

# Strengths Supporting Growth (CSR/ESG)

Harmonization of shared-value creation with environmental protection **[E]** ————— 36

- Environment and Safety Management System (Responsible Care)
- Initiatives for the Environment
- Initiatives for Climate Change
- Initiatives for Water Resources

Foundation for shared-value creation **[S]** ————— 41

- Cultivation of Corporate Culture of Job Satisfaction
- Stakeholder Engagement
- Promotion of Socially Responsible Sourcing
- Occupational Safety and Health, Disaster Prevention
- Chemical/Product Quality and Safety Assurance
- Initiatives for Quality

Value-creative discipline **[G]** ————— 49

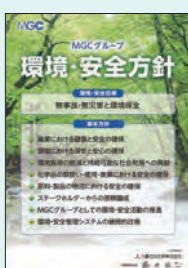
- Corporate Governance
- Compliance and Risk Management

## Environment and Safety Management System (Responsible Care)

Mitsubishi Gas Chemical sets sustainable development, building a recycling-based society, and safe operations as important management issues determining how we conduct our business. MGC promotes Responsible Care\*<sup>1</sup> in all of its activities as part of our efforts to ensure we achieve our environmental and safety goals.

### MGC Group Policies on Environment and Safety

MGC recognizes that it is an important member of society and accordingly seeks to continue earning the trust of society by acknowledging our responsibilities to contribute to society, preserve the environment, and ensure safe working conditions. We conduct our corporate activities with the intention of protecting the earth's environment under the principle of sustainable development.



#### Environmental and Safety Targets

Zero Accidents, Zero Occupational Injuries, and Environmental Preservation

#### Basic Policies

- Maintain occupational health and safety processes across all operations
- Ensure process safety and security at work sites
- Reduce environmental impacts and contribute to the sustainable development of communities
- Ensure the safe handling, usage, and disposal of chemical products
- Ensure the safe transport and storage of chemicals and related products
- Build the trust of stakeholders
- Implement group-wide environmental and safety initiatives
- Improve environmental and safety management systems on a regular basis

## Message from the Director in Charge of Environment, Safety, and Quality Assurance

MGC established the CSR Basic Policy and identified priority issues (materiality) to be addressed by management. The RC system, which plays a central role in overseeing environmental and safety issues, is positioned as a subsystem of the CSR management system. RC plays a key role in ensuring Process Safety and Disaster Prevention, Environmental Protection, Occupational Safety, Chemicals and Product Safety, Distribution Safety, Communication with Society, and MGC's materiality. MGC has designed RC to enable the

systems of each business site to function as subsystems linked to headquarters activities, and we are working to spread understanding regarding management issues to each employee who engages in business.

Under the new normal that are emerging in the post-novel coronavirus world, uncertainty in economic activities has increased, but there has been no change in the global movement toward reducing greenhouse gases, and in fact, it has accelerated. Under these conditions, the CDP<sup>\*2</sup> places even greater emphasis on the strategic value of climate change assessment, and in 2019, MGC's assessment fell from B to B-. One of the causes is that the CSR management system was under development at the time, and going forward, we intend to make strategic responses to societal demands under a fully-established CSR management system. In addition, the Q-MGC<sup>\*3</sup> Company-wide quality assurance system is taking root, and we are undertaking management that is even more customer-centric than previously.

In this way, we will continue our efforts to carry out the MGC Group Vision: Creating value to share with society.



**Masato Inari**

Director and Managing  
Executive Officer

\*1 Responsible Care is voluntary activities conducted by chemical industry firms to harmonize business activities with global environment preservation by ensuring environment, safety, and health in all stages of chemical substance life cycles from development, manufacture, distribution, use, and final consumption to disposal.

\*2 A joint project undertaken by institutional investors to assess the environmental action information of business enterprises regarding climate change and other issues

\*3 MGC's Company-wide quality assurance activities



## Environment and Safety Management System

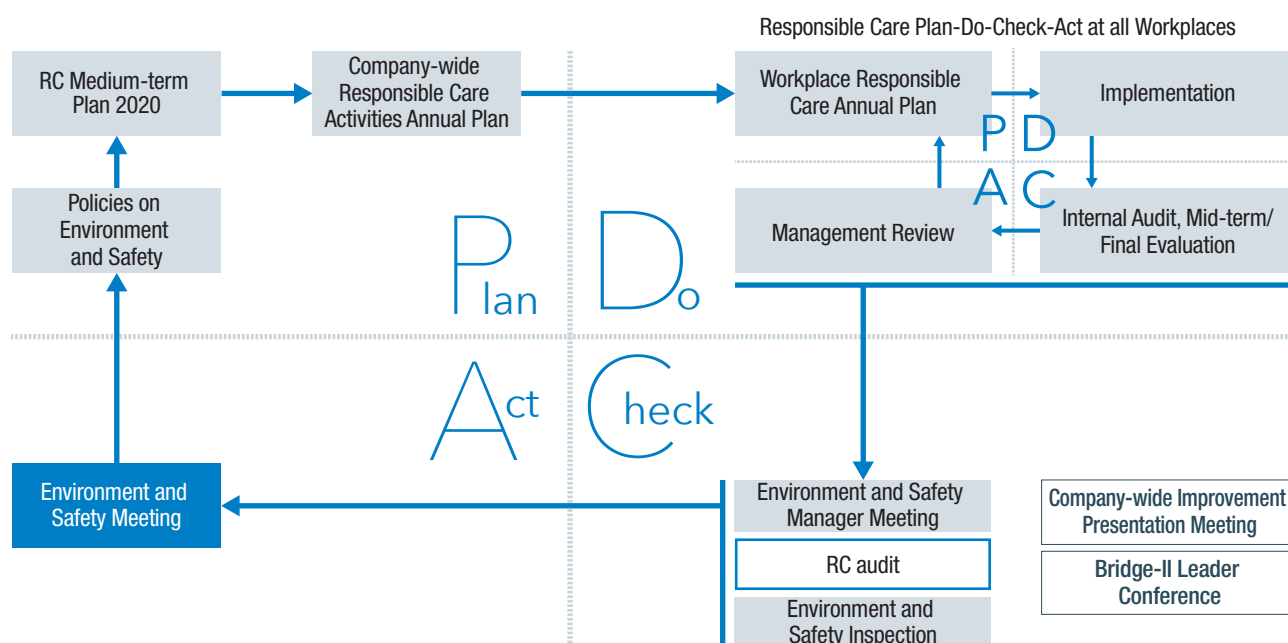
### RC Promotion System

All of MGC's divisions, at both the segment and corporate level, follow the Policies on Environment and Safety that promote Responsible Care. Every December, MGC holds environment and safety meetings, which are chaired by the President and comprised of all directors, audit and supervisory board members, Business sector heads, directors of plants and laboratories, and the general manager of the Production Technology Division. MGC also takes steps to make continuous improvements in the PDCA cycle based on the RC Medium-term Plan targets and annual activity targets.



Environment and Safety Meeting

### MGC Company-wide Responsible Care Plan-Do-Check-Act



### RC Audits in 2019

The director in charge of environment and safety, together with an auditing team, conducts the RC audit. This audit assesses the status of progress with RC action plans and priority audit items for the year at each of our sites.

In 2019, we audited (1) the progress status of Bridge-II activities, (2) the operational status of the guidelines for safety and disaster prevention (security evaluation), (3) efforts for preventing the recurrence of abnormal phenomena (leaks), (4) efforts to prevent accidents caused by human error, (5) efforts to prevent

work-related accidents with cooperative companies, and (6) efforts for unsteady risk assessment.

#### • RC auditees

5 plants, 3 laboratories (including Tokyo Techno Park), 4 company business divisions, Purchasing & Logistics Center

#### • RC audit findings

Full conformity (19 cases)  
Non-conformity (zero cases)  
Improvement orders (8 cases)  
Comments (29 cases)

\*The above organization names are the old names used in fiscal 2019.

