Outreach Efforts on Raising Cartel Awareness

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Overview

1. Lectures on the Antimonopoly Act/guidelines
2. Fair Trade Institute
3. Survey on compliance systems and awareness - Overview
4. Statistics on leniency applications
5. Survey on compliance systems and awareness - Survey of 2010
6. Comparison with past surveys
7. Recommendations
1-1. Lectures on the Antimonopoly Act and guidelines

➢ When revising the Antimonopoly Act (AMA) and its guidelines, JFTC send its officials to business communities such as:

“Chambers of Commerce and Industry”

“Association of the Corporate Legal Departments”
1-2. Lectures on the Antimonopoly Act and guidelines

➢ JFTC sent its officials to 37 places from July 2009 to March 2010 after the revision of the AMA in 2009.
2. Fair Trade Institute

➢ A public interest incorporated foundation

➢ Helps companies establish and implement their own compliance programs

➢ Advises companies on drafting an appropriate compliance manual for them
3-1. Survey on compliance systems and awareness - Overview

➢ Aim: Help companies improve their compliance programs so that their efforts lead to promoting fair and free competition in the Japanese market

➢ JFTC compiled reports based on the findings, made them public, sent them to the targeted companies and gave lectures on the reports to business communities
3-2. Survey on compliance systems and awareness - Overview

➢ JFTC conducted several surveys on current situation of corporate compliance systems and recommended appropriate measures to improve them over the last five years.

<table>
<thead>
<tr>
<th>Date</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 24, 2006</td>
<td>TSE * Listed Companies</td>
</tr>
<tr>
<td>May 16, 2007</td>
<td>Construction Companies</td>
</tr>
<tr>
<td>May 9, 2008</td>
<td>Foreign-Owned Companies</td>
</tr>
<tr>
<td>March 18, 2009</td>
<td>TSE Listed Companies</td>
</tr>
<tr>
<td>June 30, 2010</td>
<td>TSE Listed Companies</td>
</tr>
</tbody>
</table>

* TSE: Tokyo Stock Exchange.
4. Statistics on leniency applications

➢ Number of leniency applications reported in the following years (fiscal year):

<table>
<thead>
<tr>
<th></th>
<th>2005*</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005*</td>
<td>26</td>
<td>79</td>
<td>74</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

* FY 2005 covers a period from January 4, 2006, when the amended act introducing leniency program came into effect, to March 31, 2006.
5-1. Survey on compliance systems and awareness – Survey of 2010

➢ Distributed questionnaires to 1,700 companies listed on the first section of the Tokyo Stock Exchange and collected about 1,000 responses

➢ Focused on the following three questions:
   A. What do you do to prevent antitrust violations?
   B. What do you do to find out antitrust violations?
   C. What do you do when you highly suspect antitrust violations?
5-2. Survey on compliance systems and awareness – Survey of 2010

➢ Compiled a report and made it public in June 2010
➢ The report is available on the JFTC website
5-3. Survey on compliance systems and awareness – Survey of 2010

A. What do you do to prevent antitrust violations?

➢ 99% of respondents send out some messages calling for compliance with the AMA from their top management to their employees

➢ 99% of respondents employ disciplinary punishment including punitive dismissal
5-4. Survey on compliance systems and awareness – Survey of 2010

B. What do you do to find out antitrust violations?

➢ 99% of respondents established a corporate “whistleblower system”

➢ There is a successful case where a notification from a whistleblower lead to application for our leniency program
5-5. Survey on compliance systems and awareness – Survey of 2010

C. What do you do when you highly suspect antitrust violations?

➢ 50% of respondents consider applying for our leniency program

➢ As far as corporate leniency program is concerned, when determining penalty for misconduct by their employees, 86% of respondents take into account the fact that their employee steps forward and says that he has been involved in antitrust violations.
6. Comparison with past surveys

➢ Seems to be improving year by year

<table>
<thead>
<tr>
<th></th>
<th>Preparation for antitrust compliance manuals</th>
<th>Call for compliance from top management</th>
<th>Awareness on possibility of antitrust violations</th>
<th>Consideration of applying for leniency program</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Survey</td>
<td>81%</td>
<td>71%</td>
<td>51%</td>
<td>23%</td>
</tr>
<tr>
<td>2009 Survey</td>
<td>86%</td>
<td>74%</td>
<td>72%</td>
<td>43%</td>
</tr>
<tr>
<td>2010 Survey</td>
<td>N/A</td>
<td>98.7%</td>
<td>N/A</td>
<td>49.8%</td>
</tr>
</tbody>
</table>
7. Recommendations

➢ Active and continuous involvement of legal department

➢ Direct and repeated communication of strong message from top management against involvement in antitrust violations

➢ Establishment and implementation of rules when meeting with competitors

➢ Top management’s willingness and involvement in implementing compliance program