

Compliance

For the MCHC Group, the word compliance has a broad meaning encompassing not just basic adherence to the law but also observance of corporate ethics and general social norms. We regard compliance as one of the most important management issues and engage in a range of initiatives to instill a culture of compliance throughout the Group.

Charter of Corporate Behavior

The MCHC Group Charter of Corporate Behavior declares explicitly our commitment to applying sound ethics and good common sense to every aspect of our corporate activities.

Among other things, the Charter sets out fundamental principles of conduct for achieving sustainable development in harmony with society and explains our approach to the main issues affecting our contribution to the realization of KAITEKI.



The full text of the Charter of Corporate Behavior can be viewed on our website.

<https://www.mitsubishichem-hd.co.jp/english/group/charter.html>

Compliance promotion structure

The Chief Group Compliance Officer (Group CCO) is appointed by the Board of Directors, and the Internal Control Office supports the Group CCO, acting as a secretariat for compliance matters.

The secretariat seeks to ensure compliance in accordance with local conditions through the regional headquarters established in the United States, Europe and China. In addition to developing shared educational tools, we provide training to overseas Group companies and help them to set up compliance hotlines. Each operating company has its own Compliance Promotion Committee as well as an Internal Control Department that serves as secretariat. They operate hotline systems and implement training courses and seminars, business audits and compliance awareness surveys based on the MCHC Group Compliance Promotion Rules.

If an actual or potential compliance violation is found, the department with issues will report and consult with the CCO of each company and the Group CCO, receive guidance and directions, and take appropriate corrective actions and measures to prevent recurrence.

Hotline systems

Hotline systems are managed and operated with the Group, operating companies' Internal Control Departments and external lawyers serving as contact points. In fiscal 2020, 116 cases were reported via the hotline systems. We respond to reported issues through our investigation teams, which are headed by the managers of the Internal Control Departments. Corrective measures are taken promptly in line with the relevant regulations under the direction of the CCO.

Measures and results in fiscal 2020

In fiscal 2020, we commissioned an external agency to survey employees' awareness of compliance within the Group in Japan in order to continuously monitor the spread of compliance awareness. The survey results were presented as feedback to all operating companies, who use them to enhance compliance awareness through education and training and other activities. At the same time, we have quantified the responses to questions related to matters such as individual awareness and behavior and the workplace climate as a compliance improvement awareness index and incorporated it into our MOS Indices.



Solutions to environmental and social issues

The Group's Material Issues

• Compliance

Compliance training

The MCHC Group provides grade-specific compliance training every year in Japan and overseas. We provide a variety of learning settings, including lecture-style training for large groups and discussion-style training for small groups to enhance the effectiveness of such training.

In fiscal 2020, to reduce the risk of COVID-19 infection, MTPC made video recordings of discussion-style training sessions and made the content available online.



Video recording at a compliance training session at MTPC