## Initiatives for the Environment


The MGC Group is conducting a variety of initiatives as we recognize that while environmental problems are important issues that could have a large impact on business operations, they are also business chances.

### The MGC Group Declaration on Environmental Sustainability

The Mitsubishi Gas Chemical Group shall help communities develop more sustainably in the future by taking actions aimed at maintaining a healthy global environment going forward, including initiatives for tackling climate change, promoting community-based recycling, and protecting biodiversity.

1. We shall strive to procure energy, raw materials, water, and other resources in a manner that minimizes environmental impact, and promote the efficient use of such resources.
2. We shall implement measures to reduce the environmental impact of greenhouse gases and other environmental pollutants.
3. We shall reduce waste through recycling and other initiatives, and properly manage and dispose of the waste we produce.
4. We shall promote the development and widespread use of products and technology that reduce environmental impact or help restore damaged ecosystems.
5. We shall fully comply with international rules and the environmental regulations of countries in which we operate.
6. We shall promptly and properly disclose information regarding our environmental initiatives and proactively engage with our communities.
7. We shall strive to raise awareness of environmental issues through education.

The MGC Group's environmental-impact data can be seen in Environmental Report on the MGC website.

 Environmental Report website: <https://www.mgc.co.jp/eng/csr/environment/report/index.html>

### MGC Selected for Research Project on the Effective Use of CO<sub>2</sub> Through Synthesis of Methanol and Other Basic Substances

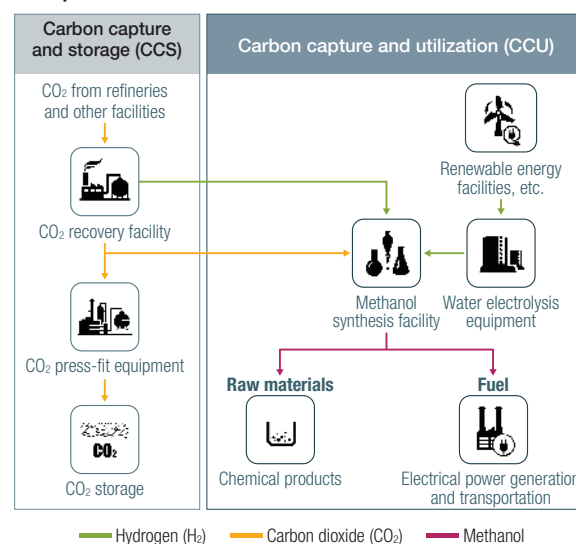
Mitsubishi Gas Chemical, Mitsubishi Hitachi Power Systems\*, and Mitsubishi Heavy Industries Engineering were selected to participate in the Research Project on the Effective Use of CO<sub>2</sub> Through Synthesis of Methanol and Other Basic Substances at the Tomakomai CO<sub>2</sub> Storage Site announced by the New Energy and Industrial Technology Development Organization (NEDO). The three companies are conducting research on the effective use of CO<sub>2</sub> through synthesis of methanol (CO<sub>2</sub> capture and utilization (CCU)) from CO<sub>2</sub> that is recovered by facilities employed in a CO<sub>2</sub> capture and storage (CCS) demonstration project at a refinery located in Tomakomai City, Hokkaido. The project will cover the two years until the end of February 2021.

Methanol is a basic substance used as a raw material in various chemical agents and plastics, and by synthesizing methanol from CO<sub>2</sub>, it will be possible to reduce the amount of CO<sub>2</sub> without any impact on day-to-day lives. For this research project, it is expected that CO<sub>2</sub> recovered from a refinery will be used as the raw material for synthesizing methanol, and technical surveys necessary for CCU will be conducted. The project will also seek to generate innovations needed for commercialization of recycled carbon methanol and a decarbonized society.

The result of the research will be applicable to diverse sources of CO<sub>2</sub> in the future. MGC will actively take measures to reduce CO<sub>2</sub> such as CCS and CCU in order to create a sustainable society where both preservation of the environment and economic development are possible.

\*Changed name to Mitsubishi Power, Ltd. on September 1, 2020.

#### The process of CCS and CCU





# Initiatives for Climate Change

MGC recognizes that tackling energy and climate change issues is an important challenge, and is committed to working on resolving these issues from the point of view of both climate change mitigation and climate change adaptation.

## Climate Change Mitigation and Climate Change Adaptation

Tackling climate change is a major challenge that calls for initiatives on a global scale for the realization of a sustainable society. In order to reduce greenhouse gas emissions and lessen the environmental burden, the

MGC Group actively promotes initiatives by utilizing the technological and development capabilities that have been developed so far.

### Basic Approach to Climate Change Mitigation

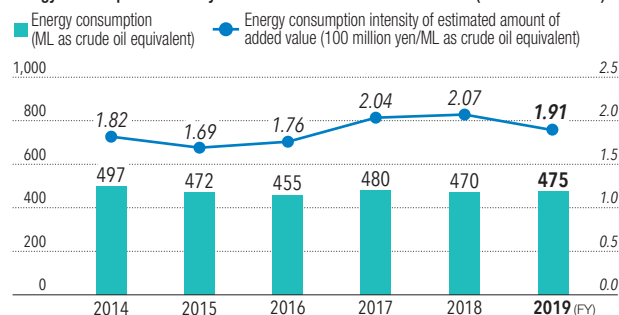
1. Formulate targets for reducing Scope 1 and 2<sup>\*1</sup> GHG emissions and steadily reduce them through planning, execution, monitoring and reassessment.
2. Assess, manage, monitor and proactively disclose Scope 3<sup>\*2</sup> GHG emissions and take action to reduce them in collaboration with suppliers.
3. Improve energy efficiency and raw materials' carbon cycle and promote energy transition toward realization of a zero-carbon society by 2050.
4. Contribute to solving energy and climate change challenges through business operations by deploying innovative process technologies and factoring whole-lifecycle GHG emissions into design and development processes.
5. Disclose information through climate change initiatives<sup>\*3</sup>.

\*1 Scope 1 emissions are GHG emissions directly generated by MGC. Scope 2 emissions are indirect GHG emissions associated with use of energy (mainly electric power) purchased from external suppliers.

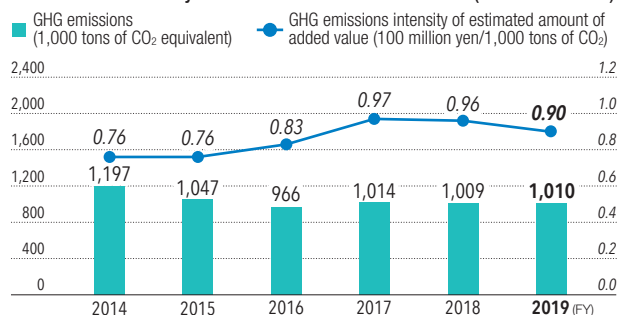
\*2 Scope 3 emissions are indirect GHG emissions generated in supply chains through organizational activities such as raw material sourcing, manufacturing, distribution, sales and waste disposal.

\*3 MGC proactively participates in various collaborative activities to mitigate climate change (climate change initiatives).

Energy consumption/Intensity of estimated amount of added value (non-consolidated)



GHG emissions/Intensity of estimated amount of added value (non-consolidated)



\*Estimated amount of added value: The estimated amount of added value is calculated by multiplying the net sales of MGC (non-consolidated) with the added value ratio of the chemical industries published by the Ministry of Economy, Trade and Industry.

### Supporting the TCFD Recommendations

MGC declared its support for the TCFD recommendations in 2019. The TCFD recommendations endorse disclosures about four themes related to climate change (governance, strategy, risk management, and metrics and targets). We promote initiatives for information disclosures in accordance with the recommendations.

# TOPICS



# Initiatives for Water Resources

MGC recognizes that water, a blessing of nature, is essential for business activities, and that it is important to enable sustainable use of water without compromising on water quality, and is working on a variety of relevant initiatives.

