooked as a result of inadequate DD, the acquiring company is at risk of civil and criminal liability after the acquisition.
- It is therefore vital to conduct pre-acquisition DD from the standpoint of whether the acquired company is involved in an FCPA violation.

(2) Points to keep in mind besides DD (especially after acquisition)

- If an FCPA violation by the acquired company is discovered after the acquisition, prompt disclosure to the authorities and cooperation with the authorities' investigation is required.
- It is important to provide employees of the acquired company with compliance education and to swiftly implement the acquiring company's Compliance Program to the acquired company.

(3) Prosecution by authorities

- If the acquiring company had properly adhered to the above points, but an FCPA violation by the acquired company was still discovered after the acquisition, it is possible that the acquiring company will not be prosecuted for the FCPA violation, etc.

Key points for practical implementation

Pre-acquisition DD is obviously important, but in addition to that, it is crucial to (i) take prompt and appropriate action in response to any discovery of FCPA violation by the acquired company after the acquisition, and implement a Compliance Program and provide compliance education, as such factors will be taken into account when determining the liability of the acquiring company. This point was further emphasized in the revised version of the FCPA Resource Guide (FCPA Resource Guide 2.0), which was released in July 2020.

Therefore, the person in charge of M&A at each NTT company needs to be aware that dealing the risk of FCPA violations by acquired companies does not end with pre-acquisition DD, but must be continuously undertaken after the acquisition.

(9) Compliance program

What steps should companies take in order to prevent bribery?

The FCPA Resource Guide recommends that companies establish an appropriate Compliance Program to prevent bribery. Furthermore, the U.S. DOJ has published *Criminal Division Guidance on the Evaluation of Corporate Compliance Programs, and the FCPA Resource Guide 2.0* (July 2020 revised version) quotes from this Guidance.

Section 7 of UKBA requires companies to have adequate procedures in place to prevent the associated persons from committing bribery. If a company fails to do so, the company itself will be prosecuted due to its failure to prevent bribery.



If the appropriate compliance program is established and properly implemented, it may benefit the company in the plea-bargaining. Further, it may be taken into account in determining the amount of fine.

Both FCPA and UKBA are mere “guidelines,” and it is important to establish appropriate compliance program/procedures proportionate to the nature and size of the business of the respective companies.



13 hallmarks of an “effective Compliance Program” (FCPA)

- <1> Commitment from senior management and a clear policy of anti-bribery
- <2> Effective code of conduct and compliance policies and procedures
- <3> System to oversee Compliance Program (autonomy and sufficient resources)
- <4> Appropriate risk assessment and handling of risk
- <5> Continuous training and advice
- <6> Appropriate disciplinary measures and incentives
- <7> Proper screening of third parties such as outside vendors
- <8> System for anonymous whistleblowing and investigation
- <9> Pre-acquisition due diligence and post-acquisition integration
- <10> Periodic testing and review of Compliance Program
- <11> Adequate system for internal investigations (including remedial action in light of the results of investigations)

Six major elements for the “effective compliance program” (UKBA)

- <1> Appropriate procedures proportionate to the risks the company faces
Clear, practical, accessible, and effective procedures
- <2> Top-level commitment
Fostering of a culture in which bribery is never acceptable
- <3> Risk assessment
Need to be conducted periodically, and documented and informed
- <4> Due diligence
Appropriate assessments proportionate to the risks of outside vendors
- <5> Communication (including training)
Internal training and external communication that are proportionate to the risks
- <6> Monitoring and review
Periodic monitoring and improvement of all the procedures

