

The MCHC Group recognizes the word “Compliance” as a broad term covering corporate ethics and general social norms, not only basic legal adherence.

We regard compliance as the most important managerial issue to remain a company that earns the trust of the public, and we take measures to embed a compliance culture in the entire Group.

Compliance Promotion Structure

The Chief Compliance Officer (CCO) of the Group is appointed by the Board of Directors of MCHC. The Internal Control Office supports the CCO, acting as a secretariat dealing with compliance matters on a Group-wide basis. To support Group activities, the secretariat compiles joint education tools, has arranged training courses, established hotline systems for overseas Group companies and aims to ensure compliance to adapt to regional conditions through the regional control companies established in North America, Europe and China. Each operating company has its own Compliance Promotion Committee and internal control promotion department to serve as the secretariat. They operate hotline systems and arrange training courses and seminars, business audits and compliance perception surveys based on the Group basic compliance regulations. The company that caused compliance violations should report to and consult with its internal control promotion departments and Internal Control Office of MCHC and take corrective actions and measures to prevent recurrence.

Measures and Outcomes in Fiscal 2015

In fiscal 2015, MCHC continued to implement local training courses and self-guided training to spread and entrench awareness of compliance, especially in the Asia region. Compared with both of the previous two years, there was an increase in the number of participating companies and employees. We have set up Group-wide hotline systems in regions around the world, and in 2015, we instituted new hotlines for China and Singapore. We are preparing to set up hotline systems in Indonesia and South America.

Every year in Japan, we survey compliance awareness among all employees affiliated with the MCHC Group as a part of ongoing monitoring of the spread of compliance awareness. Based on the results of the

survey conducted in fiscal 2015, it is apparent that the level of awareness of compliance and many of the other items attained higher scores than in fiscal 2014, and proved that our initiatives in raising awareness have succeeded. We are expanding the scope of this awareness survey to Asian countries including China. Surveyed items related to compliance have gradually improved, and by analyzing the results of the survey, we are making further improvements in activities to raise awareness. Looking ahead, Japan, the Americas, Europe, China and other regions will exchange more information about compliance, and through this network, we aim to advance compliance further as a Group.

Initiatives for Fair Business Practices

In 2014, we compiled the Mitsubishi Chemical Holdings Group Global Anti-Bribery Policy and the Mitsubishi Chemical Holdings Group Global Antitrust Policy, and we have been drawing up guidelines to supplement the Global Anti-Bribery Policy for China in 2015 and the rest of Asia going forward. As a result of these initiatives, there were no major violations of relevant laws and regulations including anti-bribery and antitrust during fiscal 2015.

Going forward, we will continue to take measures to ensure not only legal adherence in each country, but also to prevent bribery and violations of antimonopoly law, from a global perspective.

Hotline System

The Group operates hotline systems with the internal control promotion departments of MCHC and operating companies, and external lawyers as contact points. In fiscal 2015, 155 cases were reported via the hotline system. We responded through our investigation teams headed by the internal control promotion department managers and took prompt corrective measures under the direction of the CCO when issues were identified.