Guidance Documents for Aviation, Space and Defence Organizations

Appendix-1
- Compliance Education -

Table of contents

1. Objectives

The objective of this document is to provide the policies and best practices regarding the perspectives that should be incorporated in the planning of education and how to implement the education when providing education to the personnel of an organization to enable the organization to establish and continuously maintain its compliance structures.

2. Scope

All aspects of the Aviation, Space and Defence organizations

Note that these materials can be used in other industry as well.

3. Terms

Compliance:

This is generally understood to mean "compliance with laws and regulations" but this is a narrow definition. Naturally organizations must comply with laws and regulations.

Normally, the compliance required for the organizations is considered to cover not only laws and regulations but also compliance with in-house rules/manuals (procedures), business ethics, and social norms such as the widely accepted views, good conscience, etc. of society

Socail norms
Business ethics
In-house rules and manuals
Laws and regulations
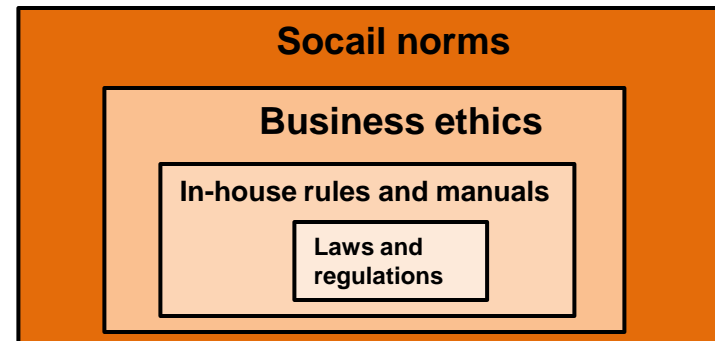
Note: there is no official definition of "compliance" so each organization uses its own definition.

4. Compliance education

4.1 Scope of the educational content (laws and regulations)

There is a full range of laws and regulations related to the activities of organizations including the Penal Code, the Act on the Protection of Personal Information, the Product Liability Act (PL Act), the Labor Standards Act, etc. and there is a limit to the extent that education can be provided uniformly for all of them. Therefore, it is desirable for organizations to grasp the compliance matters that all of the employees have to know for that organization and the compliances matters the employees have to know in their respective work duties, and create an education plan.
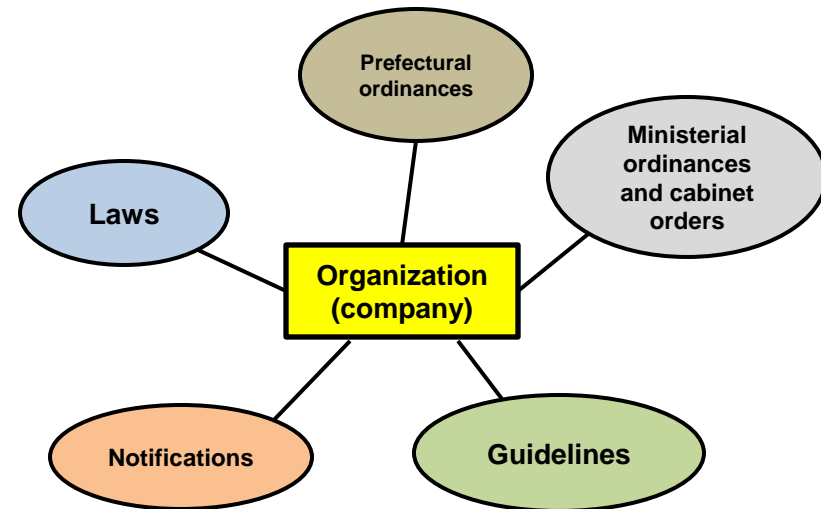
Refer to the following web site to search for domestic laws and regulations (Laws and regulations data provision system)
http://www.japaneselawtranslation.go.jp/?re=02

4. Compliance education

4.1 Scope of the educational content (laws and regulations) (continued)

The main laws and regulations with a deep relationship to the aerospace industry

- **Aircraft Manufacturing Industry Act** **[Ministry of Economy, Trade and Industry] A law for business permission for the manufacturing and repair of aircraft and equipment for aircraft**
- **Civil Aeronautics Act [Ministry of Land, Infrastructure, Transport and Tourism] A law for the safety of aircraft navigation and for preventing damages arising from aircraft navigation**
- **High Pressure Gas Safety Act [Ministry of Economy, Trade and Industry]** **A law for preventing accidents caused by high pressure gas. Related to manufacturing equipment, facilities, etc. using high pressure gas**
- **Explosives Control Act [Ministry of Economy, Trade and Industry] A law for preventing accidents with explosives. Related to articles processed with heat, etc. for aircraft.**
- **Measurement Act [Ministry of Economy, Trade and Industry]** **A law for ensuring the implementation of proper measurement. Related to the use of measurement units based on the Imperial system in aircraft.**
- **Radio Act [Ministry of Internal Affairs and Communications] A law to ensure the fair and efficient use of radio. Related to equipment installed in aircraft.**
- **Fire Service Act [Ministry of Internal Affairs and Communications] A law aimed at preventing fires, reducing the harm caused by disasters such as fires, earthquakes, etc. and maintaining social order, and enhancing public welfare. Related to fueling facilities (storage tanks) for aircraft, etc. which are categorized as dangerous facilities**
- **The pollution prevention ordinances, etc. of prefectures [local governments]**

In addition, the following international convention related to this area has been signed.

