



Basic Policy

As a member of the Mitsubishi Chemical Holdings (MCHC) Group, the Mitsubishi Chemical (MCC) Group abides by MCHC's basic Group management guidelines and shares specific Group management policies and strategy determined by MCHC. The MCC Group also adheres to MCHC Group policies and rules to ensure that it fulfills its corporate social responsibility in areas such as internal controls, risk management and compliance and actively implements management initiatives to enhance corporate value as a core operating company of the MCHC Group.

Basic Regulations

The Mitsubishi Chemical Group strives to ensure compliance based on the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, a common set of compliance regulations shared throughout the Group.

Mitsubishi Chemical Holdings Group Charter of Corporate Behavior

We define KAITEKI as “the sustainable well-being of people, society and our planet Earth”, and have “realizing KAITEKI” as our vision. We will not stop at providing solutions to environmental and social problems, but also aim to contribute to sustainability in both through our corporate activities.

To this end, we shall act based on the concept of MOS (Management of Sustainability) with sound ethics and good common sense in every aspect of our corporate activities as outlined below, to ensure sustained development as a corporate group that engenders society’s trust.

■ Awareness and Responsibility

We shall contribute to the realization of KAITEKI through our business with a keen sense of corporate social responsibility, based on the fundamental understanding that the foundation of our corporate activities is society’s trust and confidence in us.

■ Accountability and Transparency

We shall, recognizing the importance of accountability in corporate activities, preserve transparency in such activities, disclose information appropriately, and always maintain a stance of openness, both internally and externally.

■ Legal Compliance and Fairness, Equitability, and Integrity

We shall comply with laws and international standards and shall hold ourselves to the highest ethical conduct at all times. In addition, we shall always adopt an attitude of fairness, equitability, and integrity towards customers, business partners, shareholders, government agencies, local communities, and other stakeholders. This attitude shall also apply to our dealings with each other.

■ Valuing Stakeholders

We shall respect and communicate closely with all stakeholders including customers, suppliers, shareholders, business partners, government agencies, local communities, and employees, and consider the outcomes of such communication in our corporate activities.

■ Respecting Human Rights

We shall respect the dignity and rights of all people and shall not discriminate against people unfairly on the basis of race, sex, religion or other protected status. We shall also expect our suppliers and other contractors to refrain from any infringement of human dignity and rights or discriminatory practices.

■ Employment and Labor

We shall not engage in any form of forced, compulsory, or child labor, and shall require our suppliers and other contractors to adhere to the same standards. Mitsubishi Chemical Holdings Group managers at all levels shall respect human diversity and create working environments where employees can exercise their abilities to the utmost in safe and healthy settings, in order to make optimal use of human resources. Managers shall build sound relations with employees through close dialogue, and shall respect employees’ rights, including freedom of association and the right to collective bargaining.

■ Environment and Safety

We shall strive to reduce environmental impact and protect the environment and ecosystems in our operations in addition to supplying environmentally friendly products and services. Recognizing that the health and safety of our employees and communities in which we do business form the foundation for the very existence of our company and that we have a corporate social responsibility to assure the health and safety of others, we shall continue to ensure safe business activities.



Basic Regulations

■ Fair Business Practices

We shall conduct business fairly and sincerely, adhering to ethical principles and refraining from unfair trade practices and any form of bribery or corruption, to contribute to sound social and economic development through fair competition in the market. We shall refuse to work with any group, organization or individual engaged in unlawful activities, and under no circumstances shall we have any relations with anti-social influences.

■ Customer Satisfaction

We shall constantly strive to satisfy our customers by keeping the promises made in contracts with them, doing our utmost to ensure the safety and quality of the products and services we supply, and engaging in dialogue and R&D.

■ Information Management

We shall, in the course of our corporate activities, maintain appropriate records and make reports as required by law and regulation. We shall manage information carefully to prevent leakage of confidential data relating to customers, business partners, or our own business.

■ Science and Technology

We shall advance R&D by bringing together outstanding researchers from Japan and overseas, and contribute to the realization of KAITEKI through innovation. We shall recognize the importance of our own and others' intellectual property rights and respect such rights.

■ Community Involvement

We shall contribute broadly to society through our businesses. In addition, we shall respond to the desires and expectations of local communities by enhancing our understanding of their cultures and customs and acting as a good corporate citizen.