## Water Resource Risk Management

MGC uses large quantities of water, both as a raw material of chemical products and for various other purposes, including steam-heating and cooling in chemical manufacturing processes, product refining and cleaning containers. To sustainably use water resources essential to manufacturing chemicals, MGC manages a variety of risks. Specifically, MGC monitors its actual water consumption and uses water efficiently by measuring water withdrawal, water discharge, water usage and water recycling. In drawing from water sources, MGC restricts its intake to permitted quantities in accord with applicable laws or agreements with municipalities. Additionally, MGC discharges wastewater into rivers, the sea or other public water bodies in compliance with effluent standards after treating it to filter out identified pollutants. Data on water-related environmental load are available in our website.

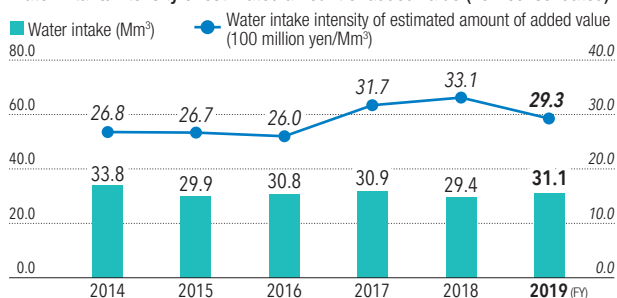
Additionally, MGC maintains a sanitary water-use environment at all its sites to provide its workforce with access to properly functioning, safely managed sanitary facilities (wash service).

From a business continuity standpoint, MGC has identified production downtime due to drought or flooding of production facilities as a water-related risk, formulated the business continuity plan (BCP) that addresses this risk and implemented measures to mitigate it. None of the areas in which MGC's plants are located has experienced either adverse impacts on production activities due to water stress or conflicts with stakeholders regarding use of water resources.

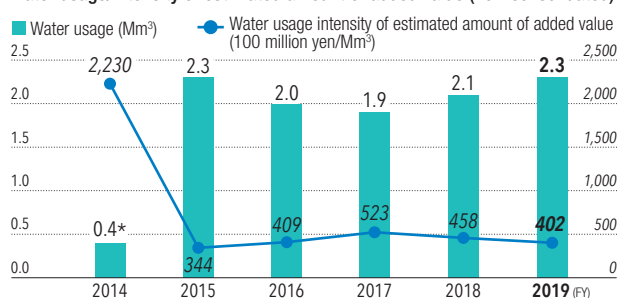
Meanwhile, MGC sees opportunities in businesses that provide solutions for issues surrounding the coolant water of air conditioning equipment and cooling systems. Such solutions include water treatment agents that maintain healthy coolant water quality by killing disease-causing legionella bacteria and a comprehensive water treatment system service offered through affiliate Dia Aqua Solutions Co., Inc.

Going forward, MGC will set qualitative and quantitative targets for efficient water usage to more effectively preserve water resources.

Water intake/Intensity of estimated amount of added value (non-consolidated)



Water usage/Intensity of estimated amount of added value (non-consolidated)



\*The drop in water usage seen in FY 2014 was due to a temporary increase in drainage after a device stopped.

## The “Biomass Shore Endowed Course” —Aiming for the Co-existence of Environmental Protection and Business

MGC established the “Biomass Shore (Mitsubishi Gas Chemical) Endowed Course” within the Graduate School of Agricultural and Life Sciences, University of Tokyo, with the aim of realizing the Biomass Shore Initiative. The goal of the Biomass Shore Initiative is to build a society that performs industrial activities while reducing carbon dioxide in the atmosphere. Specifically, separating deep ocean water into fresh water and high-concentration seawater in coastal desert regions. The plan is to build a system in which, in addition to agriculture and greening being promoted with fresh water, algae are cultivated in high-concentration seawater, and these respectively absorb carbon dioxide, and at the same time high value-added products are obtained.

For the past two years our company has been supporting the course as sole contributor, but from 2020 other companies will join as contributors, expanding the support for the initiative. Currently, we are engaged in conducting small-scale demonstration tests in Japan to identify issues.

This initiative has the potential to resolve social issues such as global warming, food shortages, and depletion of resources at the same time. Our company is committed to contributing to the environment through endowments over the long-term, and to the application of research results in the business activities of the MGC Group.

# Cultivation of Corporate Culture of Job Satisfaction

MGC respects human rights and actively supports the realization of work-life balance, mental and physical health management, and improvement of abilities, so as to enable all its employees, who are the most valuable management asset, to demonstrate their abilities to the fullest.

## Respect for Human Rights

At MGC, we adhere to strict MGC Corporate Behavior Guidelines and the MGC Group Code of Conduct, which call for us to respect individual personality and human rights, and to do nothing that will hurt anyone by discriminating against them based on their race, gender, nationality, age, religion, or place of origin. Our Code of Conduct also articulates that sexual harassment and power harassment are prohibited. These guidelines and codes—along with the four fundamental principles\* of the International Labor Organization (ILO)—have also been communicated to our Group companies overseas.

We work to reinforce these principles on a day-to-day basis through training sessions and internal communications, and have also established a special consultation desk.

\*1. Freedom of association and the right to collective bargaining; 2. Elimination of forced labor; 3. Effective abolition of child labor; 4. Elimination of discrimination with respect to employment and occupation.

## Work-Life Balance

In terms of work-life balance, MGC is working to create programs and a culture in which each employee can feel secure and motivated by their work, taking an active role over the long term in accordance with their individual circumstances.

Our return-to-work rate after childcare leave was 100% in fiscal 2019. We have established a system for supporting childcare that exceeds the statutory requirements including childcare leave until a child reaches two years and one month and shorter working hours until a child finishes third grade at elementary school. We have also established an early reinstatement support system for employees who wish to return to work early after childcare leave.

In June 2016, MGC was certified by the Minister of Health, Labour and Welfare as a company that supports child rearing and obtained the “Kurumin” next-generation support certification logo.

In response to diversifying ways of working and taking time off, MGC has established a flextime system (trials to abolish core time are ongoing at the head office and research institutes), as well as a system for accumulating annual leave (up to 40 days) and various types of special leave, including leave for marriage, childbirth, work transfers, volunteering, medical donors, and others. In addition, from fiscal 2020, we started trials of a work-from-home system (up to three days a week) targeting all employees of the head office and research institutes. We also have in place a system whereby those needing leave to care for family members can take up to

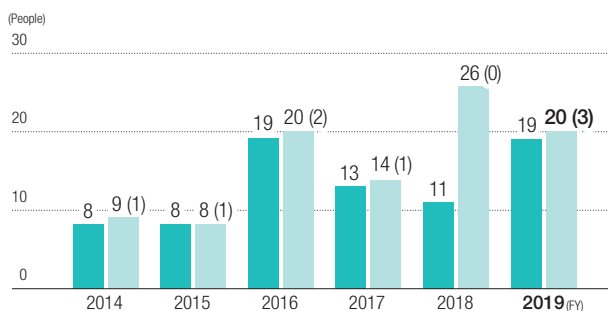


one full year, exceeding statutory requirements. In terms of corporate culture, efforts include establishing a no-overtime day and measures to encourage employees to take their annual leave through such groups as the Shorter Hours Committee established by labor and management.

As a result of these initiatives, usage of annual leave was 95.7% in fiscal 2019 (versus 91.0% in fiscal 2018), and total working hours averaged 1,854.8 hours per employee (versus 1,863.0 hours in fiscal 2018).

### Maternity leave

■ Number of employees on maternity leave before and after birth  
■ Number of employees on childcare leave\*



\*Parenthesis indicates the number of males who took childcare leave.  
\*For women, the fiscal year of child care leave is determined by the first day of maternity leave.

## Human Resource Development at MGC

Our people are our most important asset. Based on our human resource development philosophy, MGC strives to enhance mechanisms for enabling employees to better themselves as professionals while improving their knowledge and capabilities, and to create a working environment that is vibrant and that facilitates self-fulfillment.