Excerpt from *the Bribery Act 2010 Guidance* -Ministry of Justice-

Glossary



Foreign Anti-Bribery Regulations	"Foreign Anti-Bribery Regulations" in this handbook mean regulations which prevent companies and individuals from bribing a foreign public official. Currently, more than 40 countries have enacted these regulations.
Major Foreign Anti-Bribery Regulations	"Major Foreign Anti-Bribery Regulations" in this handbook mean the FCPA, the UKBA and the UCBA.
FCPA	"FCPA" is an abbreviation of the Foreign Corrupt Practices Act. Enacted in the U.S. in 1997, it was the world's first Foreign Anti-Bribery Regulations. The FCPA has two primary provisions, an <i>anti-bribery provision</i> and an <i>accounting provision</i> . The anti-bribery provision applies not only to U.S. companies, but also non-U.S. companies and their employees if they have engaged in an act that aids bribery within the U.S., so its application is broad. It is also known for the fact that incredibly high fines have been imposed in numerous cases.
UKBA	"UKBA" is an abbreviation of the UK Bribery Act 2010 Enacted in the U.K. in 2010, it is a statute for the Foreign Anti-Bribery Regulations. The UKBA mainly provides four types of criminal offences, i.e., (i) the offences of bribing another person (Section 1), (ii) the offences relating to being bribed (Section 2), (iii) the bribery of foreign public officials (Section 6), and (iv) the failure of commercial organizations to prevent bribery (Section 7). Like the FCPA, large fines have been imposed in many cases.
JUCPA	"JUCPA" is an abbreviation of the (Japanese) Unfair Competition Prevention Act. The JUCPA regulates trade secret misappropriation, misrepresentation of information as to the place of origin, sale of imitation products, etc., and a set of provisions prohibiting the provision of corrupt benefit to foreign public officials, etc. were added to it in 1998.
Criminal Penalty	"Criminal penalty" means a sanction (i.e., criminal punishment, mainly fines, imprisonment, etc.) imposed by a national government or local government on an accused who has been found to have committed criminal offences under the law. Public prosecutors (e.g. DOJ in the United States) bring charges against the accused in courts, and once they are convicted, criminal punishment, such as fines or imprisonment, is imposed on them.
Civil Penalty	In this handbook, "Civil Penalty" means civil sanction in the form of a civil penalty fine that is imposed on those who have violated the FCPA. While a Criminal Penalty can be sought only by the DOJ, a Civil Penalty is mainly sought by the SEC (a Civil Penalty for certain types of violators can be sought by the DOJ.)
Confidential Reporting System	"Confidential Reporting System" means a scheme which enables a person who knows of a violation or possible violation of compliance, such as violations of laws or the commission of improper acts in a company, to directly report to a section which is capable of properly dealing with such situation. Japan's Whistleblower Protection Act prohibits the disadvantageous treatment of whistleblowers, and many countries have similar laws.
DOJ	"DOJ" is an abbreviation of the U.S. Department of Justice. The DOJ is the organization of the U.S. government which deals with the administration of justice, and it is responsible for conducting the investigations and filing charges relating to the violation of federal laws, such as antitrust laws or Foreign Anti-Bribery Regulations.

SEC	"SEC" is an abbreviation of the U.S. Securities and Exchange Commission. The SEC is a federal agency of the U.S. government that monitors and supervises securities trading of stocks, bonds, debentures, etc.
OECD	"OECD" is an abbreviation of the Organization for Economic Co-operation and Development. The OECD is an international organization wherein developed countries exchange information and opinions, and formulate policy recommendations for the purpose of contributing to economic growth, trade liberalization, and assistance to developing countries. There are 38 member countries, and they are mainly from Europe.
Due Diligence	"DD" / "Due Diligence" means procedure to assess the values and risks of a target company in the acquisition of such company. Due Diligence is conducted from various aspects, including legal, tax/financial, business, human resources, and environmental. From an anti-bribery aspect, investigations are conducted to confirm and verify the existence and operation of compliance-related rules, proper accounting procedures and the contents and execution procedures of important contracts.
Compliance Program	The "Compliance Program" in this handbook, means an in-house system to reduce the risk of bribery through prevention or the early detection of violations. Compliance Program requires a company to establish a code of conduct or anti-bribery policy and its management to take a leading role to foster a corporate culture wherein bribery or corruption is not tolerated. It is possible that sanctions to be imposed by the competent authorities could be mitigated if the appropriate Compliance Program is established, and maintained and operated.
U.S. Securities Exchanges	"U.S. Securities Exchanges" means the securities exchanges in the United States, such as the New York Stock Exchange, in which securities markets are formed, traded and listed, and the companies, listed on the U.S. Securities Exchange are subject to the FCPA. In addition, companies listing American Depository Receipts on the U.S. Securities Exchange are also subject to the FCPA.
National Public Service Ethics Act	The National Public Service Ethics Act, which came into effect in 2000, stipulates measures necessary for the maintenance of ethics by national government officials with respect to their duties. As its name suggests, it is a law covering national public officials. It stipulates procedures for disciplining national public servants that have violated it, as well as procedures for publicly disclosing such violations.
National Public Service Ethics Code	This is a government ordinance prescribed by the Cabinet based on the National Public Service Ethics Act. It defines interested parties, and lists specific examples of prohibited acts by national public officials (e.g., receiving gifts from interested parties).
NTT Act	This law was promulgated and took effect in 1984, in conjunction with the privatization of what was then Nippon Telegraph and Telephone Public Corporation. The law stipulates the business conducted by and the legal status of Nippon Telegraph and Telephone Corporation (the NTT holding company), NTT East (Nippon Telegraph and Telephone East Corporation), and NTT West (Nippon Telegraph and Telephone West Corporation). It is also includes certain provisions concerning the payment or acceptance of bribes by officers and employees of these companies.



Handbooks of Important Laws and Regulations

Part 1

Anti-Bribery Handbook



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