■ Shared Standards

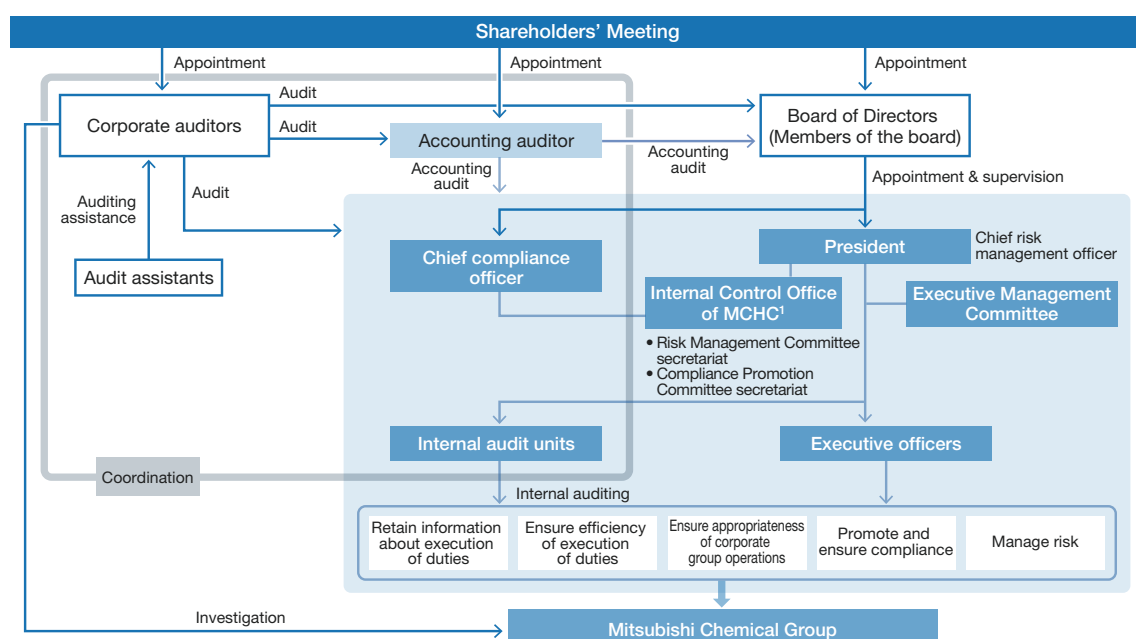
Mitsubishi Chemical Holdings Group managers shall recognize their responsibility to embody the spirit of this charter and shall ensure that employees are fully aware of its content. We shall expect our suppliers and other business partners to share all the standards set out in this charter, including but not limited to standards relating to human rights, employment, and labor.

Corporate Governance

The top priorities for corporate governance of the Mitsubishi Chemical (MCC) Group are to ensure fast and efficient decision making and business execution, clarify management responsibilities, ensure compliance and strengthen risk management.

The MCC Group's basic corporate governance structure is illustrated below. MCC has adopted an executive officer system to separate management and executive functions. Furthermore, MCC has defined the extent of the authority of such decision-making bodies as the Board of Directors and various management positions in its internal rules. Through these and other measures, MCC ensures proper, efficient managerial decision making and business execution.

Corporate Governance Structure of the Mitsubishi Chemical Group (as of June 21, 2021)



¹ Internal control promotion, including risk management for MCC and its group, is conducted by Mitsubishi Chemical Holdings Corporation.

Board of Directors

The Board of Directors meets once a month in principle. In accordance with the regulations of the Board of Directors and other relevant rules, the board makes decisions on important managerial matters and basic matters concerning Group management and provides oversight of the execution of duties by directors. The six directors (four of whom concurrently serve as executive officers as of June 21, 2021) form a management structure capable of quickly adapting to environmental changes. To further clarify the managerial responsibilities and role of each director, the term of office for a director is one year. Human resources judged to possess the necessary skills and qualities to realize the Group's corporate philosophy and fulfill its social responsibilities are selected as candidates for director by the Board of Directors. Candidates are then elected by a resolution of the Shareholders' Meeting.



Corporate Governance

Executive Management Committee

The Executive Management Committee is an advisory body that assists the President in making decisions, deliberating important matters concerning business execution, such as the investment and financing activities of MCC and the MCC Group. Particularly important managerial matters deliberated by the Executive Management Committee are acted on only upon the resolution of the Board of Directors. The Executive Management Committee meets twice a month in principle. The committee comprises the President, the chief operating officers of the business domains, the supervising officers of the corporate function domains, the presidents of the regional headquarters and the general manager of the Corporate Planning Division. The members of the board and corporate auditors may also attend its meetings as needed.

