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## Governance

# Compliance

For the Mitsubishi Chemical 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 engage in a range of initiatives to foster a corporate culture of compliance.

### Group Concept and Charter of Corporate Behavior

Mitsubishi Chemical Group Corporation regards compliance as one of its most important management issues, and the Group Concept (Purpose, Slogan, and Our Way) also shows our commitment to it. Meanwhile, the MCG Group Charter of Corporate Behavior declares explicitly our commitment to applying sound ethics and good common sense to every aspect of our corporate activities. It also outlines fundamental principles of conduct for achieving sustainable development in harmony with society and explains our approach to the main issues affecting our contribution to realizing KAITEKI.

[Charter of Corporate Behavior](#)

### Global compliance promotion structure

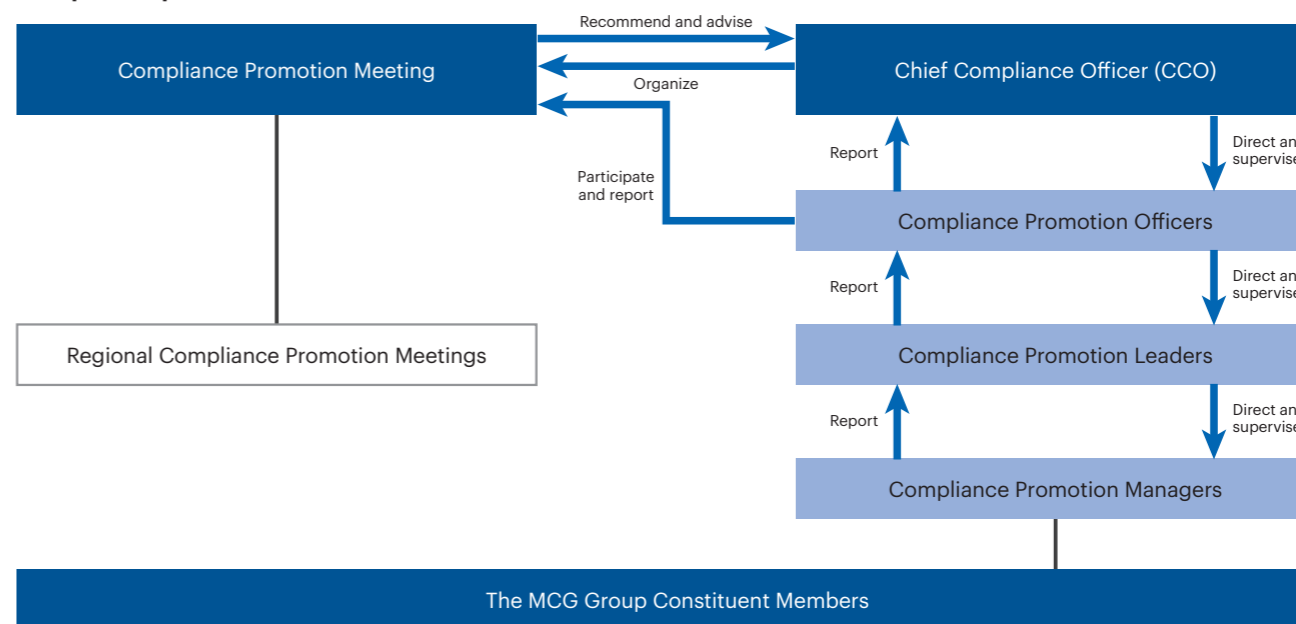
The Chief Compliance Officer (CCO), who is appointed by the MCG Board of Directors, is responsible for implementing compliance and is supported by the Internal Control Division, the department responsible for promoting compliance.

In fiscal 2022, we established a new set of regulations (Global Compliance Promotion Regulations) to manage compliance promotion globally. We also initiated the Global Compliance Promotion Program with the aim of standardizing compliance promotion activity and enhancing its content across all regions: Japan/South

Korea, Americas, EMEA, Asia Pacific, and China. Based on this program, we are rolling out shared initiatives such as training and surveys across the regions, while conducting activities adapted to the specific culture and characteristics of each region. We reinforce the PDCA cycle for compliance promotion by reviewing the content of each activity conducted and making improvements.

The content and state of progress of this compliance promotion activity are reported and discussed, first at the relevant Regional Compliance Promotion Meeting, and then at the Compliance Promotion Meeting attended by the corporate executive officers.