- **Convention on International Civil Aviation [United Nations]**

4.1 Scope of the educational content (laws and regulations) (continued)

Relationships between the laws and regulations that have a deep relationship to the aerospace industry (in relation to the Civil Aeronautics Act)
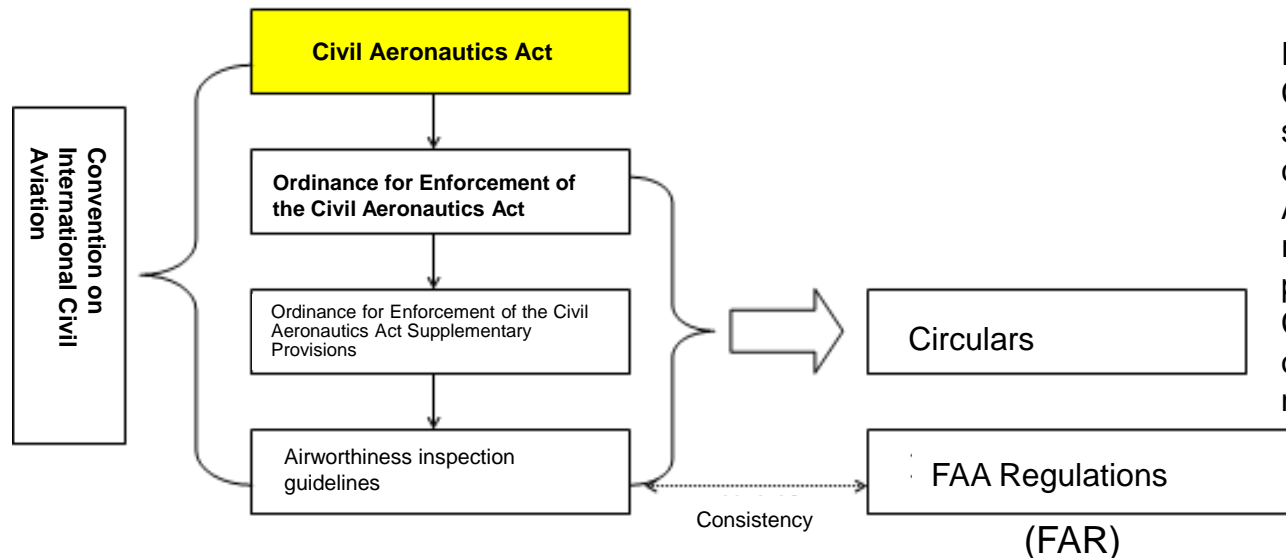
Published in the case that the Civil Aviation Bureau clearly states the more detailed content of the Civil Aeronautics Act and other related laws and regulations/the case of publicizing the policies of the Civil Aviation Bureau/the case of publicizing general technical matters, etc.

Ordinance for Enforcement of the Civil Aeronautics Act Supplementary Provisions: these stipulate the "technical standards for ensuring the safety of aircraft and equipment" and they are normally called the "airworthiness requirements."
Airworthiness inspection guidelines: guidelines for determining whether aircraft and equipment satisfy the airworthiness requirements.
(Consistency with the FAR Part 25, 27, 29 of the FAA is ensured.)

4. Compliance education

4.1 Scope of the educational content (laws and regulations) (continued)

Particularly in the globalizing aerospace industry, it is necessary to be careful about domestic laws and regulations related to exports and imports and also overseas laws and regulations.

Some representative examples of related laws and regulations are shown below.

➤**Japan's laws and regulations:**

Foreign Exchange and Foreign Trade Act: Ministry of Finance

Export Trade Control Order: Ministry of Economy, Trade and Industry

Reference: refer to http://www.meti.go.jp/policy/anpo/englishpage.html regarding the cargo export control parameters.

➤**Examples of overseas laws and regulations:**

Export Administration Regulations (EAR): U.S. Department of Commerce

Laws and regulations controlling the provision of dual use technologies

International Traffic in Arms Regulations (ITAR): U.S. Department of State

Laws and regulations to control the disclosure of technologies and materials related to military items and services

4. Compliance education

4.1 Scope of the educational content (in-house rules and manuals)

It depends on the size of the organization, but there can be a wide range of in-house rules and regulations, including organization-wide regulations such as the Articles of Incorporation, the regulations for dividing duties among employees, the employment regulations, etc., and manuals for individual operations and work procedures, etc. used in individual workplaces.

Therefore, just as with laws and regulations, it is desirable for organizations to plan education that makes the distinction between the rules that all of the employees have to know and the rules the employees have to know in their respective work duties.

(Unlike laws and regulations, in-house rules are established by the organizations themselves, so identifying the target of the rules is easy.)

4. Compliance education

4.1 Scope of the educational content (business ethics)

Business ethics generally refers to the standards that organizations should comply with when implementing their corporate activities; they regulate corporate activities to ensure compliance with laws and regulations and also with moral perspectives such as nature and the social environment, protection of human rights, etc. and include methods of building and managing mechanisms for controlling organizations.