Corporate Auditors

MCC has five corporate auditors to audit its activities (as of June 21, 2021). The corporate auditors attend Board of Directors, various committee and other important meetings, receive reports from members of the board and other relevant parties, investigate the status of the company's business and property, and audit the execution of duties by members of the board. MCC does not have a Board of Corporate Auditors, but voluntarily maintains a Corporate Auditors Liaison Committee to facilitate coordination and cooperation among the corporate auditors. The Corporate Auditors Liaison Committee meets once a month in principle. At meetings, the corporate auditors discuss audit plans and other important audit-related matters. Corporate auditors, the accounting auditor and the Internal Audit Division work in close coordination, exchanging opinions on their respective audit processes and results.

Committees

The company maintains a number of committees, including the Compliance Promotion Committee, Risk Management Committee, Information Security Committee, Environmental and Safety Promotion Committee and Human Rights Due Diligence Committee. These committees refer or report important matters to the Board of Directors or the Executive Management Committee.

Internal Controls

Basic Policy

Based on the Basic Policy for Development of Internal Control System established by the Board of Directors, Mitsubishi Chemical (MCC) has developed an internal control system that encompasses MCC Group systems, including those related to compliance promotion and risk management. By doing so, MCC strives to ensure appropriate operations and the reliability of financial and other information on behalf of itself and the Group in order to enhance corporate value. The Board of Directors reviews and monitors the maintenance and operational status of the internal control system once a year, and individual organizations work to strengthen and develop the system on an ongoing basis.

Developing Our Internal Control Systems

Based on the Mitsubishi Chemical Group Regulations for Promoting the Development of the Internal Control System, established July 1, 2017, MCC is reinforcing Group governance, including compliance, as well as enhancing the efficacy and efficiency of related operational processes and improving the execution of such processes at MCC Group companies.

In fiscal 2020, MCC established global controls shared across the MCC Group for important operational processes and began efforts to reinforce internal control by improving the visibility of operations at Group companies. MCC will continue to build schemes that enable MCC Group companies to independently check the development and operational status of their internal control systems and implement improvements.



Compliance

The Mitsubishi Chemical (MCC) Group regards compliance as a top priority in its corporate activities. The MCC Group has in place a Compliance Promotion Program that comprises basic regulations concerning compliance, a structure for compliance promotion, education and training programs, auditing and monitoring systems, and a consultation and reporting hotline. Based on this program, the MCC Group works to ensure appropriate and precise operations and management.

Compliance Promotion Structure and the CCO

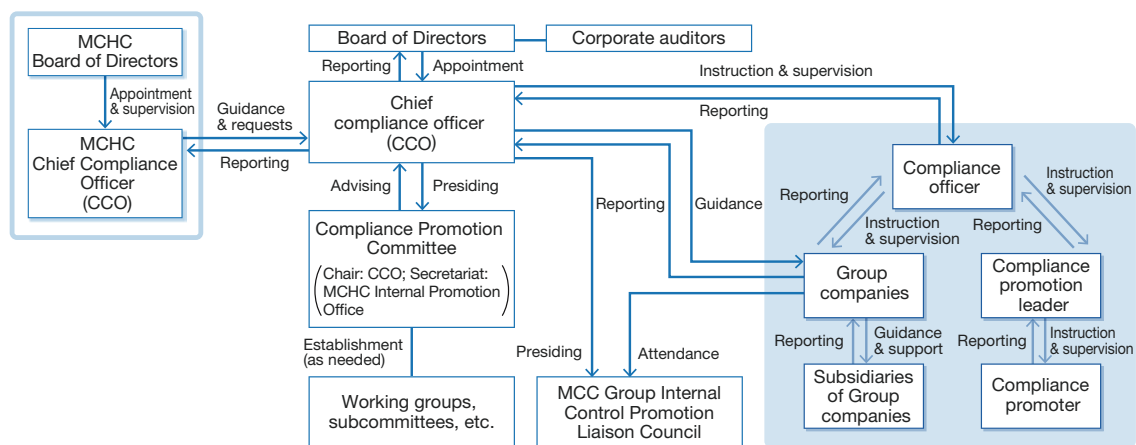
Mitsubishi Chemical's Board of Directors appoints the company's chief compliance officer (CCO).

