



Governance Section

- 69 Outside Directors Talk/Messages from New Outside Directors
- 73 Members of the Board of Directors and Audit & Supervisory Board
- 76 Corporate Governance
- 81 Risk Management
- 82 Compliance
- 83 Performance Data
- 87 Corporate Data



Outside Directors Talk/Messages from New Outside Directors

Discussions in Board and Other Meetings during Fiscal 2024



To create corporate value over the medium to long term, we will deepen discussions and support accurate and steady strategy implementation while keeping stakeholder viewpoints in mind

Yasushi Manabe

Outside Director
Former Vice President and
Executive Officer, Hitachi, Ltd.
Outside Director, NICHIAS
Corporation

Kazue Kurihara

Outside Director
Outside Director, Hamamatsu Photonics K.K.
Director, SMILEco Measurement Co., Ltd.
Professor Emeritus, Tohoku University
Senior Research Fellow, New Industry
Creation Hatchery Center, Tohoku University

Deep Discussions on Progress and Strategies under the Medium-Term Management Plan

What was the agenda item you spent the most time on in board meetings in fiscal 2024?

Manabe: The new, now current, medium-term management plan (MTMP 2026). We spent a lot of time discussing the validity of its objectives and strategies and checking on their progress. The first objective is “strengthen the resiliency of our business portfolio,” designed to build out our business foundation for sustainable growth by stabilizing the earnings structure. In preparation, since the previous medium-term management plan (MTMP 2023), we have been investing heavily in an MXDA production facility in the Netherlands, but the construction industry’s labor shortage has delayed construction and limited progress somewhat. For a long time, we have also been discussing reconstruction of our polycarbonate and sheet film businesses, which have been designated as “requiring intensive management,” and we have been putting time into system enhancements in the area of innovation, including Carbopath™.

Kurihara: Exactly. We have held multifaceted Q&A sessions concerning value creation, including assessments and future potential, in our R&D initiatives and product groups helping address issues related to climate change. With “gas” in our name, the MGC Group is a pioneer in natural-gas-derived chemicals and holds a wide array of technologies and expertise on catalyst development and plant operations. To help encourage the social implementation of these assets as a carbon-neutral business, we have to work with a broad range of stakeholders. Schedule adjustments along with changes in the external environment are necessary to the success of our projects. A case in point is a circular carbon methanol business using green hydrogen and CO₂ that we have been discussing with a foreign joint venture in Australia. Prices for green hydrogen remain high, and construction costs are rising, so the Board of Directors has temporarily suspended discussions on this project for the time being, working from the standpoint of economic rationality.

Manabe: Chemical products using CO₂ as a major ingredient carry great potential because they can help address environmental issues and support industrial growth

at the same time. Several projects are moving forward on our Carbopath™ platform, and I think it is important to get ahead of our competitors and take the lead to make MGC synonymous with circular carbon platforms. In objectively assessing the decisions of the management team, I support taking appropriate risks to help build our corporate value.

Kurihara: I understand that carbon-neutral businesses like CCS have immense growth potential, and have been hearing frequent hopeful remarks from national and local governments about them, too. I make a habit of engaging in broad, in-depth discussions to establish and apply our proprietary technologies in new fields.

Which management issues are you watching most closely?

Manabe: MGC has been conscious of cost of capital and promoting ROIC-based management since fiscal 2021, the first year of MTMP 2023. The current plan also clearly advocates strategies to improve capital efficiency, but I feel the pace of improvement leaves much to be desired. As in 2023, we outside directors took advantage of opportunities to talk with institutional investors in 2024. They asked many questions, including how we plan to handle businesses requiring intensive management.

Kurihara: I have been tracking the growth potential of our three ICT businesses. Rather than limit customer prospects for original MGC products like optical materials, we should be expanding their potential applications, and how well we do that holds the key to success. For future growth, it is essential that we explore new applications for our products and build quality customer relationships. To deepen mutual understanding with customers, I have high hopes for more effective use of the MGC Commons, a facility that epitomizes open innovation. This is a bit off-topic, but in October 2024, we outside directors and outside Audit & Supervisory Board members participated for the first time in the regular presentation by young researchers at the MGC Commons. I was able to hear about floor-level topics, which starkly contrasted the topics discussed in management meetings, and found it extremely stimulating.

Potential for Further Evolution as an R&D-Oriented Company

What are your hopes for President Isahaya, installed in April 2025?

Kurihara: President Isahaya's nomination symbolizes our resolve to pursue the Uniqueness & Presence concept, the backbone of our corporate Vision. I also see it as a



timely move for broadcasting MGC's position and intent both within and outside the Company. I know he has been leading our R&D initiatives in the right direction as overseer of R&D for the entire Group over the past two years, so I hope he will make the unique technologies held individually by Group firms and divisions accessible across the Group, enabling MGC to do business in entirely new ways.

Manabe: Like Ms. Kurihara, I hope he will work to make MGC a more R&D-oriented company, but I also hope he will drive the Company to achieve the two objectives of MTMP 2026, strengthening the resiliency of our business portfolio and promoting sustainability management, while steadily executing the strategies set out in the plan.

What do you think of cultivating personnel who can take part in management in the future?

Manabe: MGC has excellent training programs designed to systematically produce key personnel and support our work environments as well. For technical personnel, I understand that what we need in upstream and downstream operations are quite different, but to cultivate core-leadership candidates, I think we should provide dynamic career paths that complement each of them. Such candidates seem to be coming up in engineering, on a career path, for example, of working in a downstream division for some years, then heading an upstream division before rising to the core management team.

Kurihara: Although it is not clearly defined as a succession plan, I see MGC as a company with multiple career paths on offer. To build a career, an employee may, for instance, be installed as head of a foreign subsidiary so they can reinforce the skills of leadership and risk management required of a future executive.

Manabe: Moreover, to promote sustainable growth, MGC partially revised its compensation system for directors, excluding outside directors, in June 2025. Under the existing system, about 30% of director compensation is linked with job performance, and the revision will add environment, social, and governance (ESG) factors to that portion as KPIs. E will focus on our rate of greenhouse gas emissions reductions, S on the ratio of employees who are motivated to work, and G on the number of compliance violations. As I see it, if results are subpar, evaluations of directors will degrade, thus accelerating the plan-do-check-act cycle.

Kurihara: ESG-related initiatives are not derived from problematic situations. I see the revised compensation system as motivating directors to achieve higher levels in the natural course of the work flow.

To conclude, do you have a message for our shareholders and investors?

Kurihara: As a researcher, I never want our employees to think they have reached the limits of a given technology, instead I want to help them transcend those perceived limits. Through open discussion with board members, I think we outside directors can help translate abstract concepts into plain language and give them solid form. I hope that will make principles and policies easier to share among



directors and members of the entire Group, and reinforce the motivation to keep pushing forward. That is the sort of contribution I hope to make.