Normally they are established as the "company philosophy" and "guidelines for action" and are published in many cases. Naturally, education is provided to all of the employees in order to ensure they are informed about the matters which apply to all of the employees.

4. Compliance education

4.1 Scope of the educational content (social norms)

Social norms generally refer to the laws, morals, and customs that people must comply with when living in society.

Therefore, they are broadly learned through education in the home and school education but because incidents contrary to social norms have become prominent, social norms have become understood as one of the elements included in business ethics and there are many organizations reflecting social norms in their "company philosophy" and "guidelines for action."

4. Compliance education

4.2 Educational methods

General methods used to educate employees about compliance can be shown below
(1) Learn by themselves using distributed compliance educational package.
(2) e-learning
(3) Hold training sessions (internal and/or external training)

・Organization should select what method to adopt based on the level (importance) of the educational content
・It is recommended to adopt method (3) because of following reason;
  - in case of (1): there is a high likelihood that the employees who are given the educational materials will not do anything, so it is thought that this is the least effective form of compliance education
  - in case of (2): if the consideration is not taken sufficiently for the method of application then there is a risk of the same outcome as case (1),

4. Compliance education

4.2 Educational methods (continued)

Question 3: In fiscal year 2009 what kinds of education about compliance did you implement for each subject? (by educational effect)

(%)

Difference between the education implementation rate and the overall average

- 0.5
- 1.7
- 2.6
- 3.8
- 5.9
- 2.5
- 1.8
- 4.0
- 1.9
- −3.4
- −8.4
- −9.2
- −17.9
- −24.5
- −11.3
- −6.6
- −15.7
- −8.7

Distribution of in-house code of conduct, handbooks, etc.
Training and explanations by in-house lecturers
Training by external lecturers
Educational and discussion sessions in the workplace
e-learning
Utilization of videos or DVDs
Case studies, case methods
Laws and regulations training, study sessions
Information notification by the Intranet, etc.

• There is a large difference in implementation rate between companies that thought effective and companies that didn't think effective

High effect group (n=252)   Low effect group (n=55)

High effect group = The group that answered "Question 5: Was the education effective?" with "1. Definitely effective" or "2. Thought to be effective"
Low effect group = The group that answered "3. Thought to be ineffective", "4. Not effective at all" or "5. I don't know."

From JMA Research Institute Inc.「コンプライアンス教育に関する調査報告書(2010)」

Training such as laws and regulations training, study sessions, etc. and e-learning are highly effective

4. Compliance education

4.3 Essential points of education

Elements that influence the "educational effects" when providing education include the following.

(i) **Continuity**

The longer organizations continue education, the better response they could obtain. "Endurance makes you stronger."

(ii) **Educational methods**

It will result in better response from the attendees when the method which the attendees feel something familiar to their work, not general theory, is used for training such as;

・Implementing in-house/ industry specific case studies

・Giving each individual employee opportunities to think,

・Establishing opportunities to talk to the employees and managers in educational and discussion sessions in the workplace

(iii) **Hours of education**

The education will not necessarily be more effective even if the duration of study is increased. Since organizations that are producing good results **are working hard to provide high quality education within limited hours, and to introduce multiple educational methods** ,the difference in educational effects is not very closely related to the number of hours of study.
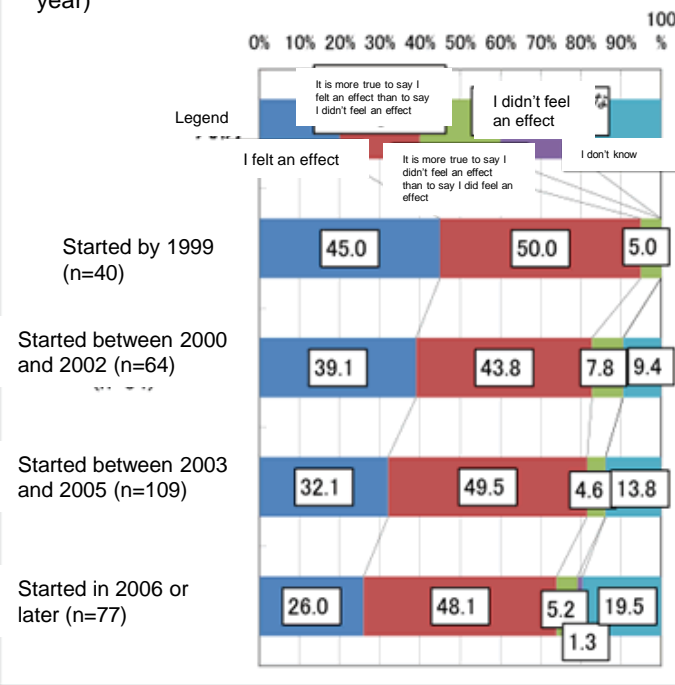
From JMA Research Institute Inc.「コンプライアンス教育に関する調査報告書(2010)」