The CCO has the authority to direct and supervise the MCC departments and Group companies in matters related to compliance. The CCO also chairs the Compliance Promotion Committee and reports to the Board of Directors and CCO of Mitsubishi Chemical Holdings (MCHC) on the status of compliance and important issues.

The Compliance Promotion Committee deliberates on such matters as basic policy concerning the development and operation of the MCC Group's Compliance Promotion Program, the performance of the program and responses to compliance violations. The committee also advises the CCO as necessary.

Furthermore, our designated departmental compliance officers, compliance promotion leaders and compliance promoters in each department coordinate to promote compliance in the course of daily operations.

Compliance Promotion Structure of the Mitsubishi Chemical Group



Compliance Regulations

MCC has established and operates according to internal compliance-related regulations, including basic regulations concerning the compliance promotion structure and rules concerning hotlines and responses to compliance violations.

Educational and Training Activities

MCC conducts a variety of educational and training activities in Japan and overseas on an ongoing basis in order to further instill compliance awareness.

In Japan, MCC implements training for compliance promotion leaders and compliance promoters, rank-specific training (such as that for new recruits and newly appointed managers), one-off training tailored to the needs of specific Group companies and workplaces, e-learning for all members of the Group, and various educational and training activities led by each workplace's compliance promoter, seeking to enhance each and every employee's compliance awareness. Furthermore, we are increasing awareness and knowledge of such important compliance risks as information security through such means as targeted email attack response drills.

At overseas Group companies, we carry out educational and training activities tailored to the circumstances of each region. We are also bolstering initiatives through such means as local training and e-learning at our locations in the United States, Europe, China, the Asia-Pacific region and elsewhere.

In fiscal 2020, in light of the COVID-19 pandemic, we explored new tools and found new ways of carrying out these activities, including remote training sessions via live streaming and video lectures for individual use.



Compliance

Fair Business Practices

■ Mitsubishi Chemical Holdings Group Global Anti-Bribery Policy

MCHC has established the Mitsubishi Chemical Holdings Group Global Anti-Bribery Policy, aiming to prevent bribery on the part of its operating companies and their executives and thus ensure compliance with anti-bribery laws and regulations in all the countries where it operates, prevent corruption, and help establish and maintain fair business practices.

The policy prohibits bribes to public officials and includes provisions concerning accounting records, compliance structures and penalties for violations.

Within the MCC Group, the supervisors of domestic sales employees hold interviews with said employees to confirm their actions with regard to risks related to sales, including those surrounding anti-trust legislation, bribery and the Subcontract Act.

Monitoring and Reporting Systems

■ Compliance Hotline

The MCC Group has established a hotline through which employees can contact the Internal Control Department, an external lawyer or a hotline service company to seek advice or report possible compliance violations. The Group strives to ensure that the hotline is operated properly and employees are aware of it. The hotline is operated with maximum consideration for the privacy of users, and individuals are not treated disadvantageously for having used the hotline for consultation or reporting. In the event that a hotline user is subject to disadvantageous treatment or reprisal, the individuals responsible are subject to disciplinary action as needed.

■ Compliance Perception Surveys

The MCC Group uses employee perception surveys to monitor the degree of compliance awareness among employees. Survey results are analyzed in detail and used to provide feedback to related officers. Challenges and problems identified as a result of said analysis are reflected in compliance-related measures and training.

■ Response to Compliance Violations

In the event of a compliance violation, the compliance officer and the departments overseeing compliance work together to implement an appropriate initial response that rectifies or otherwise deals with the situation. They then investigate the cause of the violation and implement recurrence countermeasures. Any employee who has committed a compliance violation is dealt with as necessary, possibly with disciplinary action, in accordance with the Employee Work Regulations or other relevant regulations of the Group company to which the employee belongs.

Risk Management

The Mitsubishi Chemical (MCC) Group promotes risk management activities on a Group-wide basis based on the Mitsubishi Chemical Group Risk Management Regulations. In the course of business operations, the executives and management-level employees of MCC Group companies identify and evaluate risks that could significantly impact the Group and deal with such risks appropriately to minimize their impact on Group management and society, including the Group's stakeholders.