MGC's personnel system is a multi-stream vocation qualification grading system based on management by objectives. Up to the standard age of 26, employees belong to the same basic career path regardless of gender or educational background, and then move on to select a course that will help them in their careers. We support all employees equally, providing them with a range of career opportunities in line with individual aspirations that meet their roles, achievements, and capabilities.



Safety education for new employees

## Main training systems

	Grade-specific training	Occupation-specific training	Self-education	OJT
<b>Managerial level</b>	<b>General Manager level</b> <ul style="list-style-type: none"> <li>Organizational management training</li> </ul>	<ul style="list-style-type: none"> <li>Global human resource development training and overseas short-term training</li> <li>Logical communication and negotiation strategies</li> </ul>	<ul style="list-style-type: none"> <li>Language qualifications and language training (includes English, other languages, and theme-specific training)</li> <li>Management and business skills</li> </ul>	<ul style="list-style-type: none"> <li>Practical OJT training</li> </ul>
<b>Mid-level employees</b>	<b>Manager level</b> <ul style="list-style-type: none"> <li>Manager training</li> <li>Beginner manager training</li> </ul> <ul style="list-style-type: none"> <li>Career development training</li> <li>Mid-level employee training</li> </ul>	<ul style="list-style-type: none"> <li>Technology networking events (production, research and engineering departments)</li> <li>Patent study sessions (research promotion departments)</li> <li>Placements at research institutions, such as universities</li> </ul>	<ul style="list-style-type: none"> <li>Finance, accounting, tax, and law</li> <li>Basic chemistry and basic safety technology</li> <li>Other communications training</li> </ul>	
<b>Junior employees</b>	<ul style="list-style-type: none"> <li>New employee follow-up training</li> <li>New employee training</li> </ul>	<ul style="list-style-type: none"> <li>Safety and health, environmental management, quality control-related training</li> <li>Other specialized education and in-house seminars</li> </ul>		

## Mental and Physical Health Care

We provide regular health checkups each year for all officers and employees, and in fiscal 2019 our checkup compliance rate was over 99%. When the results of tests indicate the need for retesting or there are any specific findings, we work to promote employee health through guidance provided by industrial physicians and public health nurses.

MGC has also implemented a number of programs to ensure mental well-being. The Employee Assistance Program (EAP) is one of these, and provides employees an environment in which they can freely consult outside specialists regarding their concerns. In addition, to effectively implement stress checks stipulated by Japan's Industrial Safety and Health Act, we conduct an annual mental health diagnosis for self-evaluation of stress levels, provide appropriate feedback of results of group analysis to each organization head, and work to raise awareness of stress-related issues through workshops on self-care and "line care" (consulting with managers and supervisors) and other means at our business sites. We also conduct mental health training during sessions designed for new employees and those scheduled for promotion.

## Ensuring the Safety of and Providing Medical Support for Employees Traveling or Posted Overseas

By working with an outside consultant for security and medical assistance, and receiving advice based on analysis of threats to safety by country, we have acquired immediately accurate information, and, when necessary, provide that information to employees posted or traveling on business overseas and use it to

determine whether it is advisable to travel or not and to plan appropriate safety measures for travel.

In terms of medical care, we have established a comprehensive support system for employees posted or traveling on business overseas, including referrals to local hospitals, telephonic consultations with doctors in Japanese, preventive advice on local infectious diseases, and arranging medical transport in case of emergencies.

## Union and Labor-Management Relations

Under a positive relationship of mutual trust and respect, labor and management at MGC work together to address a variety of issues. We hold regular management council meetings with the aim of sharing our understanding of issues related to management and the business environment, including such themes as work styles, employee benefits, and treatment, and meetings of the Personnel System Review Committee for joint labor-management discussion of various programs. Together, we have revised the personnel system, the re-employment system, and our retirement plans. Other issues such as wages and bonuses are determined through yearly collective bargaining and other negotiations.

Note that there were 1,887 labor union members as of the end of March, 2020. Employee tenure was 18.5 years (18.8 years for men, 15.8 years for women).



# Stakeholder Engagement

MGC aims to earn society's trust and empathy by contributing to local communities as a member of society, and also fulfilling its responsibilities to a variety of stakeholders.

## Stakeholder Engagement

Stakeholders	Communication philosophy	Main means of communication
Customer	MGC offers a wide range of products. To respond to customer expectations and the trust they place in our products, MGC incorporates customer requests and feedback in product development and in improving its services.	<ul style="list-style-type: none"> <li>● Direct contact by sales staff</li> <li>● Incoming phone calls, website contacts</li> <li>● Survey requests from customers</li> <li>● Responses to CDP climate change questionnaires</li> <li>● Responses to CDP water security questionnaires</li> </ul>
Shareholders/Investors	MGC conducts a broad range of communication activities and ensures shareholders and the investment community have a correct understanding of MGC, we strive to disclose information timely in a fair and transparent manner.	<ul style="list-style-type: none"> <li>● Earnings briefings ● IR inquiries/responses</li> <li>● Information disclosure in compliance with laws or securities exchanges' regulations</li> <li>● IR section of website ● General meetings of shareholders</li> <li>● Reports to shareholders</li> </ul>
Business partners	We consider a supporting supplier's CSR activity to be an important factor in this regard. In this way, we endeavor to build a supply chain that takes due account of regulatory compliance, the environment, and safety.	<ul style="list-style-type: none"> <li>● Communication through purchasing activities</li> <li>● Inquiries about product sourcing</li> <li>● Responses to CSR surveys</li> </ul>
Local communities	We encourage community interaction and contributes to their development through participation in local festivals, blood drives, and traffic safety campaigns in Japan, as well as through participation in local activities outside of Japan.	<ul style="list-style-type: none"> <li>● Incoming phone calls, website visits</li> <li>● Community activities (e.g., disaster relief, litter cleanup, tree planting, traffic safety)</li> <li>● Scholarships for foreign students through Mitsubishi Gas Chemical Memorial Foundation</li> <li>● Youth educational support (e.g., donation of chemical experiment kits)</li> <li>● Community meetings at plants</li> <li>● Plant tours ● Participation in local events</li> </ul>
Employees	MGC aims to create dynamic workplace environments where all employees know their respective roles, give full play to their creativity, produce impressive results and find meaning in their jobs.	<ul style="list-style-type: none"> <li>● Training programs, interviews</li> <li>● Management council meetings / management briefings (worker consultation)</li> <li>● Personnel System Review Committee for joint labor-management discussion</li> <li>● Collective bargaining ● Internal newsletter</li> <li>● Intranet ● Consultation desk, whistleblower hotline</li> <li>● Occupational Safety and Health Committee meetings</li> </ul>

## Mitsubishi Gas Chemical Memorial Foundation Transitions to a Public Interest Incorporated Foundation

The Mitsubishi Gas Chemical Memorial Foundation was established in September 2018, with the aim of contributing to the resolution of societal issues that we face by providing support to talented individuals aiming to become researchers in the fields of chemistry and chemical engineering, and by providing assistance to research in these fields. Since its establishment, we have been engaged in providing scholarship benefits. We were recognized by the Cabinet Office as a public interest incorporated foundation and got off to a new start in January 2020.

Currently, the Foundation provides scholarships to eight international students from Southeast Asia majoring in chemistry and chemical engineering at Japanese universities. In January 2020, a scholarship exchange student meeting was held and in the scholarship students' research presentations a lively exchange of opinions was conducted with employees of MGC. Going ahead, as a public interest incorporated foundation with a higher level of social confidence, we plan to expand the scope of our business activities including increasing the number of scholarship students and implementing research grant programs in the future.

Mitsubishi Gas Chemical Memorial Foundation website  
<https://www.mgc.co.jp/foundation/>  
 (Japanese language only)



Commemorative photo at the exchange meeting with scholarship students

# Promotion of Socially Responsible Sourcing

MGC is developing initiatives that consider the society and the environment even in the supply chain, which includes a wide range of activities from raw material procurement to manufacturing and sales.