4. Compliance education

4.3 Essential points of education (continued)

Question 5: Was the education effective(improved awareness of compliance among the employees, reduction in dishonesty, accidents, etc.) through the compliance education overall? (n = 313)
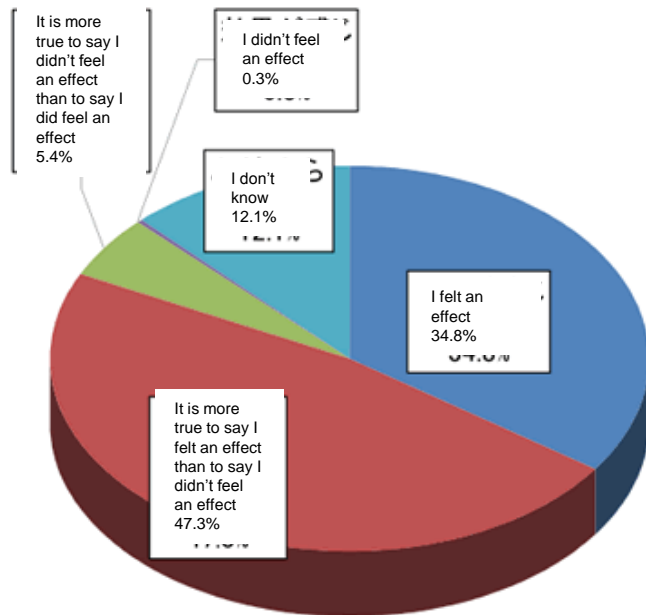
It is more true to say I didn't feel an effect than to say I did feel an effect 5.4%

I didn't feel an effect 0.3%

I don't know 12.1%

I felt an effect 34.8%

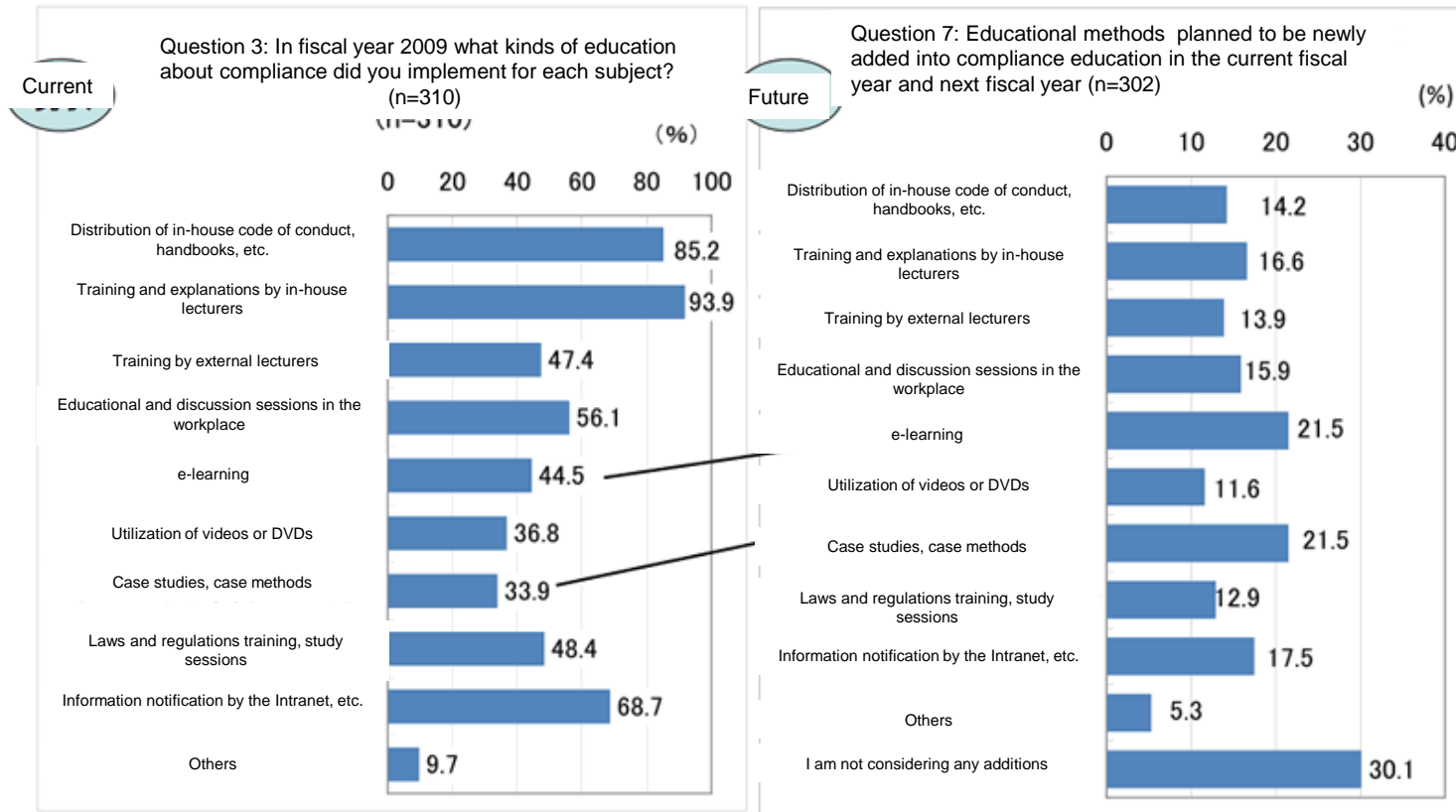It is more true to say I felt an effect than to say I didn't feel an effect 47.3%

Question 5: Was the education effective(improved awareness of compliance among the employees, reduction in dishonesty, accidents, etc.) through the compliance education overall? (by education staring year)

Legend: I felt an effect; It is more true to say I felt an effect than to say I didn't feel an effect; It is more true to say I didn't feel an effect than to say I did feel an effect; I didn't feel an effect; I don't know

	I felt an effect	It is more true... felt	...didn't	I didn't	I don't know
Started by 1999 (n=40)	45.0	50.0		5.0	
Started between 2000 and 2002 (n=64)	39.1	43.8	7.8		9.4
Started between 2003 and 2005 (n=109)	32.1	49.5	4.6		13.8
Started in 2006 or later (n=77)	26.0	48.1	5.2	1.3	19.5

The organizations start education earlier = The longer organization implement education, the better educational effect they could recognize.