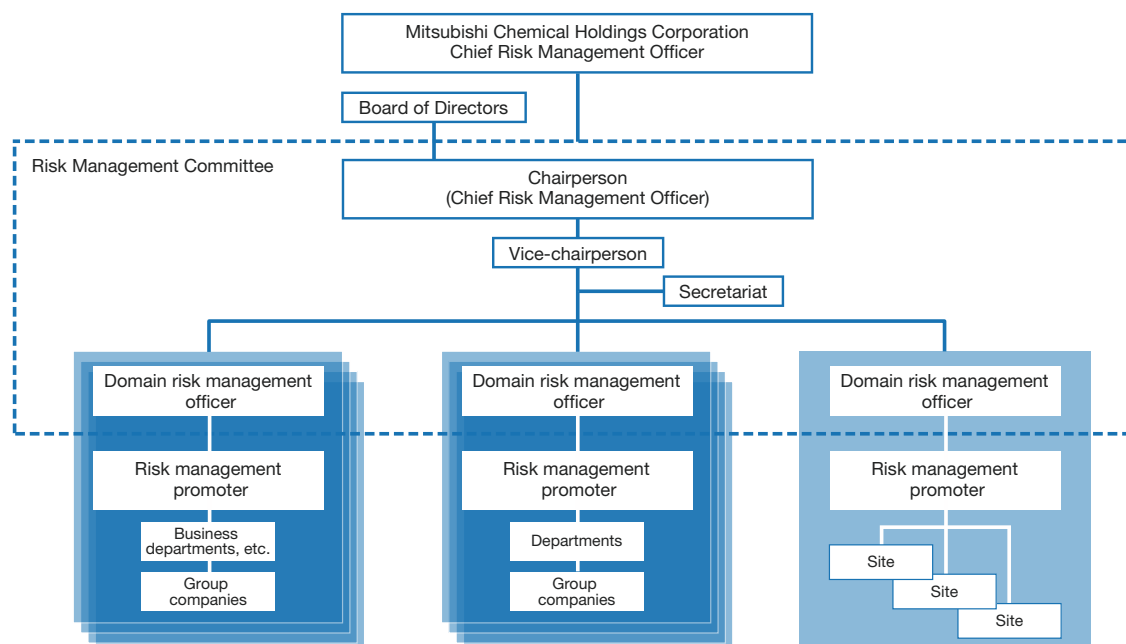
Risk Management Structure

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 the 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 Chief Risk Management Officer (the President).

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 eight 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) Workstyles
- (7) Environmental friendliness
- (8) Trade

In fiscal 2020, we implemented special process safety inspections at overseas Group companies to reinforce the promotion of safety and stable operations. We also proactively strengthened efforts to promote business continuity, including efforts to quantitatively understand the supply chains of important products. Furthermore, amid significant environmental changes caused by the COVID-19 pandemic, we took steps to reinforce the management of working hours and monitored changes in working hours accompanying the expansion of remote work.

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.

Intellectual Property

Basic Policy

■ Respecting Intellectual Property Rights

The so-called intellectual property age has been under way for some time now, and, in recent years, not only conventional patents, know-how, and trademarks, but also data itself, has come to be recognized as having intrinsic value and an important form of intellectual property. Mitsubishi Chemical (MCC) regards all these forms of intellectual property as important management assets and strives to effectively utilize them to increase corporate value. Accordingly, MCC protects and utilizes these important management assets and takes appropriate measures when its own intellectual property rights are infringed upon by other parties. At the same time, the company endeavors to respect the valid intellectual property rights of other parties, maintaining an oversight framework and carrying out careful research and countermeasures to ensure that it does not infringe upon such rights.

■ Intellectual Property Strategy

MCC's intellectual property strategy is to create and utilize intellectual property as necessary to improve and maintain the intellectual property environment of each of its businesses.

Reflecting the increasing globalization of MCC's businesses, the company is working to create and utilize intellectual property from a global perspective that includes overseas locations.

Furthermore, to leverage the tide of digital transformation seen in recent years, we are proactively working to increase the efficiency and sophistication of our operations using digital technologies.

We not only utilize intellectual property data as part of our intellectual property strategy, but also proactively implement initiatives to make use of it in our businesses, R&D and management.

■ Intellectual Property Coordination

MCC actively promotes intellectual property coordination across the MCC Group as a whole. In addition to exchanging information, sharing their intellectual property enables MCC Group operating companies to accelerate business and technological development. We also engage in collaboration with third parties to guard against issues related to utilizing their intellectual property.

In line with this basic policy, MCC advances unified intellectual property activities chiefly through the Intellectual Property Department and in coordination with the business and R&D departments.