Manabe: I see MGC as a group of autonomous, highly ambitious people who have a deep, solid understanding of what they must do on their own initiative. Challenges remain for us, including improving PBR and ROE, but I see enormous potential. I would like to encourage you to have high hopes for the Group's ability to grow and build value over the medium to long term.

Messages from New Outside Directors



Kuni Sato

Outside Director

Former Ambassador Extraordinary and Plenipotentiary of Japan to UNESCO
Council Member, United Nations University

I will oversee and advise from the standpoint of seeing both the trees and the forest

I see the MGC Group as a chemical manufacturer that is active applying unique proprietary technologies in a wide variety of fields, with a progressive culture and high employee morale overall, always embracing new challenges while continuing to engage with customers. Our stakeholders expect us to make the most of these qualities and strengths to contribute to addressing challenges in areas such as climate change, digital transformation and evolution in medical/food. To measure up to these expectations, the Company is working globally to build value with various partners.

I was press secretary and director-general for press and public relations at the Japanese Ministry of Foreign Affairs, Permanent Delegate of Japan to UNESCO, and Ambassador Extraordinary and Plenipotentiary of Japan to Hungary, among other roles. In a world of high liquidity and uncertainty, I hope to help build the value of the MGC Group, making the most of the experience and knowledge I have accumulated on the global stage.

I will oversee and advise from the standpoint of seeing both the trees and the forest, which I customarily do in my personal life. Speaking in a more nuanced way, I will try to keep an eye on the big picture of our corporate organization, personnel, products, and related trends as we get down to the work at hand. I think it is increasingly important to envision the future of industry and human life as we sculpt the culture of our technology-based company and continue refining our original technologies as we dialogue with customers worldwide.

To improve PBR and ROE, I want to enhance communication with shareholders and institutional investors abroad

I have been working in the global financial industry, more specifically in the corporate finance segment in Japan and the US, analyzing corporations for many years. I hope to contribute to MGC's board discussions, making the most of my experience assessing and analyzing the business plans and capital policies of over a thousand corporations.

To help guide the Group to sustainable long-term growth, I think it is perfectly reasonable to undertake strategies to enhance the resilience of our business portfolio by focusing management resources on our Uniqueness & Presence businesses, which are unlikely to be copied by other companies. MGC clearly has unique strengths and presence, with a vertically integrated business model, many products with top shares in global markets, and a track record of new product innovation. I hope to see new, edgy businesses inheriting these strengths. The chemical manufacturer business model customarily requires years of R&D effort and equipment investment to yield profits. During the investment cycle, I think it is important to keep two factors in balance: maintaining a strong balance sheet to ease funds procurement and allocating capital for strong investor returns.

I see a lot of room for improvement in our current PBR and ROE figures. To help our shareholders and investors accurately assess the growth potential and future value of the MGC Group, it is important to explain and accurately convey relationships between our results and progress with ongoing growth strategies, and clearly communicate the financial strategies and capital policies that reflect our priorities. In my career, I spent a long time in the US, and have built ample experience in working with institutional investors abroad, so I want to provide advice to help build and reinforce those relationships.



Mihoko Manabe

Outside Director

Former Board Director, Moody's Japan K.K.
Outside Director and Member of
the Audit and Supervisory Committee,
TORII PHARMACEUTICAL CO., LTD.
Financial Advisor (sole proprietor)
Sustainability Expert, MPower Partners Fund



Members of the Board of Directors and Audit & Supervisory Board

(As of June 30, 2025)

Directors



Masashi Fujii

Representative Director, Chairman

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1981	Joined MGC
April 2015	Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
June 2015	Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
April 2019	President and Representative Director
April 2025	Chairman and Representative Director (to present)

Expertise and experience: Following his service in important positions in the Administrative & Personnel Division and Natural Gas Chemicals Department, he was appointed as Director in June 2015 and presided over the Natural Gas Chemicals Department, served as President and Representative Director from April 2019 until March 2025 and as Chairman and Representative Director since April 2025, and has abundant experience and knowledge of MGC's business management and administration of management in general.



Yoshinori Isahaya

Representative Director, President

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1991	Joined MGC
April 2019	General Manager, Tokyo Research Laboratory, Specialty Chemicals Company
April 2020	Executive Officer, Vice Manager, Corporate Planning Division
April 2021	Executive Officer, in charge of Corporate Planning
April 2023	Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure
June 2023	Director, Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure
April 2025	President and Representative Director (to present)

Expertise and experience: Following his engagement mainly in R&D of Specialty Chemicals, he served in important positions in the Specialty Chemicals Department and Corporate Planning Division, was appointed as Director in June 2023, has served as President and Representative Director since April 2025, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Motoyasu Kitagawa

Director, Senior Managing Executive Officer
In charge of Internal Control & Risk Management, responsible for Administrative & Personnel, in charge of Finance & Accounting Division and CSR & IR Division

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1986	Joined MGC
April 2019	Executive Officer, Division Director, Organic Chemicals Division, Natural Gas Chemicals Company
June 2019	Executive Officer, Division Director, Corporate Planning Division
April 2021	Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division and CSR & IR Division
June 2021	Director
April 2025	Director, Senior Managing Executive Officer, in charge of Internal Control & Risk Management, responsible for Administrative & Personnel, in charge of Finance & Accounting Division and CSR & IR Division (to present)

Expertise and experience: Following his engagement mainly in the Administrative & Personnel Division and Corporate Planning Division, he served in important positions in the Natural Gas Chemicals Department and Corporate Planning Division, and was appointed as Director in June 2021. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Ryoza Yamaguchi

Director, Senior Managing Executive Officer
In charge of Specialty Chemicals Business Sector

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1988	Joined MGC
April 2020	Executive Officer, Division Director, Administrative & Personnel Division, Corporate Management Sector
April 2021	Executive Officer, in charge of Administrative & Personnel Division
April 2022	Managing Executive Officer, in charge of Specialty Chemicals Business Sector
June 2022	Director
April 2025	Director, Senior Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to present)

Expertise and experience: Following his engagement mainly in the Specialty Chemicals Department and Administrative & Personnel Division, he served in important positions in the Administrative & Personnel Division, and was appointed as Director in June 2022. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Ko Kedo

Director, Managing Executive Officer
Responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1988	Joined MGC
April 2015	Division Director, Planning & Development Division, Natural Gas Chemicals Company
June 2018	Division Director, Planning & Development Division, Natural Gas Chemicals Company, and Division Director, Life Science Division, Natural Gas Chemicals Company
April 2019	Executive Officer, Plant Manager, Mizushima Plant, Aromatic Chemicals Company
April 2020	Executive Officer, Plant Manager, Mizushima Plant, Basic Chemicals Business Sector
April 2021	Executive Officer, in charge of Research & Development
April 2023	Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division (to present)
June 2023	Director (to present)
April 2024	In charge of Purchasing & Logistics Division (to present)

Expertise and experience: Following his engagement mainly in R&D of Aromatic Chemicals, he served in important positions in the Natural Gas Chemicals and Aromatic Chemicals Departments, and was appointed as Director in June 2023. He has abundant experience and knowledge of MGC's R&D and business management, etc.