From JMA Research Institute Inc.コンプライアンス教育に関する調査報告書』(2010)」

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4. Compliance education

4.3 Essential points of education (continued)

Question 3: In fiscal year 2009 what kinds of education about compliance did you implement for each subject? (n=310)

Current

(%)

Distribution of in-house code of conduct, handbooks, etc.	85.2
Training and explanations by in-house lecturers	93.9
Training by external lecturers	47.4
Educational and discussion sessions in the workplace	56.1
e-learning	44.5
Utilization of videos or DVDs	36.8
Case studies, case methods	33.9
Laws and regulations training, study sessions	48.4
Information notification by the Intranet, etc.	68.7
Others	9.7

Question 7: Educational methods planned to be newly added into compliance education in the current fiscal year and next fiscal year (n=302)

Future

(%)

Distribution of in-house code of conduct, handbooks, etc.	14.2
Training and explanations by in-house lecturers	16.6
Training by external lecturers	13.9
Educational and discussion sessions in the workplace	15.9
e-learning	21.5
Utilization of videos or DVDs	11.6
Case studies, case methods	21.5
Laws and regulations training, study sessions	12.9
Information notification by the Intranet, etc.	17.5
Others	5.3
I am not considering any additions	30.1

There are many organizations that are attempting training and e-learning using specific case studies

From JMA Research Institute Inc.コンプライアンス教育に関する調査報告書(2010）」

4. Compliance education

4.4 Enhancing "perceptiveness"

Even if education is provided, when employees become busy in their daily work duties, they sometimes can't recognize the abnormal condition as "abnormalities" whether intentionally or not, due to "familiarity" and "assumption" such as "we have always done it this way in the past", "about this much should be ok", "others are also doing the same thing," etc.

Giving employees such "perceptiveness" to abnormalities is getting much more important as a part of employees awareness, together with education about the laws and regulations, in-house rules and business ethics.

4. Compliance education

4.4 Enhancing "perceptiveness"(continued)

How can we enhance employees "perceptiveness"?

➢ **Create time (opportunities) for reviewing one's own work duties**
Are any actions different from the regulations being overlooked due to"familiarity"?
Occasionally it is important to take a step back and objectively observe your own behavior (work).

➢ **Create a workplace atmosphere (culture) in which employees can talk to and consult with the people around them if they feel doubts even slightly**
Do you ever feel doubts but brush off them by saying "it will be all right, let it be..." because it is too bothering to deal with? If there is no atmosphere (culture) in which doubts can be easily identified /said , then an awareness/perceptiveness will not take root.

➢ **Focus on change**
Change always accompanied by risk. Understand change points as opportunities for "perception."