## Our Company Initiatives

MGC has established “Basic Concepts Related to Raw Material Procurement Activities” and “Mitsubishi Gas Chemical CSR Procurement Guidelines” and promotes CSR procurement with the understanding and cooperation of our business partners.

### Basic Concepts Related to Raw Material Procurement Activities

In order to realize the MGC Group Vision of “creating value to share with society,” MGC complies with the laws and various regulations in accordance with the MGC Corporate Behavior Guidelines, recognizes social issues in the supply chain, and strives for responsible procurement to support the development of a sustainable society.

#### 1. Compliance with laws and regulations

We comply with the laws and social norms in purchasing activities.

#### 2. Fair and equitable transactions

With fair and equitable free competition as the basis, we strive to maintain relationships with our business partners based on high principles and virtuous character and strive to build partnerships based on mutual trust.

#### 3. Selecting business partners

When selecting business partners, we make decisions taking into account quality, price, supply stability, technological development capabilities, and safety and environmental considerations.

#### 4. Fulfilling social responsibilities

We conduct procurement activities that recognize corporate social responsibility and that give full consideration to human rights, conservation of resources, environmental protection, and safety among others.

Even throughout the supply chain we aim to contribute to societal growth and harmony, and seek our business partners to work together.

### Mitsubishi Gas Chemical CSR Procurement Guidelines

We are deepening the understanding of our business partners by further actualizing the basic concepts related to raw material procurement activities.

- |                                   |  |
|-----------------------------------|--|
| I Human Rights and Labor          | V Quality and Safety   |
| II Occupational Health and Safety | VI Information Security  |
| III Environment                   | VII Contribution to Society  |
| IV Fair Trade and Ethics          | VIII Responsible Procurement of Raw Materials<br>(Prohibition of Procurement of Conflict Minerals) |

# Occupational Safety and Health, Disaster Prevention

Based on our Safety Philosophy that “ensuring safety is the top priority of our business activities,” MGC formulated a Safety Code of Conduct and takes active measures to achieve zero accidents and zero occupational injuries. We established Bridge-II as a Company-wide organization to address occupational health and safety as well as process safety and disaster prevention, and we are implementing and reinforcing measures.

## Policies on Occupational Health and Safety, Process Safety and Disaster Prevention

We undertake safety measures in accordance with the Safety Philosophy and Safety Code of Conduct and with “participation by all” as our motto and a goal of achieving zero occupational injuries by employees and the employees of cooperating companies who work at MGC.

Each business site implements voluntary safety measures under its own initiatives, and Bridge-II, a Company-wide organization, conducts Company-wide improvement measures.

In addition, reducing equipment breakdowns and production suspensions is also effective for preventing accidents, and accordingly, we conduct systematic maintenance of facilities and are reinforcing measures at production sites centered on TPM activities\*.

### ■ Safety Philosophy

Ensuring safety is the top priority of our business activity

### ■ Safety Code of Conduct

- (1) Fostering a Safety Culture
- (2) Thorough Education and Training
- (3) Confirming and Abiding by Safety Rules
- (4) Comprehensive Preventive Safety Measures

### ■ Safety Slogan

Build a safety culture together through keen awareness and certain knowledge.

## Setup to Promote the Occupational Health and Safety, the Process Safety and Disaster Prevention

MGC holds the Environment and Safety Manager Meeting, a gathering of the heads of environmental and safety departments of each workplace to report on and discuss the status of RC measures, and meetings of the Bridge-II Leaders Conference, which discusses Bridge-II activities at each workplace, multiple times each year.

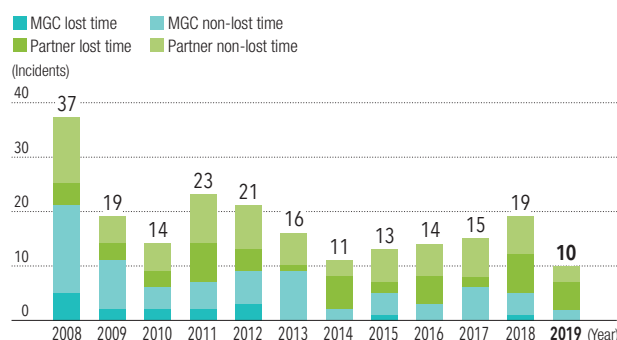
At environment and safety meetings, which are chaired by the President and are held each December, activities are reviewed, plans for the following year are discussed, and the PDCA cycle is implemented to continuously enhance the levels of activities.

## Occupational Health and Safety Activities

The goal of zero occupational injuries at all workplaces was achieved in 2019. In order to maintain zero occupational injuries, MGC regularly conducts education, drills, and occupational health and safety risk assessments. In addition, each workplace continuously engages in everyday safety tasks such as 5S activities, hazard prediction, and proposals for addressing Hiyari Hatto (near-miss) incidents to bolster day-to-day safety measures.

In 2019, the Niigata Plant and Tokyo Techno Park (TTP) (now the Tokyo Research Laboratory) were commended pursuant to internal rules.

### Safety record (MGC and partner companies)



### Lost time injury frequency rate\*

	2015	2016	2017	2018	2019
MGC	0.27	0.00	0.00	0.29	0.00
Partner	0.58	1.45	0.57	1.91	1.41
Chemical industry	0.81	0.88	0.81	0.90	0.94
Manufacturing industry	1.06	1.15	1.02	1.20	1.20

\*Frequency rate: Number of occupational injury casualties per one million working hours

### Lost time injury severity rate\*

	2015	2016	2017	2018	2019
MGC	0.00	0.00	0.00	0.00	0.00
Partner	0.00	0.06	0.02	0.03	0.04
Chemical industry	0.04	0.03	0.09	0.06	0.02
Manufacturing industry	0.06	0.07	0.08	0.10	0.10

\*Severity rate: Number of lost working days per 1,000 working hours

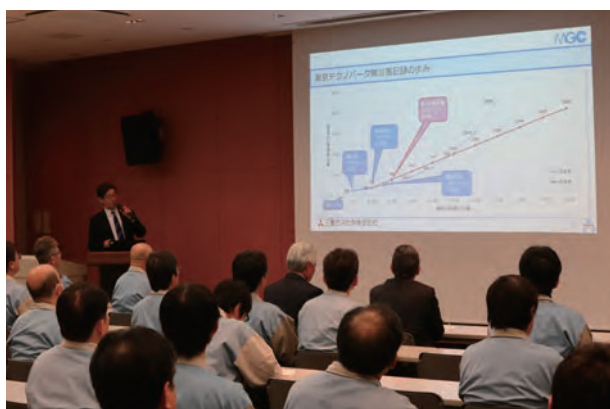
\*Total Productive Maintenance activities: Activities that continually realize productivity improvements and the securing of revenue by eliminating all possible losses existing within the production system



Hazard prediction training during new employee training  
(At Tokyo Techno Park (now the Tokyo Research Laboratory))



Third rank accident-free (7.2 million hours) award presentation ceremony  
(Niigata Plant)



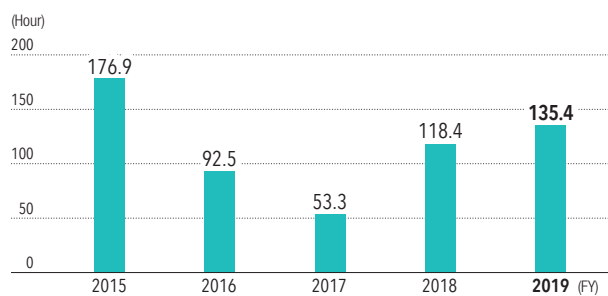
Second rank accident-free (3.6 million hours) award presentation ceremony  
(Tokyo Techno Park (now the Tokyo Research Laboratory))

## Process Safety and Disaster Prevention Activities

MGC set average unplanned down time per year per plant as a measure of the success and takes action to reduce equipment breakdowns and production suspensions. This indicator increased in fiscal 2018 and fiscal 2019, but the long-term trend is downward.