Hideaki Akase

Director, Managing Executive Officer
In charge of Green Energy & Chemicals Business Sector

Attendance of Board of Directors Meetings: 9/9 (FY2024)

April 1989	Joined MGC
October 2016	Division Director, Administrative Division, Aromatic Chemicals Company
April 2020	Division Director, Business Administrative Division, Basic Chemicals Business Sector
April 2021	Executive Officer, Division Director, Basic Chemicals Business Sector
April 2024	Managing Executive Officer, in charge of Green Energy & Chemicals Business Sector (to present)
June 2024	Director (to present)

Expertise and experience: Following his engagement mainly in the Aromatic Chemicals and Basic Chemicals Departments, he served in important positions in the Basic Chemicals Department, and was appointed as Director in June 2024. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Tomoyuki Azuma

Director, Managing Executive Officer
Responsible for Research & Development,
in charge of Intellectual Infrastructure

April 1989 Joined MGC
April 2015 General Manager, Sales & Marketing
Department, Electronics Materials Division,
Information & Advanced Materials Company
April 2019 Division Director, Electronics Materials
Division, Information & Advanced Materials
Company
April 2020 Division Director, Electronics Materials
Division, Specialty Chemicals Business
Sector
April 2021 Executive Officer, Division Director,
Electronics Materials Division, Specialty
Chemicals Business Sector
April 2025 Managing Executive Officer, responsible
for Research & Development, in charge of
Intellectual Infrastructure (to present)
June 2025 Director (to present)

Expertise and experience: Following his engagement
mainly in R&D of Specialty Chemicals, he served in
important positions in the Information & Advanced Materials
Department and Specialty Chemicals Department, and has
abundant experience and knowledge of MGC's R&D and
business management, etc.



Kazue Kurihara

Outside Director Independent

Attendance of Board of Directors Meetings: 12/12 (FY2024)

October 1992 Associate Professor, Department of Applied
Physics, Faculty of Engineering, Nagoya
University
April 1997 Professor, Institute for Chemical
Reaction Science (currently, Institute of
Multidisciplinary Research for Advanced
Materials), Tohoku University
April 2010 Professor, Advanced Institute for Materials
Research and Institute of Multidisciplinary
Research for Advanced Materials, Tohoku
University
April 2016 Professor Emeritus, Tohoku University (to
present)
April 2017 Professor, New Industry Creation Hatchery
Center, Tohoku University
December 2020 Outside Director, Hamamatsu Photonics K.K.
(to present)
April 2021 Research Professor, Tohoku University
January 2022 Director, SMILEco Measurement Co., Ltd.
(to present)
June 2023 Outside Director, MGC (to present)
April 2025 Senior Research Fellow, New Industry
Creation Hatchery Center, Tohoku University
(to present)

Expertise and experience: She has highly advanced
expertise in wide fields of study in chemicals, and it is
deemed that she would provide appropriate supervision and
advice to MGC's management from such a perspective.



Chika Kobayashi

Director, Managing Executive Officer
In charge of Compliance, responsible for Corporate Planning,
in charge of Internal Audit Division and Information
Systems Division

April 1990 Joined MGC
June 2012 Division Director, Administrative Division,
Information & Advanced Materials Company
April 2016 Division Director, Administrative Division,
Specialty Chemicals Company
April 2018 General Manager, Accounting Department,
Finance & Accounting Center
April 2020 General Manager, Accounting Department,
Finance & Accounting Division, Corporate
Management Sector
April 2021 General Manager, Accounting Department,
Finance & Accounting Division
April 2022 Executive Officer, General Manager,
Accounting Department, Finance &
Accounting Division
April 2023 Executive Officer, in charge of Corporate
Planning, Division Director, Corporate
Planning Division
April 2025 Managing Executive Officer, in charge of
Compliance, responsible for Corporate
Planning, in charge of Internal Audit Division
and Information Systems Division (to present)
June 2025 Director (to present)

Expertise and experience: Following his engagement mainly
in the Information & Advanced Materials and Specialty
Chemicals Departments, he served in important positions in
the Finance & Accounting Division and Corporate Planning
Division, and has abundant experience and knowledge of
MGC's business and administration of management, etc.



Kuni Sato

Outside Director Independent

January 1981 Joined Ministry of Foreign Affairs of Japan
(MOFA)
July 2004 Minister of the Mission of Japan to the
European Union (Brussels)
July 2007 Minister of the Permanent Mission of Japan
to the International Organizations in Geneva
August 2010 Deputy Director-General of International
Legal Affairs Bureau, MOFA
September 2012 Assistant Vice-Minister, MOFA
June 2013 Press Secretary/Director-General for Press
and Public Relations, MOFA
February 2015 Ambassador Extraordinary and
Plenipotentiary of Permanent Delegation of
Japan to UNESCO
October 2017 Ambassador Extraordinary and
Plenipotentiary of Japan to Hungary
April 2021 Advisor, National Institutes for Cultural
Heritage (to present)
May 2021 Auditor of Foreign Press Center Japan (to
present)
February 2022 Ambassador, Governor for Japan, Asia
Europe Foundation (ASEF), Special Assistant,
MOFA (to present)
May 2022 Council Member, United Nations University
(to present)
June 2025 Outside Director, MGC (to present)

Expertise and experience: She has extensive international
experience and insight spanning many years, and it is
deemed that she would provide appropriate supervision and
advice to MGC's management.



Yasushi Manabe

Outside Director Independent

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1979 Joined Hitachi, Ltd.
April 2012 General Manager, Sales Division Infra
System Group Infra System, Hitachi, Ltd.
April 2013 Executive Officer, General Manager, Kansai
Area Operation, Hitachi, Ltd.
June 2013 Outside Audit & Supervisory Board Member,
ShinMaywa Industries, Ltd.
April 2016 Executive General Manager, Deputy Director,
General Corporate Sales & Marketing Group,
CMO of Industry & Distribution, Water &
Urban Business Unit, Hitachi, Ltd.
April 2017 Vice President and Executive Officer,
Deputy Director, General Corporate Sales
& Marketing Group, CMO of Industry &
Distribution Business, Water & Urban
Business, Hitachi, Ltd.
April 2021 Executive Advisor, Yashima Denki Co., Ltd.
June 2021 Outside Director, MGC (to present)
June 2024 Outside Director, NICHIA Corporation (to
present)

Expertise and experience: He has many years of experience
and insight as a manager at a company operating on a
global scale.