Intellectual Property Training

MCC implements intellectual property training for business and R&D departments aimed at developing human resources who effectively make practical use of intellectual property—a management resource—in businesses and management. In addition to on-the-job training, we operate a rank-specific program covering everyone from new recruits to the leadership class. With an emphasis on ensuring that employees utilize the knowledge and skills gained through such training in their work, we implement practical education for business and R&D departments that goes beyond just legal knowledge.



Intellectual Property

Human Resource Development and Recruiting of Intellectual Property Department Staff

MCC believes that its Intellectual Property Department should be staffed by human resources who can advance intellectual property activities that contribute to MCC's businesses alongside business and R&D departments and who can contribute to the company's businesses and management from the perspective of intellectual property. Accordingly, we are developing human resources who have practical work execution, planning/strategy and organizational management abilities. Recognizing the importance of diverse experience, our human resource development includes overseas training, various forms of external training and work experience in areas other than intellectual property. In these ways, we aim to develop specialized intellectual property-related skills as well as the general business skills necessary for a business person.

To develop the kind of human resources described above, we assign new graduate hires to the Intellectual Property Department on an ongoing basis and proactively hire mid-career individuals with a view to finding diverse talent.

Through these recruitment and development efforts, we aim to maintain an Intellectual Property Department made up of diverse and unique individuals, and in which employees feel a sense of professional fulfillment and pride.

Code of Research Conduct

MCC has established the Code of Research Conduct to ensure that its researchers' conduct, in all R&D activities, is always exemplary. To ensure that researchers carry out research responsibly, the Code includes provisions regarding the proposal of research topics and execution of related research, management of data, presentation of results, communication between researchers and procedures for addressing compliance problems.

MCC utilizes a variety of opportunities to implement education related to the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior (the Mitsubishi Chemical Holdings (MCHC) Group's basic regulations concerning compliance) and the Code of Research Conduct to ensure that researchers act with an awareness of such rules as they carry out their duties. Reflecting these efforts, MCC's researchers bring a strong sense of ethics, sincerity and humility to their R&D work, seeking to live up to the trust and expectations of society by respecting both our own intellectual property and that of other parties while contributing to the growth and development of MCC and the MCHC Group as a whole on an ongoing basis.

Information Security

Basic Policy

The Mitsubishi Chemical (MCC) Group has established the Mitsubishi Chemical Group Information Security Policy to protect its information assets as well as those of its customers and business partners and to minimize the impact on its businesses in the event of an information security incident. In line with this policy, the Group works to maintain and enhance appropriate information management and information security.

Management Structure

The overall information security management structure comprises the Information Security Committee and its subcommittees: Information Asset Management, Personal Information Management, Information System Security, R&D System Security and Control System Security. Under this structure, we strive to maintain, manage and enhance information security.

Defensive Measures against Cyber Threats

The MCC Group has both management and technological measures in place to defend against cyber threats. In light of the growing sophistication of cyber attacks, we have set up a framework for responding rapidly to incidents around the globe (MCC-SCIRT¹). We work to reinforce our response capabilities through such measures as incident response drills, which are carried out every year. We are also taking steps to reinforce security in light of the recent shift toward cloud-based services and changes in workstyles, including the expansion of remote work.

1 CSIRT: Computer Security Incident Response Team

Measures to Prevent Leaks of Personal Information and the Confidential Information of Customers and Third Parties

In accordance with its information asset management regulations, MCC designates information managers to handle the various types of confidential information (including customer information and technical data) it holds and information disclosed to it by customers and third parties. Such information assets are managed, utilized and inspected in accordance with the level of information asset management appropriate for each type.

Furthermore, MCC has established its own Rules on Handling Personal Information and strives to ensure strict compliance with the Act on Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures and other relevant laws, regulations and guidelines as well as the E.U. General Data Protection Regulation (GDPR) promulgated in May 2018.

Personnel-Related Measures

The MCC Group regularly conducts awareness-raising and training events for employees to promote strict information management. We also provide annual global information security education comprising internal training via e-learning and targeted email attack response drills.



Internal Audits

The Internal Audit Division, which is independent of business and administrative operations, conducts internal audits to assess the effectiveness of internal controls at Mitsubishi Chemical Group companies, monitoring such factors as the adequacy and the efficiency of each organization's governance, risk management and operating processes. The Internal Audit Division shares the results of such internal audits with the relevant organizations, working in close collaboration with them to improve internal controls.