

Risk Management

The Mitsubishi Chemical (MCC) Group has established basic regulations for risk management and implements risk management activities related to the execution of its businesses and operations. Specifically, the Group's policy is to accurately identify and evaluate risks that could significantly impact the Group, deal with such risks appropriately, and minimize the impact of such risks on its businesses and society, including the Group's stakeholders.

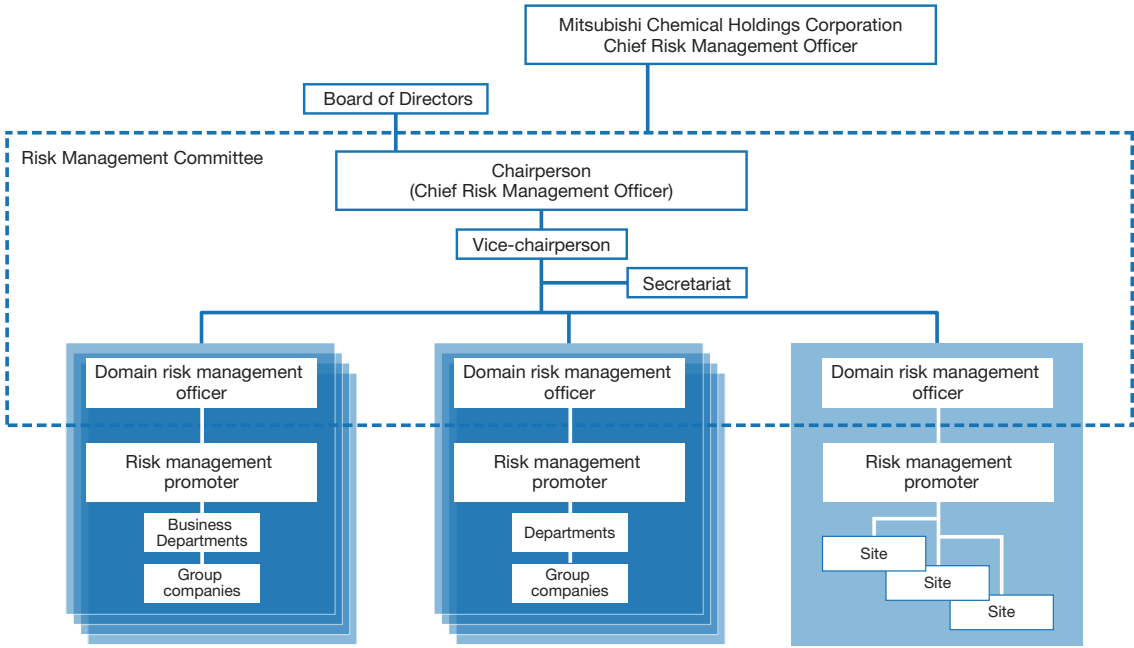
Risk Management Structure

MCC has set up a Group-wide risk management system headed by its President, who serves as the Group's Chief Risk Management Officer, and strives to ensure that this system operates appropriately and smoothly.

The supervising officers of the business domains and corporate function domains serve as domain risk management officers charged with maintaining, operating, directing and overseeing the risk management systems within their respective units, including those of MCC Group companies. Meanwhile, the Risk Management Committee, established to support the Chief Risk Management Officer as a supplementary decision-making organ, regularly confirms the operational status of the MCC Group's risk management system and deliberates on important matters related to the development and operation of said system, basic policy and plans regarding risk management activities, and management objectives and countermeasures related to serious risks.

The internal audit units periodically audit the operational status of the risk management system and report their findings to the MCC Board of Directors and the Mitsubishi Chemical Holdings Corporation Chief Risk Management Officer.

Risk Management Structure of the Mitsubishi Chemical Group





Risk Management

Initiatives

Since the formation of the new MCC, in addition to the risks individually identified and addressed by each department, management has designated the seven risks listed below as risks to be dealt with on a company-wide basis and is working to reinforce risk management efforts accordingly.

- (1) Process safety and stable operations
- (2) Compliance promotion
- (3) Governance and global management
- (4) Crisis management and business continuity
- (5) Information security
- (6) Management of working hours
- (7) Climate change issues

In fiscal 2019, in light of the recent ramping up of international trade sanctions, MCC added an eighth risk, "Trade." Including this new item, approximately 5,300 specific risks were identified across the Group. We prioritize these risks based on severity and likelihood of actualization and are formulating and implementing measures to reduce said risks.

In addition, in fiscal 2020, we are reflecting the significant changes in workstyles and work itself caused by the COVID-19 pandemic in risk management.

Business Continuity Plans

The MCC Group formulates business continuity plans (BCPs) to minimize the impact suffered by its customers and business partners in the unlikely event of a natural disaster or a major accident.

Specifically, when responding to such crises as a major earthquake in the Nankai Trough or a pandemic, MCC gives greatest priority to assuring the safety of human life, including the lives of employees, their families, business partners and local residents. We have also prepared manuals that lay out steps to be taken after such safety is assured, namely, how to maintain or quickly resume the supply of key products essential to society and thus fulfill our product supply obligations to our customers.

In addition, we maintain arrangements that will ensure that operations important to the whole Group can be continued elsewhere should the head office be incapacitated by a major earthquake striking the Tokyo metropolitan area.