Mihoko Manabe

Outside Director Independent

June 1982 Joined Nissho Iwai American Corporation
(currently, Sojitz Corporation of America)
May 1988 Joined Moody's Investors Service, Inc.
May 2013 Senior Vice President, Moody's Investors
Service, Inc.
May 2017 Associate Managing Director, Moody's
Japan K.K.
January 2019 Board Director, Moody's Japan K.K.
October 2023 Financial Advisor (sole proprietor)
(to present)
March 2024 Outside Director and Member of the
Audit and Supervisory Committee, TORII
PHARMACEUTICAL CO., LTD. (to present)
May 2025 Sustainability Expert, MPower Partners Fund
(to present)
June 2025 Outside Director, MGC (to present)

Expertise and experience: She has many years of
experience overseas and also possesses a considerable
degree of knowledge regarding finance and accounting at a
global company.

Audit & Supervisory Board Members



Go Watanabe

Outside Audit & Supervisory Board Member Independent

Attendance of Audit & Supervisory Board Meetings: 12/12 (FY2024)

April 1982 Joined The Mitsubishi Bank, Ltd.
June 2009 Executive Officer, Manager of Shanghai Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
May 2012 Managing Executive Officer, Group Head, Nagoya Corporate Banking Group, BTMU
June 2013 Managing Executive Officer, Chief Executive Officer for Asia and Oceania, BTMU
July 2016 First Senior Vice President, Nidec Corporation
August 2018 Senior Managing Executive Officer, Chief Administrative Office, Nidec Corporation
September 2020 Chairman and Representative Director, MST Insurance Service Co., Ltd.
June 2021 Outside Director, Mitsubishi HC Capital Inc.
June 2022 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has abundant experience and insight as a manager at a financial institution and in the manufacturing industry, etc., both in Japan and overseas.



Masato Inari

Audit & Supervisory Board Member

Attendance of Audit & Supervisory Board Meetings: 12/12 (FY2024)

April 1985 Joined MGC
June 2017 Director, Managing Executive Officer, President of Aromatic Chemicals Company
April 2019 Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety & Quality Assurance Division
April 2020 Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector
April 2022 Representative Director, Senior Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division
June 2023 Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as Director in June 2017, he served in important positions in the Aromatic Chemicals, Production Technology, and Environment Safety & Quality Assurance Departments, among others, and possesses abundant experience in MGC's business and corporate management.



Nobuhisa Ariyoshi

Audit & Supervisory Board Member

April 1984 Joined MGC
April 2016 Executive Officer, Division Director, Electronics Materials Division, Information & Advanced Materials Company
June 2018 Director, Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center
April 2019 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, in charge of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division, General Manager of Tokyo Techno Park
April 2020 Director, Managing Executive Officer, in charge of Internal Control & Risk Management and Corporate Management Sector
April 2022 Representative Director, Senior Managing Executive Officer
June 2025 Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as Director in June 2018, he served in important positions in Corporate Management, Compliance, Internal Control & Risk Management, etc. and possesses abundant experience in MGC's business and corporate management.



Tsuneaki Teshima

Outside Audit & Supervisory Board Member, Part-time Independent

Attendance of Audit & Supervisory Board Meetings: 9/9 (FY2024)

April 1983 Joined Nippon Life Insurance Company (Nissay)
March 2010 Executive Officer, Nissay
July 2014 Director, Managing Executive Officer, Nissay
March 2018 Director, Nissay
April 2018 Representative Director, NLI Research Institute (to present)
June 2018 Outside Audit & Supervisory Board Member, Nitta Corporation
June 2021 Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (to present)
June 2024 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has many years of experience and insight as a manager at a financial institution and possesses considerable knowledge of finance and accounting.



Mayako Perez Takahashi

Outside Audit & Supervisory Board Member, Part-time Independent

April 1988 Joined Toa Nenryo Kogyo K.K. (currently, ENEOS Corporation)
March 1989 Joined Japan Digital Equipment Corporation
October 1992 Joined Nissan Mexicana, S.A. De C.V. (as contract employee)
February 1997 Joined Tohatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)
December 2007 Joined KPMG Business Assurance Co., Ltd. (currently, KPMG AZSA LLC)
July 2011 Dispatched to Japan International Cooperation Agency (JICA) India Office
June 2013 Joined Deloitte Touche Tohmatsu LLC
August 2015 Senior Manager, Genpact Japan K.K. (currently, Genpact K.K.)
July 2017 Dispatched to JICA Panama Office
January 2021 Joined ORIX Corporation
December 2023 Executive Officer, Leifras Co., Ltd.
June 2025 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: She has many years of experience at audit corporations etc., and also possesses a considerable degree of knowledge regarding finance and accounting.

Independent Independent officer as stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange

Corporate Governance

Basic Approach

The Company believes that meeting the expectations of all stakeholders, beginning with our shareholders, means working to increase corporate value through business activities and contributing to the realization of a sustainable society, with the aim of achieving both social and economic value under its Mission of “creating value to share with society.” To this end, the Company strives to operate effective corporate governance systems, and continuously reinforce and enhance those systems.

Basic Policies

- (1) Ensure the rights of, and equality among, shareholders.
- (2) Engage in appropriate collaboration with shareholders and other stakeholders.
- (3) Conduct appropriate information disclosures and maintain transparency.
- (4) Properly carry out the responsibilities of the Board of Directors and other bodies.
- (5) Engage in constructive dialogue with shareholders.