In fiscal 2020, we will take action based on new key performance indicators (KPI) to reduce extended unplanned down time even further.

### Average unplanned down time per plant



A powder explosion test at the Safety Dojo in the Niigata Plant



A prior safety assessment (Kashima Plant)



# Chemical/Product Quality and Safety Assurance

In order to ensure safety in the handling, use, and disposal of chemical products, MGC conducts risk assessment and the transmission of information throughout the supply chain.

## Safety Policy for Chemicals and Other Products

The basic policy of MGC is to ensure safety in the handling, use, and disposal of chemical products in accordance with our Safety Philosophy and Safety Code of Conduct.

## Setup to Promote the Safety of Chemicals and Other Products

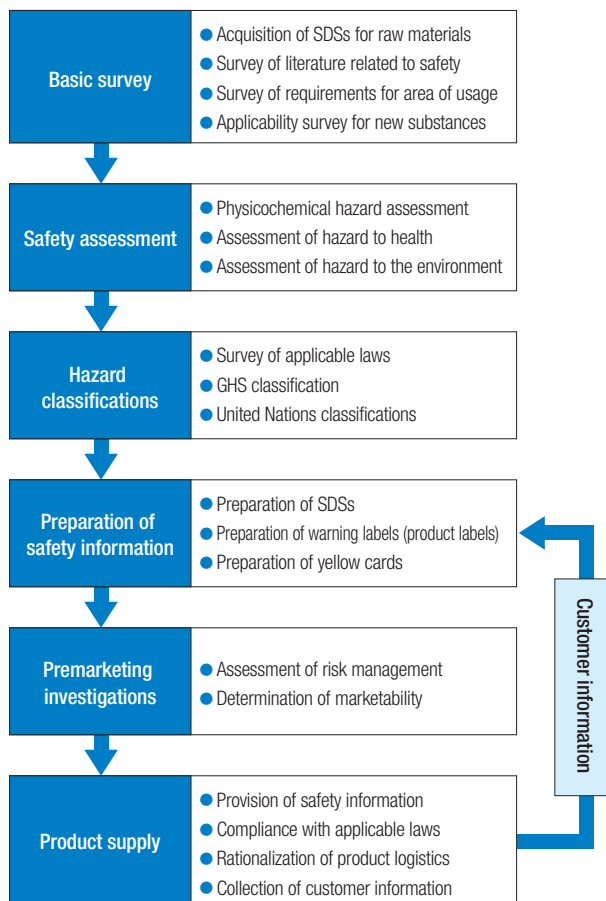
All MGC divisions promote Responsible Care in line with the MGC Group Policies on Environment and Safety. We formulate RC Medium-term Plan and annual plan, report the state of progress of these plans to the environment and safety meeting, which meets every December and is chaired by the president, and obtain approval. Continuous improvements are made by rotating the PDCA cycle in this way.

## Safety Activities for Chemicals and Other Products

At MGC, we conduct basic surveys and safety assessments at the product development stage. When products correspond to new chemical substances, we first conduct safety testing and then classify the products according to whether they do or do not come under applicable regulations, as well as according to their degree of hazard under such standards as GHS\*, before preparing safety data sheets (SDSs) and other safety information. Based on these, we perform risk assessments (based on hazards of the substances themselves and hazards related to exposure) for every stage of a product, from manufacture to disposal. Products are offered once this screening (premarketing investigations) is complete.

Many of MGC's products are chemicals, and potential product-related accidents include fires and chemical burns. We present hazard information about chemicals with SDSs, product labels, and yellow cards given to customers and others concerned to ensure that products are handled safely. Regarding products destined for overseas markets as well, we supply hazard information through translated SDSs and other means.

Flow of Safety Assessment and Supply of Product Information



\*GHS: The Globally Harmonized System of Classification and Labelling of Chemicals. Chemical hazards are classified under fixed standards and are indicated clearly with pictograms on labels and through SDS documentation. Ultimately, the information contributes to accident prevention and to protecting human health and the environment.

## Initiatives for Quality

MGC, under our own quality policy, promotes company-wide quality assurance activities (Q-MGC) with an overview of the supply chain in order to provide superior products and services with high safety and reliability.

### MGC Quality Policy

Mitsubishi Gas Chemical (MGC) will:

1. Respond to society's needs and provide highly useful, safe and reliable, superior products and services, gaining the satisfaction and trust of customers and consumers.
2. Recognize that product and service quality assurance is an important management issue, ensuring the availability of resources (people, infrastructure, environment for the operation of processes) needed to maintain, assure, and improve quality. MGC will also enhance quality education, working to improve employee awareness of quality-related issues and enabling them to acquire the necessary knowledge.
3. Ensure that all departments closely involved in quality—not only quality assurance and quality control departments but R&D, manufacturing, procurement, distribution, sales, and others—have a strong awareness regarding the need to maintain, assure, and improve quality and that each fulfills its responsibilities, striving toward continuous improvement in quality assurance activities.

### Quality Assurance Activities

MGC promotes Company-wide quality assurance activities (Q-MGC). Along with providing superior products and services with high safety and reliability, all divisions act in accordance with the MGC quality policy in order to thoroughly ensure quality control and assurance.

The Quality Assurance Conference, which is chaired by the President, is composed of directors, auditors, and workplace managers. Basic matters, such as the Q-MGC annual plan, are discussed and decided, and reports on implementation status are received. In addition, we have established the Quality Assurance Supervisors Conference, composed of the people in charge of quality from each organization, where we discuss and consider the Q-MGC implementation plan, audit plan, and education/support plan.

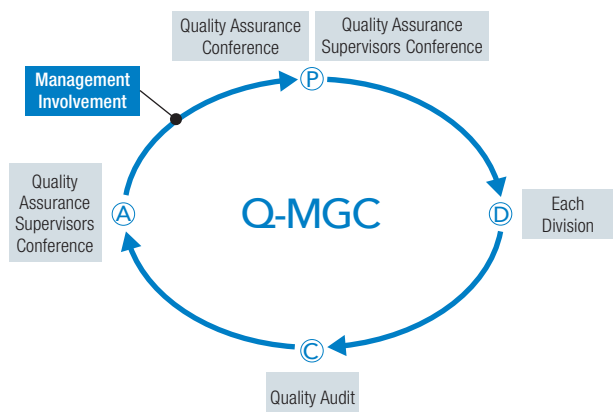
All plants have acquired ISO 9001 certification, the international standard for quality management systems. In

addition, we have acquired FSSC 22000 certification for food safety management systems and ISO 13485 certification for medical devices quality management systems.

### Quality Audit

For quality audits, the quality assurance director and the audit team evaluate the Q-MGC implementation status of all divisions. The priority audit items of 2020 are (1) the transmission of information relating to quality assurance, (2) the agreement of product specifications, (3) the quality assurance and management of contract manufactured products and purchase sales products, and (4) confirmation of the correction of quality complaints and problems.

#### Promotion of Q-MGC



### MGC Receives Intel's PQS Award

#### TOPICS

MGC received the 2019 Preferred Quality Supplier (PQS) Award from the US firm Intel Corporation. Intel's PQS Award is presented to suppliers that relentlessly pursue excellence and conduct business with resolute professionalism.



The PQS Award trophy

# Corporate Governance

We strive to operate an effective corporate governance system and to continually reinforce and enhance our system in order to fulfill the expectations of all stakeholders.

## Corporate Governance Policy

MGC shall strive to operate effective corporate governance systems and continuously reinforce and enhance those systems in order to meet the expectations of all stakeholders, including shareholders. Accordingly, it shall adhere to the following basic principles:

- (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

MGC has an Audit & Supervisory Board and appoints four outside directors. For the purpose of business execution, we have established an executive officer system, which clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides the basic policies of management, as well as important matters relating to items decreed by law and the Company's Articles of Incorporation. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs.

In April 2020 the main committees related to internal control were reorganized into the Internal Control and Risk Management Committee, which endeavors to maintain and

strengthen internal control and incorporates the perspective of risk management, and the Compliance Committee, which strives to protect the foundations of fair, transparent, and free business activity in strong awareness of the Company's social responsibility.