4. Compliance education

4.5 Summary

➢ **Educational content**
• **It should include not only laws and regulations but also in-house rules and manuals, business ethics and social norms, and it should be designed based on the size and circumstances of each organization.**
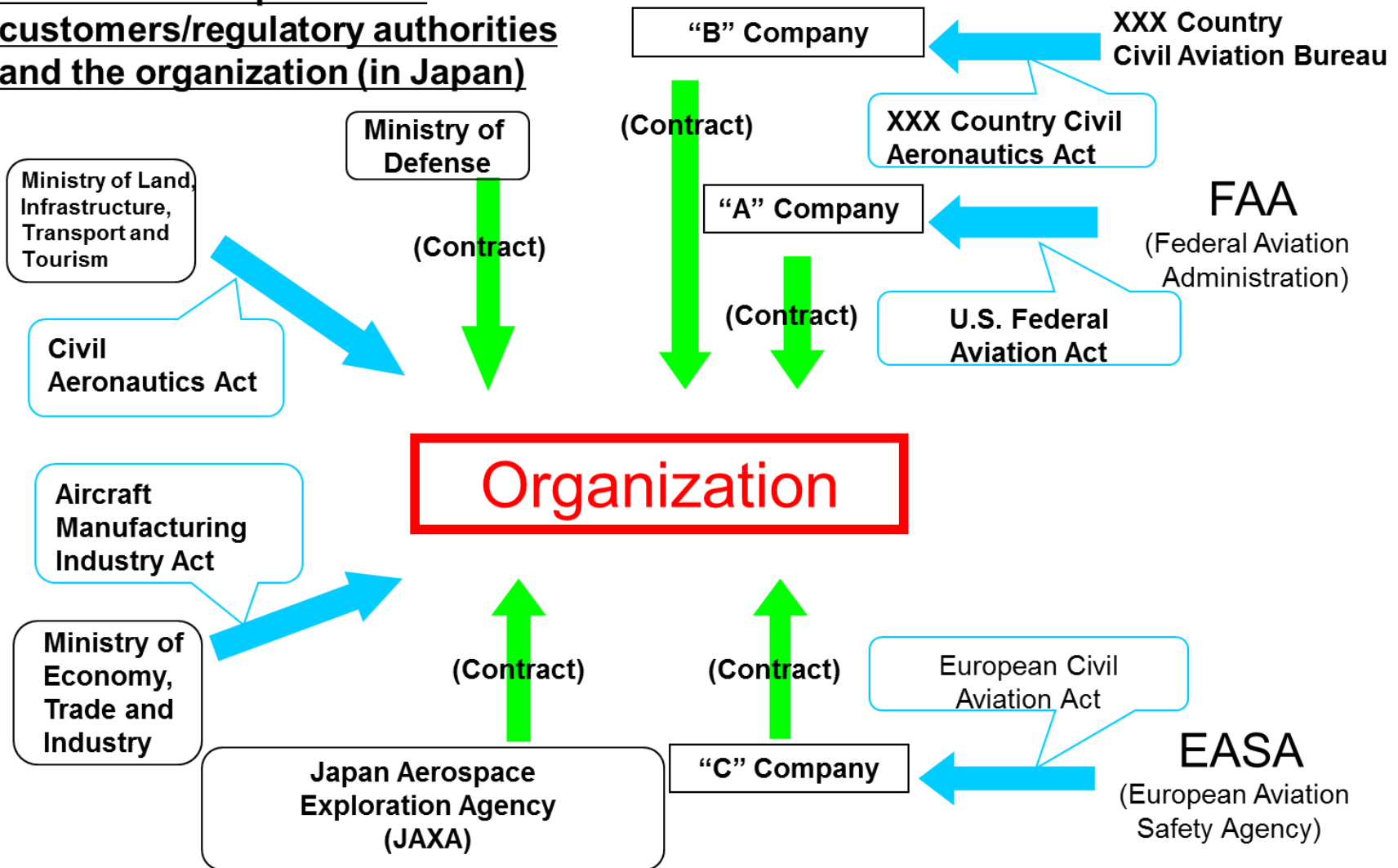
➢ **Educational methods**
• **The main methods include (1) distribution of educational materials, (2) e-learning, (3) holding of training sessions, etc. but it is recommended to continuously implement training that gives individual employees opportunities to think, such as the adoption of specific case studies, discussion formats, etc.**
• **Should establish opportunities not only for training but also for enhancing daily "perceptiveness".**

(The relationship between work and laws/regulations)

The relationship between customers/regulatory authorities and the organization (in Japan)

Ministry of Defense

Ministry of Land, Infrastructure, Transport and Tourism

Civil Aeronautics Act

Aircraft Manufacturing Industry Act

Ministry of Economy, Trade and Industry

"B" Company

XXX Country Civil Aviation Bureau

XXX Country Civil Aeronautics Act

"A" Company

FAA (Federal Aviation Administration)

U.S. Federal Aviation Act

(Contract)
(Contract)
(Contract)
(Contract)

Organization

Japan Aerospace Exploration Agency (JAXA)

(Contract)
(Contract)

"C" Company

European Civil Aviation Act

EASA (European Aviation Safety Agency)

Work (contracts) and laws/regulations are closely connected

5. Reference information
(The relationship between work and laws /regulations)

For commercial aircraft

- **Manufacture prototypes and carry out tests to confirm <u>that the design is safe</u>. (TC: Type Certificate)**

- **Safe aircrafts are built <u>by manufacturing them in accordance with the confirmed design</u>.**

- **In order to ensure that when 100 aircrafts are made 100 identical aircrafts are made, it is required to <u>define regulations / procedures, document them, and manufacture the aircrafts in accordance with them</u>. (PC: Production Certificate)**

⇒ **I.e. it is necessary for all employees to recognize the importance of performing their work (job) in accordance with regulations/ procedures.**

6. Examples

Example of lists of related laws and regulations

1．仕事と職場の法律 **Job and work place related laws**

	行 為 **Act**	罰 則 等 **Penalties**	備 考 **Note**
1	セクシュアル・ハラスメント（セクハラ） **Sexual Harassment**	○公然わいせつ罪(刑174...料 ○わいせつ物頒布等罪(刑... ○強制わいせつ罪(刑176... ○強姦罪(刑177)・準強姦... ○集団強姦等罪(刑178 の... ○強制わいせつ等致死傷... ○強姦等致死傷罪(刑181...	
2	パワー・ハラスメント（パワハラ） **Power Harassment**	○名誉毀損罪(刑230):3... ○侮辱罪(刑231): 拘留又... ○暴行罪(刑208):2 年以... ○傷害罪(刑204):15 年以...	
3	営業秘密の漏えい **Secret Leak**	○不正競争防止法(21 条... ○窃盗罪(刑 235):10 年...	
4	虚偽の登記 **Falsity Registration**	○公正証書原本不実記載...	
5	著作権侵害 （ソフトウェア違法コピー） **Copy right Infringement**	○著作権法(119 条1 項): ○法人処罰(124 条1 項):	
6	商標の侵害 **Trademark Infringement**	○商標法 行為者(78 条):10 年以... 法人処罰(82 条1 項1...	