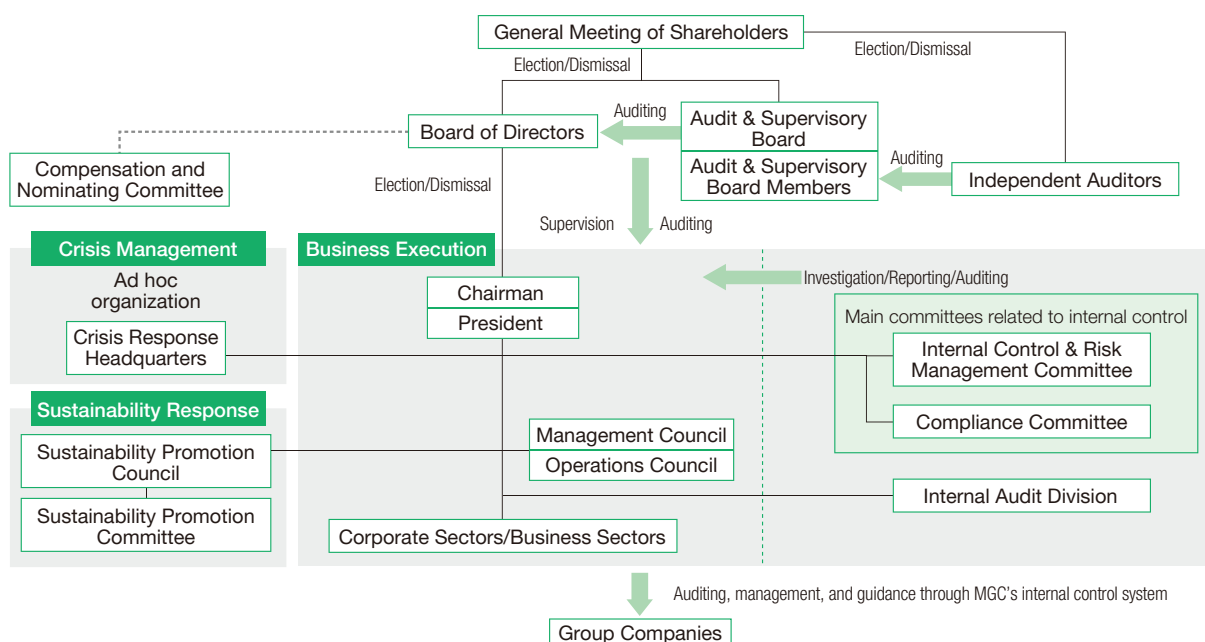
Corporate Governance System

As a company with an Audit & Supervisory Board, MGC has, for the purpose of business execution, established an executive officer system that clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides basic management policies, matters relating to items stipulated by law and the Company's Articles of Incorporation, and other important management matters. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs. For matters arising in the course of business execution that may have a significant effect on the Company, the Board of Directors makes its decisions on the basis of multifaceted deliberations, including deliberations on management policies by the

Management Council and deliberations on plans for executing specific policies by the Operations Council. The Board of Directors receives advice from attorneys and other experts when necessary in the course of its decision making and supervision of business execution.

The Audit & Supervisory Board members also attend important meetings, such as those held by the Board of Directors and the Operations Council, conduct audits of each division, survey subsidiaries and view important documents, and audit the execution of business. The members also monitor important decision-making processes and business execution in order to ensure reasonable decision making and compliance with laws and corporate norms.

Corporate Governance, Risk and Sustainability Management Organization Chart



Activities of Meeting Bodies and Committees in Fiscal 2024

Board of Directors	12	Chair: Toshikiyo Kurai The Board of Directors decides important matters pertaining to management policies, business, and management based on laws, regulations, the Company’s Articles of Incorporation, and the regulations of the Board. It also receives reports from each director and others on the status of execution of duties, management performance, etc., and supervises the execution of duties by directors. Candidates for director are nominated by the Board of Directors following consultation with the Compensation and Nominating Committee, and directors are elected at the annual General Meeting of Shareholders. Main Themes Deliberated in Fiscal 2024 <table><tr><th>Theme</th><th>Main deliberation items</th></tr><tr><td>Management strategy</td><td> - Formulation of current medium-term management plan (MTMP 2026) (quantitative part) - Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) - Sustainability management (materiality KPI results, etc.) </td></tr><tr><td>Governance</td><td> - Basic operational policy for capital strategy - Promotion of reduction of strategic shareholdings </td></tr></table>	Theme	Main deliberation items	Management strategy	- Formulation of current medium-term management plan (MTMP 2026) (quantitative part) - Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) - Sustainability management (materiality KPI results, etc.)	Governance	- Basic operational policy for capital strategy - Promotion of reduction of strategic shareholdings
Theme	Main deliberation items							
Management strategy	- Formulation of current medium-term management plan (MTMP 2026) (quantitative part) - Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) - Sustainability management (materiality KPI results, etc.)							
Governance	- Basic operational policy for capital strategy - Promotion of reduction of strategic shareholdings							
Audit & Supervisory Board	14	Chair: Masamichi Mizukami Audit & Supervisory Board members audit management decisions and the status of execution of business from an independent position, such as by attending meetings of the Board of Directors and other important meetings. The Audit & Supervisory Board’s topics include formulation of auditing policies and audit plans, internal control systems’ implementation/operation status and the reasonableness of the independent auditors’ audit methods and findings. Furthermore, the Audit & Supervisory Board endeavors to work with the independent auditors and the Internal Audit Division, and also endeavors to increase the efficiency of audits through such measures as the assignment of dedicated audit staff.						
Compensation and Nominating Committee	7	Chair: Toshikiyo Kurai The Compensation and Nominating Committee functions both to determine executive officer compensation and to nominate and appoint key members of senior management. The majority of the committee is comprised of independent outside directors. The Board of Directors is responsible for appointing and dismissing key members of management, including the Chairman and President, and for nominating directors and Audit & Supervisory Board members. In making decisions on policies regarding executive officer compensation and total annual amounts, and in determining allocation of those amounts, the Compensation and Nominating Committee is consulted prior to those matters being put before the Board of Directors for discussion. Note that the appointment, dismissal and nomination of said officers are judged in light of certain selection criteria that include whether they have the appropriate internal and external work experience and knowledge for the position; whether they have the dignity and ethical values appropriate to their responsibilities; and whether they have violated any laws, the Articles of Incorporation, or company rules.						
Internal Control & Risk Management Committee	3	Chair: Nobuhisa Ariyoshi As an organization directly under the President, the Internal Control & Risk Management Committee is a committee chaired by the executive officer in charge of Internal Control & Risk Management. It provides direction and supervision for each department and deliberates on problems that require a companywide response. It makes decisions on matters related to risk management system policies, measures and plans; matters related to business and operational risk management, as well as matters related to guidance, direction and oversight incidental thereto; and matters related to guidance, direction and oversight related to business continuity planning. ➡ For details on risk management, please refer to page 81.						
Compliance Committee	2	Chair: Motoyasu Kitagawa As an organization directly under the President, the committee investigates compliance violations pertaining to the Company and the Group, and formulates, deliberates and recommends corrective measures and preventative measures. ➡ For details on compliance, please refer to page 82.						
Management Council	25	Organizer: Masashi Fujii The Management Council deliberates and determines the Group’s medium-term management plan, management policy, basic policies on key operations, and so forth. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.						
Operations Council	25	Organizer: Masashi Fujii The Operations Council deliberates and determines the Group’s specific action plans and so on concerning the execution of serious business matters. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.						
Sustainability Promotion Council	2	Chair: Masashi Fujii The Sustainability Promotion Council deliberates and determines policies and measures that form the basis for sustainability management such as identification and management of materiality, and receives reports on the implementation thereof from the Sustainability Promotion Committee.						
Sustainability Promotion Committee	3	Chair: Shinichi Nagao The Sustainability Promotion Committee confirms the status of implementation of measures in each division, and consults with the Sustainability Promotion Council on the necessary measures through periodic reviews.						