### Directors

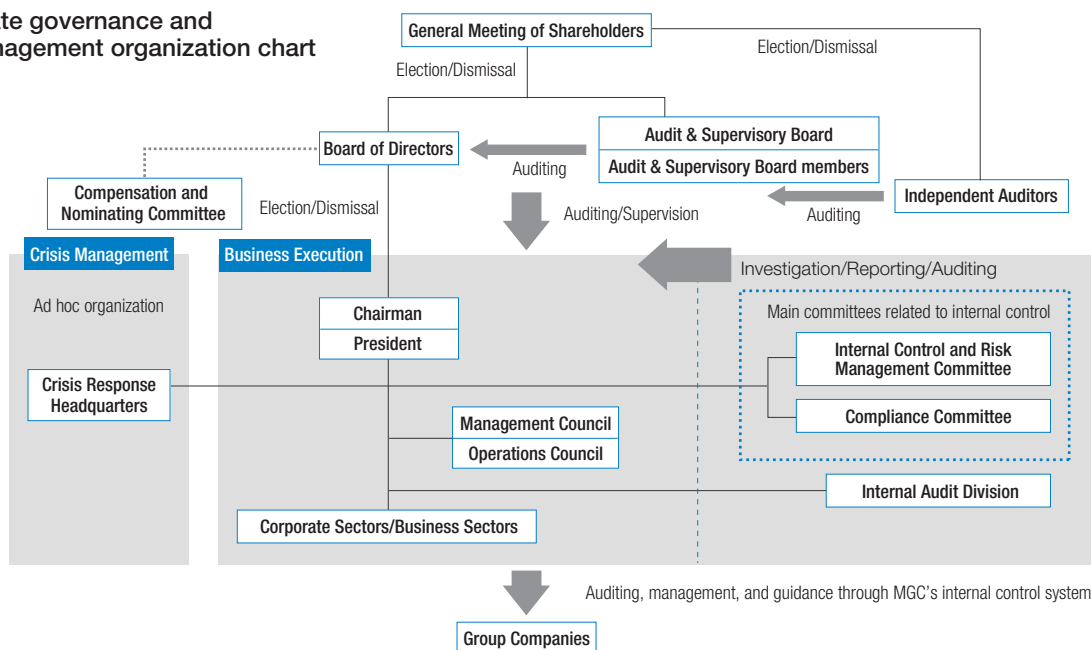
MGC has set the term of office for directors at one year to clarify the accountability of management. There is also a stipulation that MGC's directors may concurrently serve as an officer at a maximum of three companies other than MGC Group companies, to ensure that they can fully concentrate on MGC's management. 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.

In addition, discussions incorporating a diverse range of opinions are held to evaluate the efficacy of the Board of Directors.

### Audit & Supervisory Board Members

MGC's Audit & Supervisory Board is comprised of four audit & supervisory board members, of which three are full-time and two are outside members. They attend important meetings, such as those held by the Board of Directors and the Operations Council, conduct audits of each division and surveys of subsidiaries, and audit the execution of business.

Corporate governance and risk management organization chart



The members also monitor important decision-making processes and business execution in order to ensure reasonable decision making and compliance with the law and corporate norms.

### Training of Directors and Audit & Supervisory Board Members

MGC has newly appointed directors and audit & supervisory board members attend mandatory seminars outside the Company covering legal-related matters, particularly in connection with the Companies Act of Japan, in order to enhance their understanding of the roles, responsibilities, and duties of their respective positions. When deemed necessary, MGC gives directors, audit & supervisory board members, and other officers opportunities to attend external seminars covering various topics, including compliance, risk management, internal control, and legal issues, and provides them with relevant books and other documents.

Furthermore, all executive officers and directors overseeing business execution participate in workshops held each year, in which they discuss challenges and tasks for management in group settings. When appropriate, experts from outside the Company are invited to give informative lectures on current topics, such as revisions to laws.

In addition, MGC works to improve the efficacy and quality of its auditing by organizing study meetings for members of the Audit & Supervisory Board and providing opportunities for them to attend external seminars of their choosing in order to gain additional knowledge of relevant laws, auditing techniques, financial accounting, and other matters.

### Compensation and Nominating Committee

MGC's Compensation and Nominating Committee was established for the purpose of ensuring transparency, objectivity, and proper conduct in the process of determining compensation for directors and executive officers, and of nominating and appointing directors, audit & supervisory board members, and executive officers. Proposals for compensation and nominations are submitted to the committee, which is made up of the chairman of the Board, the President, and outside directors, prior to deliberations by the Board of Directors.

### Information Sharing and Support Network for Audit & Supervisory Board Members

An employee not subject to instructions from directors has been assigned to assist audit & supervisory board members with their duties. In addition to providing practical support for conducting audits, the employee facilitates communication between the audit & supervisory board members and coordinates their activities as the administrative staff of the Audit & Supervisory Board.

Audit & supervisory board members regularly exchange views with directors, periodically and promptly receive reports on the status of business execution and other important matters from directors and the office staff, request explanations whenever necessary, and express opinions.

Audit & supervisory board members also inspect important documents related to the execution of business and request explanations from directors and the office staff. Audit & supervisory board members can make use of specialists who are independent from the Company, such as attorneys of law, for the purpose of making proper decisions related to auditing.

In addition, outside directors and audit & supervisory board members are encouraged to share opinions and information regularly in an effort to promote cooperation between the outside directors and members of the Audit & Supervisory Board.

### Standards for Outside Directors and Outside Audit & Supervisory Board Members

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside officers (outside directors and outside 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 Company defines as independent all outside officers who satisfy the requirements for being an independent officer.

In addition, that candidate is deemed to qualify as an independent officer as long as none of the following matters apply:

#### 1. If any of the following applies to the candidate:

- Has been a business execution manager<sup>\*1</sup> of the Group.<sup>\*2</sup>
- Is a major shareholder of MGC<sup>\*3</sup> or is or has been a business execution manager for a major shareholder company within the previous five years.
- Is or has been a business execution manager within the previous five years of an important business partner.<sup>\*4</sup>
- Has been dispatched from a company or organization that has established a relationship with the Group through the reciprocal appointment of outside officers.
- Works for or has worked for an auditing firm within the previous five years that has conducted a statutory audit of MGC.
- Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation.<sup>\*5</sup>

#### 2. If any of the following applies to a close relation<sup>\*6</sup> of the candidate:

- Is or has been an important business execution manager<sup>\*7</sup> of the Group within the previous five years.



- Is a major shareholder of MGC or a business execution manager for a major shareholder company.
- Is or has been a business execution manager within the previous five years of an important business partner.
- Works for or has worked for an auditing firm within the previous five years that has conducted a statutory audit of MGC.
- Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation.

**3. The candidate has another important vested interest in the Group and has been reasonably deemed to be unable to fulfill his or her duties as an independent officer.**

- \*1 Business execution manager: either a director overseeing business execution, an executive officer, other officer involved in business execution, or an employee
- \*2 The Group: MGC or one of its subsidiaries
- \*3 Major shareholder of MGC: a shareholder currently holding, either directly or indirectly, 10% or more of total shares issued and outstanding
- \*4 Important business partner: a business partner that has made transactions, including buying and selling, amounting to 2% or more of consolidated net sales over the previous three consecutive years.  
Consolidated net sales pertain to the Group in the event the Group is the seller, or to the partner in the event the Group is the buyer.
- \*5 High compensation: in the case of an individual, an annual amount of 10 million yen or more, or in the case of a member of company or organization, compensation exceeding 2% of its consolidated net sales or total revenue
- \*6 Close relation: either a spouse, first- or second-degree relative, or financial dependent
- \*7 Important business execution manager: either a director overseeing business execution, an executive officer, or other officer involved in business execution

### Compensation of Directors and Audit & Supervisory Board Members

#### ● Compensation to Directors

Compensation to directors (excluding outside directors) and executive officers consists of annual compensation, which is the total of a basic compensation amount decided in accordance with each director's position and duties and performance-based compensation in consideration of various indicators of the Company's business performance, and restricted stock compensation. Part of the annual compensation is put aside each fiscal year as a reserved retirement benefit and paid at the time of the director's retirement. Depending on the director's performance and other factors, the amount may be reduced.