### Compliance promotion structure

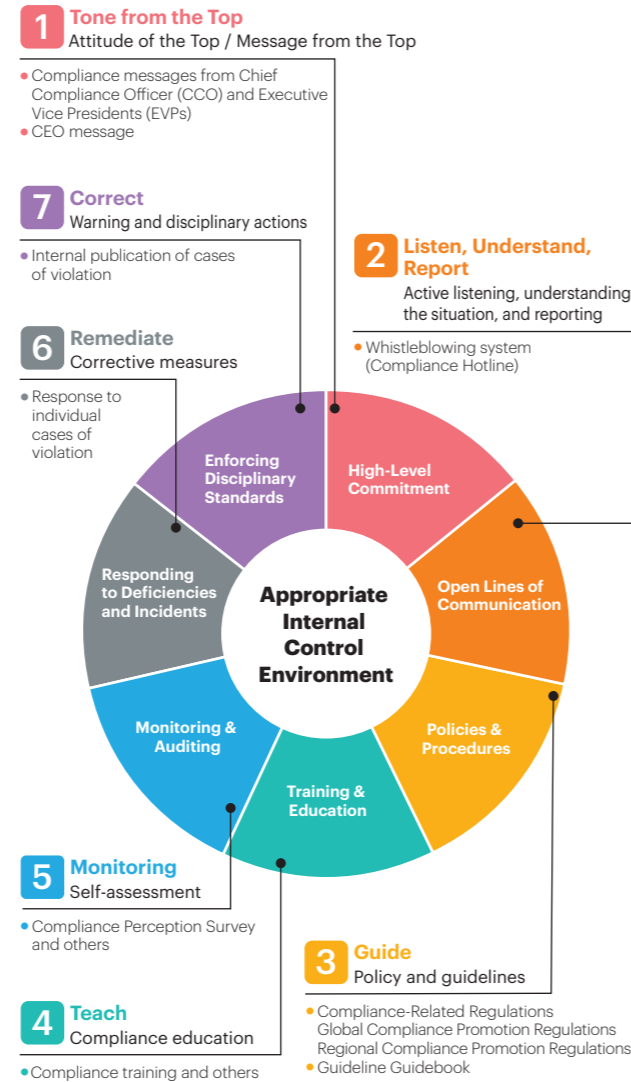


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## Governance

# Compliance

### Global Compliance Promotion Program



### Hotline systems

In each region—Japan/South Korea, Americas, EMEA, Asia Pacific, and China—we have put in place a hotline system using as a contact point the department responsible for compliance promotion or external lawyers and specialist institutions. Information gathered through the system is processed by the department responsible for compliance promotion. When an issue is identified, the department reports it to the CCO and then works to ensure an early response and corrective measures, drawing on the expertise of other departments.

### Status of initiatives in fiscal 2022

In fiscal 2022, in line with the Global Compliance Promotion Program, we issued compliance messages from top management, established hotlines in regions not yet covered, and put in place a comprehensive global reporting structure. Additionally, we introduced a uniform online training platform covering all regions.

We also carry out an annual Compliance Perception Survey to gauge employees' awareness of compliance. With the Americas and EMEA included from fiscal 2022, we conducted globally comprehensive surveys covering approximately 70,000 employees.

The effectiveness and outcome of each of these initiatives was verified as feedback for improving the content and quality of activities from next fiscal year.

## ACTION

### Coordination with ERM (priority compliance risks)

MCG regards compliance as one of the pillars of corporate risk management. In line with this approach, we position compliance as a “material issue for existence” among other material issues. In coordination with the system of Company-wide risk management activity, or Enterprise Risk Management (ERM), which we introduced in fiscal 2022, we took the new step of designating a set of priority compliance risks.

Priority compliance risks are determined at the Compliance Promotion Meeting based on considerations including MCG's compliance-related issues and the potential impact on management in the case of the risk being actualized. The opinions of external experts are also sought. For risks designated as priority compliance risks, the measures planned and implemented by the relevant department are subject to regular monitoring, including at the Compliance Promotion Meeting. The relevant risk content is also covered in training and various other compliance promotion activities.

At the Compliance Promotion Meeting, the corporate executive officers discuss, identify, and monitor priority compliance risks from a Company-wide perspective with the aim of further strengthening the management structure in a way that will reduce risk.