Assessing the Effectiveness of the Board of Directors

Every year, we conduct assessments on the effectiveness of the Board of Directors. As a new approach starting from the assessment for fiscal 2023, we appointed a third-party organization and utilized its expert knowledge in discussion and collating the survey items, and so forth. We plan to renew this appointment every three years or so.

The perspective for the survey consists of five aspects: composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk and crisis management, performance monitoring and management team assessment, and dialogue with shareholders, etc. Based on these aspects, we conducted a survey of all Directors and Audit & Supervisory Board members in April 2025, including various kinds of questions using a five-point scale and requesting their opinions unrestricted by the parameters of the five-point scale. The Board of Directors then held discussions based on the aggregate results and opinions that were received.

In the results of that survey, the average score on the five-point scale for all items was above “4: More effective and appropriate than not.” Moreover, the majority of assessments were positive. As such, the Company recognizes that the Board of Directors has achieved a certain level of effectiveness. In particular, the scores were relatively high for items such as “Composition of the members of the Board of Directors” and “Dialogue with shareholders, etc.,” and multiple comments offering a positive assessment of them were observed. In addition, “Increasing corporate value through response to issues related to sustainability” has maintained a high score from the previous fiscal year.

Meanwhile, based on discussion of the assessment results in the Board of Directors, we will conduct a review primarily with respect to elements such as those for which it was indicated that there exists room for improvement, and aim to ensure a more effective Board of Directors and continue to go about strengthening and improving it as an organization.

Issues and responses in FY2024	• To prevent a time lag between the recognition of risk on the front lines and reporting of it to the Board of Directors, we are utilizing not only the Board of Directors, as a space for deliberation, but also opportunities such as prior briefings for outside Directors and Audit & Supervisory Board members and reports on the status of execution of duties by Directors. • We are holding briefings on the current status of important subsidiaries in addition to the existing visits to business sites to provide information for Directors and Audit & Supervisory Board members. • To stimulate more active discussion of strategy, we have prioritized reporting based on importance and risk level when making reports on the status of execution of duties by Directors.
Issues in FY2025 and future initiatives	• Strategy monitoring: Strengthen periodic progress management conducted by the Board of Directors for large-scale investments where issues have arisen and restructure businesses • Incentive compensation: Add indicators reflecting initiatives for ESG to Director's performance-based compensation to further promote sustainability management

Status of Internal Auditing

The Internal Audit Division conducts internal audits of the Company and its Group companies pursuant to fiscal-yearly plans to determine whether their business is being executed properly, ensure the effectiveness of internal controls and improve management efficiency. All internal audit reports are reported to the representative director and president and the director in charge of the Internal

Audit Division, and are also reported at the same time to the full-time Audit & Supervisory Board members. The Board of Directors receives one regular report per year as well as reports from the director in charge of the Internal Audit Division as necessary. Moreover, the Internal Audit Division also assesses and reports on the effectiveness of internal controls over financial reporting in accord with the Financial Instruments and Exchange Act.

Introduction of Diverse Perspectives

MGC has developed a global business that ranges widely from basic chemicals to high-performance materials. Because our management decisions require a high degree of expertise, the Board of Directors as a whole strives to maintain a well-balanced diversity of knowledge, experience, and abilities including people from within the Company who are deeply familiar with our business and management, with the addition of multiple independent outside directors who have extensive international experience and management experience along with advanced specialized knowledge, and provide advice and supervision from the perspectives of shareholders and other stakeholders. When appointing outside directors, emphasis is placed on “Global / Diversity / Experience in other sectors,” which is essential for obtaining business opportunities.

MGC currently has 12 directors (of whom four are independent outside directors and three quarters of those

are women), which we believe to be generally appropriate in size and effectiveness.

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside directors and Audit & Supervisory Board members, in accordance with criteria set by the Tokyo Stock Exchange regarding independence. MGC appoints only candidates who have no conflict of interest with general shareholders.

The Board of Directors consults with the majority-independent Compensation and Nominating Committee before voting on senior management, director and Audit & Supervisory Board member candidates.

 For details on the criteria regarding independence of outside directors and Audit & Supervisory Board members, please refer to the Corporate Governance Report on the MGC website. <https://www.mgc.co.jp/eng/corporate/governance.html>

Support for Outside Directors and Audit & Supervisory Board Members

To give part-time outside directors a better understanding of Board of Directors meetings' agenda items, the Company briefs them beforehand. Outside directors also engage in discussions with Audit & Supervisory Board members to share information. Additionally, outside directors and outside Audit & Supervisory Board members hold regular discussions solely amongst themselves to share information.

The Secretarial Group and General Affairs Group,

the latter of which functions as the Board of Directors' administrative staff, serve as liaisons between outside directors and the Company. Both have staff whose main role is to communicate and coordinate with outside directors and assist them with their duties. Additionally, one staff member is assigned exclusively to assist Audit & Supervisory Board members, including outside members, with their duties as directed by them. Audit & Supervisory Board members are authorized to engage the services of external experts at the Company's expense.

Expertise and Experience Sought in Directors and Audit & Supervisory Board Members (Skill Matrix)

	Corporate management Industry expertise	Production technology R&D Environment safety	Business strategy Sales Market development	Finance Accounting Management planning	Legal Compliance Risk management	HR Labor Talent development	Global Diversity Experience in other sectors
Directors							
Masashi Fujii	●		●		●	●	
Yoshinori Isahaya	●	●	●	●			
Motoyasu Kitagawa	●			●		●	●
Ryozo Yamaguchi	●				●	●	●
Ko Kedo	●	●	●		●		
Hideaki Akase	●		●	●			●
Tomoyuki Azuma	●	●	●				●
Chika Kobayashi	●		●	●	●		
Yasushi Manabe	●		●				●
Kazue Kurihara	●	●					●
Kuni Sato					●	●	●
Mihoko Manabe	●			●			●
Audit & Supervisory Board Members							
Go Watanabe	●			●	●		●
Masato Inari	●	●	●		●		
Nobuhisa Ariyoshi	●			●	●	●	
Tsuneaki Teshima	●			●			●
Mayako Perez Takahashi				●	●		●

Note: Up to four high-priority areas of expertise and experience are noted for each individual. The table above is not exhaustive with respect to the expertise and experience disclosed for each individual.

Compensation of Directors and Audit & Supervisory Board Members

Directors' Compensation

Compensation to directors of MGC (excluding outside directors) consists of annual compensation and restricted stock compensation.

Annual compensation consists of a fixed amount of basic compensation based on the individual's position and responsibilities, and performance-based compensation that takes into account various indicators of the Company's performance. Compensation is divided into monthly installments and paid monthly, and a certain percentage is accumulated annually as a reserved retirement benefit to be paid at the time of retirement. This amount may be subject to reduction based on the individual's performance and other factors.