3．公正な競争と取引の法律 Antitrust related laws

	行 為 **Act**	罰 則 等 **Penalties (example)**
1	○Private Monopolization "Private Monopolization" means …… (Ref. Antitrust Law Article 3, 2-5)	- Individual imprisonment 3years or Individual's fine ¥5,000,000 - Company's fine ¥500,000,000 - Representative imprisonment 3years or representative fine ¥5,000,000
2	○ Unfair restraint of trade "Unfair restraint of trade" means …… (Ref. Antitrust Law Article 3, 2-6)	- Individual imprisonment 3years or Individual's fine ¥5,000,000 - Company's fine ¥500,000,000 - Representative imprisonment 3years or representative fine ¥5,000,000
3	○Unfair Trade "unfair trade" means ……… （Ref. unfair trade law Article 2-9, 19)	○Unfair Trade - abatement order(article 20) - injunction demand (article 24) - indemnity (article 25)

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Example of Compliance Training (i)

➤ **The essential points of the training**

 (i) The objectives of compliance education are to aim to build organizations with good communication through discussions within organizations (workplaces, groups, teams, etc.), and to firmly establish improvement of the compliance awareness of each and every employee.

 (ii) Case studies that use "incidents that could happen" or "actually did happen" at organizations, such as "falsification of data, taking out data (including PCs) from the workplace without permission, illegal transactions, etc." to hold discussions among the members are effective for obeying laws and social rules and giving employees "perceptiveness."

 (iii) Depending on the number of people, the duration for the discussions should be about one hour.

(If the discusion takes place for a long time, there is a risk that the conversation will go in a different direction and it will be difficult to return to the main topic.)

Example of Compliance Training (i) (continued)

➢ **Preparation prior to Training**

The managers or leaders should prepare "case studies and questions" beforehand and distribute them to the participating members in advance (several days in advance) to get individual employees to think about their views on the issues. Prepare "case studies and questions" with contents like the following.

•**For the case studies, use "incidents that have occurred" and "incidents that could occur".**

•**The questions include "Where do you think the responsibility lies? Does it lie with an individual? Does it lie with the company? Or somewhere else? "**
"What do you think your superior should have done?"
"What actions do you think should have been taken by your colleague who noticed the problem?"
"What do you think about the response of the company? Do you think there was anything lacking in the response?
"What would you do to take a corrective action for this problem?" etc.

6. Examples

Example of Compliance Training (i) (continued)

➢ **How to proceed with the discussion**

• **It should not be the managers (leaders) speaking all of the time; actively encourage the members to speak.**

• **The managers (leaders) focus on being moderators for the discusssion and do not reject the statements of the members.**

• **If there are members who do not speak, the managers (leaders) interject questions to them such as "What do you think?"**

• **The most important aim of the education is to get everyone to think, speak, and arrive at the correct answer, so that the "perceptiveness" of all of the members is improved.**

• **If the conclusion is mistaken, guide the members to the correct answer by saying things such as "How about putting it this way?" (Of course, the managers (leaders) should prepare the correct answer in advance.)**

• **The education will be even more effective if each of the members is encouraged to speak about their awareness, etc. after the discussion, regarding the issues that were discussed.**

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6. Examples

Example of Compliance Training (i) (continued)

➢ **Follow-up after training**

The managers (leaders) endeavor to confirm in daily communication whether or not the content that was discussed is being utilized in daily work duties.

➢ **Other points of attention**

It is necessary to be careful regarding the risk that discussion about "incidents that occurred in the workplace" will result in personal attacks on individuals.

6. Examples

Example of Compliance Training (ii)

- ➢ **Training in a discussion format based on case studies
  (Improving "awareness" not "knowledge")**

- ➢ **Make all employees fully aware of the fact that "compliance violations are never legitimate no matter what the motivation or background circumstances, or what pressure you may be under"**

- ➢ **Top executives themselves should make a "compliance declaration" and then the training will start**

6. Examples

Example of Compliance Training (ii) (continued)

(1) Overview of the training

(i) Required time: about one hour

(ii) Theme: select the content matched to the workplace.

"Subcontracting transactions", "harassment", "accounting processes", "the environment", "labor management", or "corporate secrets", etc.

(iii) Participants: all employees (including temporary employees and partners)

(2) Implementation of the training

(i) Superiors gather together their subordinates, <u>and explain the improvement of awareness of behaving correctly by holding discussions with them.</u> (Not simply present the correct answers to questions)

(ii) Encourage discussions involving questions such as "What would you do?" and "Why do you think this situation arose?" etc.

(iii) Also present cases in which employees were punished. <u>Explain that they are required to act in accordance with the "perspective of society"</u>. (CSR)

6. Examples

Example of Compliance Training (ii) (continued)

Work record falsification / false record
Study # : [justice / honesty work execution]