Performance-based compensation is intended to be an incentive for overall Company performance of a fiscal year, and is determined using financial indicators such as ordinary income, ROE and ROIC, based on actual results,

level of achievement, and so on. In addition, to further promote sustainability management, from fiscal 2025, we will also take into consideration KPIs such as GHG emission reduction rates, the percentage of employees who feel a sense of fulfillment in their work, and compliance status when determining compensation.

Restricted stock compensation is compensation paid to Directors once each fiscal year in the form of grants of Company stock. Directors are granted a certain number of shares based on their positions and responsibilities. The purpose of restricting transfers of these shares and having recipients hold them for a certain period of time is to share value with shareholders and provide an incentive for working toward medium- to long-term sustained growth of corporate value.

Given the nature of the Company's businesses reaching profitability through a variety of processes over many years, including R&D, manufacturing process development

and market development, annual compensation consists primarily of basic compensation, with a general guideline of about 30% for performance-based compensation, and incentive compensation (performance-based compensation and restricted stock compensation) accounts for approximately 40% of total compensation.

In addition to these forms of compensation, an amount that is considered appropriate may be paid as a bonus upon resolution of the General Meeting of Shareholders.

Note that outside directors, whose position is independent of business execution, are paid only fixed basic compensation.

Annual director compensation is determined by the Board of Directors upon comprehensive consideration of Company performance, common standards, employee salary trends, and so forth, after consultation with the Compensation and Nominating Committee. In addition, allocation of individual compensation is entrusted to the President by the Board of Directors, based on the

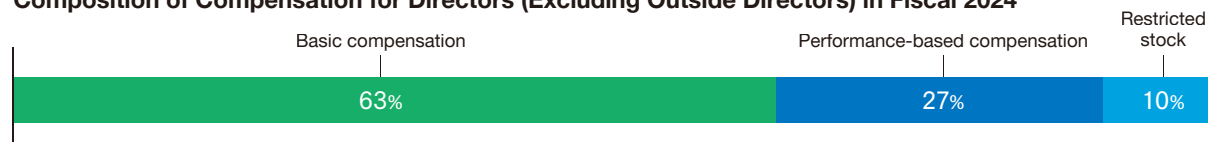
determination that the President is the most suitable person to evaluate each director while having a high-level view of MGC as a whole. The President makes these decisions based on discussions regarding the allocation of compensation by the Compensation and Nominating Committee.

The above policies are decided upon by the Board of Directors after consultation with the Compensation and Nominating Committee, comprised of a majority of outside directors.

Compensation to Audit & Supervisory Board Members

Compensation to Audit & Supervisory Board members consists only of a basic compensation amount within a range stipulated by the General Meeting of Shareholders, which is determined through deliberations by the Audit & Supervisory Board members.

Composition of Compensation for Directors (Excluding Outside Directors) in Fiscal 2024



Total Officer Compensation in Fiscal 2024

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of people receiving compensation
		Basic	Performance	Restricted stock	
Directors (excluding outside directors)	499	311	136	50	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	54	54	—	—	2
Outside directors and Audit & Supervisory Board members	78	78	—	—	7
Total	632	444	136	50	18

Note: The amount of restricted stock compensation to directors is that of the provision for restricted stock compensation recorded for the fiscal year under review.

Strategic Shareholdings

MGC owns listed equity holdings that it deems beneficial to Group businesses in pursuit of medium/long-term growth in corporate value.

The Board of Directors annually reassesses the objectives and risks of owning each of these equity holdings, the state of transactions with the investee, and returns accruing from ownership, including returns from actual transactions with the investee, relative to earnings targets with cost of capital factored in. If the Board of Directors deems MGC's equity stake in any investee to be larger than appropriate, MGC opportunistically sells down its equity holdings in the investee.

In fiscal 2024, MGC sold three equity holdings in part and two in their entirety.

When voting its cross-held shares, MGC generally respects the investee's management decisions. Under certain circumstances, however, MGC gives extra scrutiny to management or shareholder proposals before

deciding whether to vote for or against the proposal. Such circumstances include an investee that has incurred losses for three consecutive years and has questionable prospects of a turnaround; an investee that has been involved in a major scandal, has engaged in antisocial conduct or has otherwise fallen into disrepute with questionable prospects of rehabilitating its reputation; and other cases in which MGC deems a vote in favor of a proposal to be adverse to its overall medium/long-term interests, including the objectives of its cross-shareholdings in the investee.

	Number of issues	Total value on balance sheet (millions of yen)
Unlisted shares	53	2,185
Shares other than unlisted shares	35	26,031

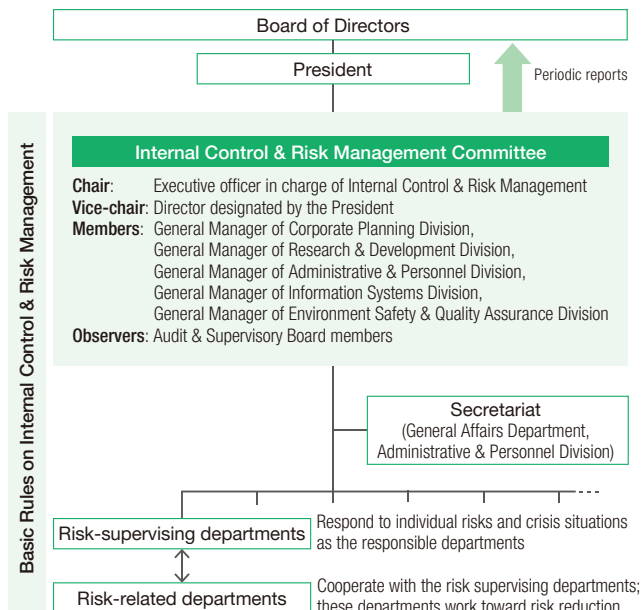
Risk Management

Risk Management System

At MGC, all business divisions actively assess and prioritize risk situations and devise risk reduction measures. The Internal Control & Risk Management Committee, chaired by the executive officer in charge of Internal Control & Risk Management, provides direction and supervision for each department and deliberates on problems that require a companywide response. It periodically reports to the Board of Directors on the state of risk management.

While MGC's business primarily centers on manufacturing, we identify and evaluate risks associated with business execution beyond just manufacturing inherent in our operations and internal control systems. We then take appropriate measures. In the event that a serious risk is identified, we set up a special group (Crisis Response Headquarters) to address it according to internal rules.

Risk Management Promotion System



Business and Other Risks

1. Endogenous business risk
2. Overseas business risk
3. Joint venture risk
4. Product quality risk
5. Natural disaster and accident risks
6. Information security risk
7. Compliance risk
8. Human rights risk
9. Climate change risk
10. Investment risk
11. Currency risk
12. Financing and interest rate risks
13. Litigation risk

Specific Activities of the Internal Control & Risk Management Committee (Fiscal 2024)

Matters discussed

- Review of internal control and risk management activities in each department
- Details of disclosure related to business and other risks
- Response to proposals from the Internal Audit Division
- Overview of annual activities
- Policy of next fiscal year

Matters reported

- Review of fire insurance
- Review of emergency contact measures

Please refer to the Corporate website for details on business and other risks.
<https://www.mgc.co.jp/eng/ir/policy/risk.html>

Strengthening Response to Sustainability and Risk

The MGC Group manages risk by identifying materiality issues that should be addressed by management to achieve both social and economic value, and by identifying the risks and opportunities associated with these materiality issues.

The division supervising materiality identifies risks and opportunities. We set KPIs that are suitable for reducing risks, maximizing opportunities, and measuring

achievement of our vision. Since materiality is promoted in conjunction with the medium-term management plan, the Sustainability Promotion Committee and the Sustainability Promotion Council confirm the progress of materiality management.

Please refer to "Progress of Materiality" on page 38 for details on materiality, risks and opportunities.

Main Meeting Bodies Related to Sustainability and Risk

Meeting body	Participating members	Main risks handled	Particularly relevant materiality	Meetings held in FY2024
Environment and Safety Meeting	Chair: President Directors, Audit & Supervisory Board members, business site managers, other	• Environmental protection risks • Process safety and disaster prevention/occupational safety and health risks • Chemical and product safety risks	• Proactive response to environmental problems • Ensuring occupational safety and health/process safety and disaster prevention	1
Quality Assurance Meeting	Chair: President Directors, Audit & Supervisory Board members, business site managers, other	Quality risks	Chemical/product quality and safety assurance	1
Human Rights Expert Committee	Chair: General Manager of Administrative & Personnel Division General Manager of Purchasing & Logistics Division, General Manager of Environment Safety & Quality Assurance Division, other	Human rights risks	Respect for human rights	3
Carbon Neutrality Promotion Technical Committee	Chair: General Manager of Production Technology Division General Manager of Corporate Planning Division, General Managers of business divisions, General Managers of business administrative divisions, other	Climate change risks	Proactive response to environmental problems	3

Compliance

Basic Approach

The MGC Group has put in place, and is working to strengthen, a system for practicing compliance with the aim of earning the trust and understanding of the community.

The MGC Group takes a broad view of compliance, one that involves not only abiding by laws and Company rules but also conducting fair, transparent, and free business activities in acknowledgment of its responsibilities to society. Based on this understanding, we have summarized the conduct expected of our executives and employees in the MGC Corporate Behavior Principles and the MGC Group Code of Conduct, the contents of which are reviewed and revised from time to time based on developments in society at large.

The MGC Group decides policies, measures, and plans relating to the compliance system in the Internal Control & Risk Management Committee. In addition, the Compliance Committee has been set up as an independent body reporting directly to the President to deal with individual cases of compliance violation. The Compliance Committee comprises the executive officer in charge of compliance (who serves as the chair), a director nominated by the President (vice-chair), and heads of compliance-related departments and others (members).

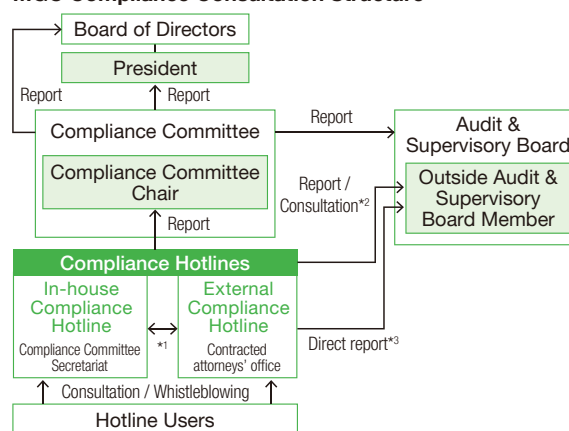
The results of the activities of this committee, which include the investigation and recognition of violations and the formulation, deliberation, and recommendation of corrective and preventive measures, are reported to the President, the Board of Directors, and the Audit & Supervisory Board, with compliance violations being dealt with according to prescribed internal procedures.

Furthermore, the Compliance Hotline has been set up to quickly ascertain and correct compliance violations, and can be used by all the people involved in the MGC Group's business activities, such as officers and employees of the MGC Group including those who have retired in the past year, their family members, or partner companies and customers. Our In-house Compliance Hotline is staffed

by the Compliance Committee Secretariat, while our External Compliance Hotline is available through an office with attorneys specializing in compliance, including female attorneys. These attorneys also provide advice to the Compliance Committee.

Consultations and whistleblowing brought to the attention of the Hotline and deemed to be potential compliance violations are investigated by the Compliance Committee, which takes any required corrective action or measures to prevent a recurrence. The results are also reported back to the party who submitted the original consultation or whistleblowing.

MGC Compliance Consultation Structure



*1 Coordinated response depending on the case

*2 The Outside Audit & Supervisory Board Member is consulted for matters related to MGC officers

*3 If a report received by the External Compliance Hotline is deemed to be a serious problem related to MGC's management or management personnel, or if the response by the Compliance Committee, etc. is inadequate and an appropriate response cannot be expected, or if the hotline user refuses to provide information to the Compliance Committee Secretariat, a direct report can be made to the Outside Audit & Supervisory Board Member.

Compliance Education

MGC designates every October as "Corporate Ethics Month," during which we conduct compliance training for all employees using our intranet and the President sends out a notice to all business sites calling for the renewed promotion of compliance.

Compliance education is also included in grade-specific training, and training is provided using educational materials suited to each position.

Given an increasing need to respond to compliance issues, such as cartel involvement and providing improper benefits to foreign public officials, at MGC Group companies affiliated with our overseas businesses in emerging countries and elsewhere we are working to enhance the quality of compliance training for staff dispatched as officers to overseas affiliates.

Security Export Control Initiatives

The MGC Group Code of Conduct stipulates that exacting export screening procedures are to be followed, in part to ensure adherence with laws and international treaties regarding exports, as well as to ensure appropriate control over the export of cargo and provision of technology that may relate to the development of weapons of mass destruction and conventional arms.

Export control subject to screening includes all products exported by MGC, regardless of whether the transaction involves direct, indirect, or brokered trade, as well as all technology related to the design, manufacturing, and use of those products.

Export screening involves multiple checks by business divisions in charge of products and an independent export control division, which screen all exports to determine if cargo and technology restrictions apply, as well as also checking the final customer, destination, and use.

In addition, we endeavor to maintain and enhance the export control setup by implementing internal audits and grade-specific education annually.