1. Case Studies and Explanation

You're mechanic for aviation assembly line.
During work record check just before delivery for your responsible aircraft,
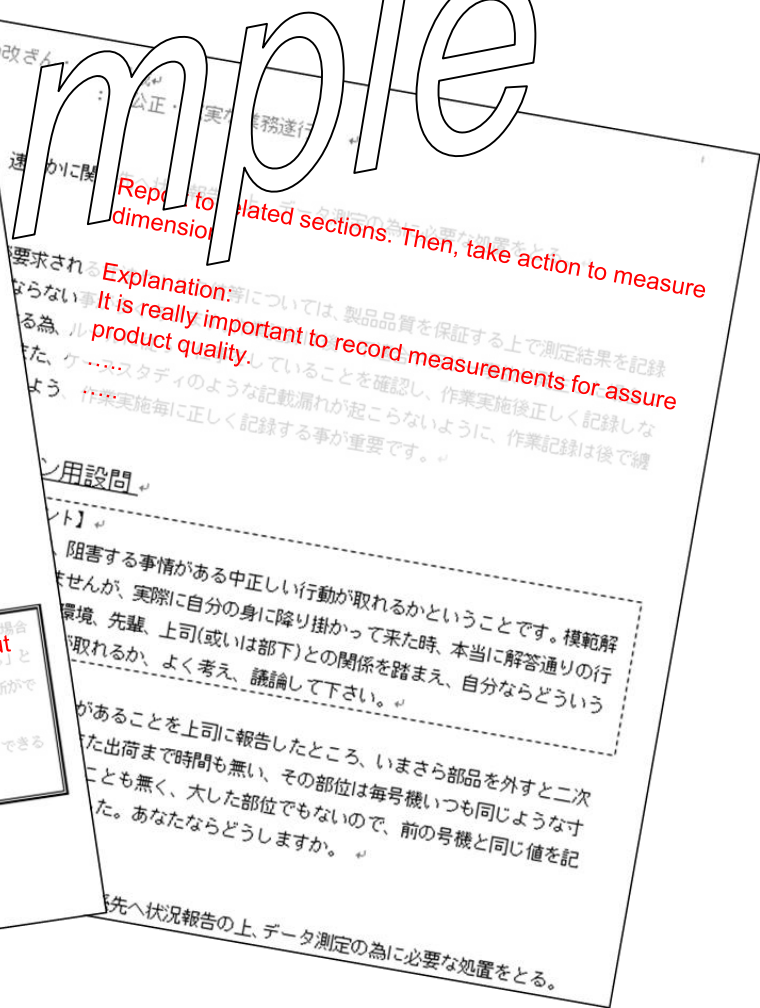you've found missing actual record for dimension.....

.....
....
....
....
...

What would you do for this case??

The purpose of this training is not only to have a correct answer, but
to raise compliance awareness for trainees when similar situation
happened.....

Report to related sections. Then, take action to measure
dimension

Explanation:
It is really important to record measurements for assure
product quality.
.....

作業記録の改ざん
教材番号

公正 実務遂行

速やかに関

要求される
ならない

た、ケ.....スタディのような記載漏れが起こらないように、作業実施後正しく記録しな
よう。 作業実施毎に正しく記録する事が重要です。

.....用設問

ント】

阻害する事情がある中正しい行動が取れるかということです。模範解
せんが、実際に自分の身に降り掛かって来た時、本当に解答通りの行
環境、先輩、上司(或いは部下)との関係を踏まえ、自分ならどういう
取れるか、よく考え、議論して下さい。

があることを上司に報告したところ、いまさら部品を外すと二次
た出荷まで時間も無い、その部位は毎号機いつも同じような寸
ことも無く、大した部位でもないので、前の号機と同じ値を記
た。あなたならどうしますか。

先へ状況報告の上、データ測定の為に必要な処置をとる。

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7. Reference documents

> **JMA Research Institute Inc.**
「コンプライアンス教育に関する調査報告書」（2010）
 (Japanese only)
   http://jmar-im.com/keiei/keiei_1_page210.html

> **Principle Consulting Inc.**
 「仕事と職場のコンプライアンス　　関連法令の概要」資料
   (Japanese only)
   http://www.principleconsulting.co.jp/tools/Shigototo_Shokubano_Compliance_120301.pdf

8. Editor's Note

- ✧ These materials were written mainly for the people in organizations who plan and implement compliance education.
- ✧ Organizations involved in the aerospace industry, which requires high levels of safety and trustworthiness, are required to diligently engage in their operations with the conviction that "quality and safety have priority over everything else" at all times. We think it is necessary for employees to be sufficiently aware that "compliance is a major precondition" for the execution of their work duties and that "compliance is the foundation of everything."
- ✧ However, the difficulty of compliance education is that it is difficult to perceive its direct relationship to one's own work duties in the daily operations. It is too late once a problem has already occurred, but for some aspects understanding deepens when a problem related to one's own work duties has occurred close at hand, so it appears that for the people in charge of planning education, a major worry is how to provide effective education that has an emotional impact on employees. In other words, the burden (pressure) on the people in charge of planning education is that large, but when the organization as a whole is aiming to provide effective compliance education, then of course we think it is essential for the top executives themselves to take initiatives to get their employees to perceive the importance of compliance education.
- ✧ Generally it seems that even if students understand the content of education while they are receiving it, they often forget everything after the education has finished. The objective of education is not to provide education; it is to utilize the knowledge and experience obtained through the education in one's own work duties. It is not easy to ensure that each and every employee continues to have awareness of this fact; furthermore there is no magic bullet for achieving this. Just as in the saying that "That's life. Every day is a new adventure in learning." it is desirable to continue making steady efforts believing that true strength comes from continuation.
- ✧ We hope that in terms of the above perspectives, these materials will be a useful reference for people who plan and implement compliance education.