In order to share the value with shareholders and further motivate directors to work toward sustainable growth in corporate value, a number of MGC shares will be issued to directors as part of their compensation to be held for a certain period of time with a restriction on transfer. This system was introduced at the June 26, 2018, ordinary general meeting of shareholders.

In addition to these forms of compensation, a bonus amount that is considered appropriate may be paid upon resolution of a general meeting of shareholders.

Only basic compensation (fixed compensation) will be paid to outside directors.

Officer remuneration will be decided by the Board of Directors after comprehensively examining Company performance, common corporate criteria, employee salary trends, etc., and after consultation with the Compensation and Nominating Committee, comprised of the chairman, President, and 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.

### Hostile Takeover Defense Plan

At present, MGC has not established a hostile takeover defense plan.

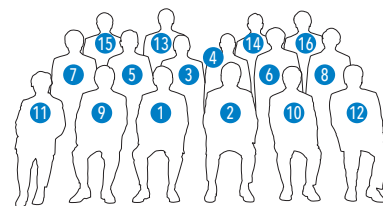
### Compensation (For Fiscal 2019)

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of people receiving compensation
		Basic compensation	Reserved retirement benefits	Restricted stock	
Directors (excluding outside directors)	489	373	80	35	13
Audit & Supervisory Board Members (excluding outside audit & supervisory board members)	52	52	—	—	2
Outside directors and audit & supervisory board members	55	55	—	—	4
Total	597	481	80	35	19

Note: In the above reserved retirement benefits for directors, provision has been made for the current fiscal year with respect to reserved retirement benefits.

Note: The amount of restricted stock compensation for directors indicated above is the amount reported as an expense relating to restricted stock compensation for the current fiscal year.

## Members of the Board of Directors and Audit & Supervisory Board



- 1 Toshikiyo Kurai**  
Representative Director, Chairman
- 2 Masashi Fujii**  
Representative Director, President
- 3 Masato Inari**  
Director, Managing Executive Officer
- 4 Nobuhisa Ariyoshi**  
Director, Managing Executive Officer
- 5 Tomohiko Okubo**  
Director, Managing Executive Officer
- 6 Kenji Kato**  
Director, Managing Executive Officer

- 7 Yasushi Kosaka**  
Director, Managing Executive Officer
- 8 Naruyuki Nagaoka**  
Director, Managing Executive Officer
- 9 Kazuo Tanigawa**  
Outside Director
- 10 Tsugio Sato**  
Outside Director
- 11 Haruko Hirose**  
Outside Director
- 12 Toru Suzuki**  
Outside Director

- 13 Takashi Kimura**  
Audit & Supervisory Board Member (Outside)
- 14 Katsuhiko Sugita**  
Audit & Supervisory Board Member
- 15 Masamichi Mizukami**  
Audit & Supervisory Board Member
- 16 Yasuomi Matsuyama**  
Audit & Supervisory Board Member (Outside)

As of June 26, 2020

# Compliance and Risk Management

MGC practices compliance with the aim of earning the trust and understanding of the community, while putting in place and strengthening systems for responding to a wide variety of risks.

## Promoting Compliance

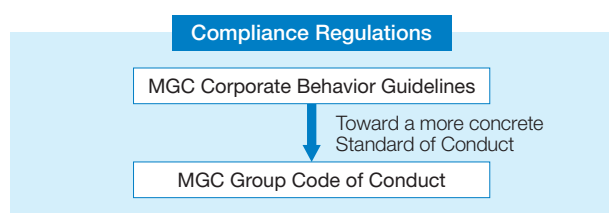
The MGC Group takes a broad view of compliance, one that involves not only abiding by laws and Company rules but upholding the fair, transparent, and flexible conduct of business in acknowledgment of its responsibilities to society. Based on this understanding, we have summarized the conduct expected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

To ensure thorough compliance across the entire MGC Group, we distribute the MGC Compliance Handbook to all of our employees in Japan. For overseas Group companies, we have also created English, Chinese, and Thai language versions of the MGC Corporate Behavior Guidelines and the MGC Group Code of Conduct to ensure our approach to compliance is instilled in those companies as well.



MGC Compliance Handbook

### MGC compliance concepts



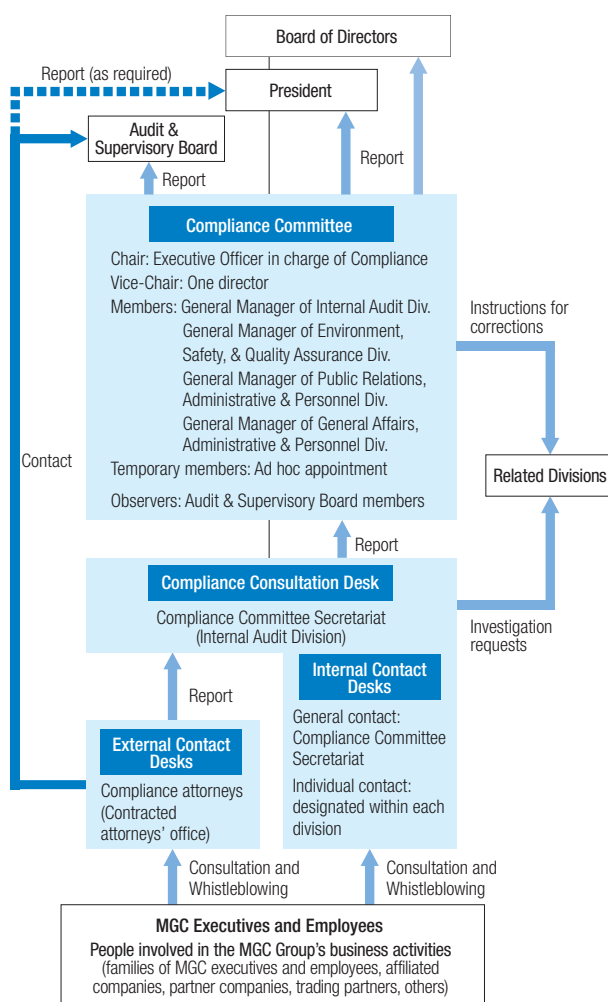
## Compliance System

The MGC Group decides policies, measures, and plans relating to the compliance system in the Internal Control and Risk Management Committee.

In addition, as an organization to deal with individual cases of compliance violation, the Compliance Committee has been set up as an independent body reporting directly to the President. The Compliance Committee comprises the executive officer in charge of compliance (who serves as the chair), a director (vice-chair), heads of compliance-related departments, and others.

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, and compliance violations are dealt

### MGC compliance structure



with according to prescribed internal procedures.

In addition, MGC has set up a Compliance Consultation Desk, intended to aid the early detection of unethical practices and implement preventive steps. Our internal contact desks are staffed by the Internal Audit Division, while outside consultation is available through the offices of specialized attorneys, including access to female attorneys. These attorneys also provide advice to the Compliance Committee and assist with the training of relevant departments.

Consultations and whistleblowing brought to the attention of the Consultation Desk and deemed potentially serious compliance violations are promptly reported to the Compliance Committee chairperson. The Compliance Committee determines any required corrective action or measures to prevent a recurrence after investigating the relevant facts. The results of these investigations and the details of said measures are also reported back to the party who submitted the original consultation or whistleblowing.



## 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 again calling for the promotion of compliance.

Compliance education is also included in grade-specific education, 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 illegal payoffs, at Group companies affiliated with our overseas businesses in emerging countries and elsewhere, we are also 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, and 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, checking also the final customer, destination, and use.

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



Grade-specific education on security and export control (left: for business division employees; below: for new recruits)

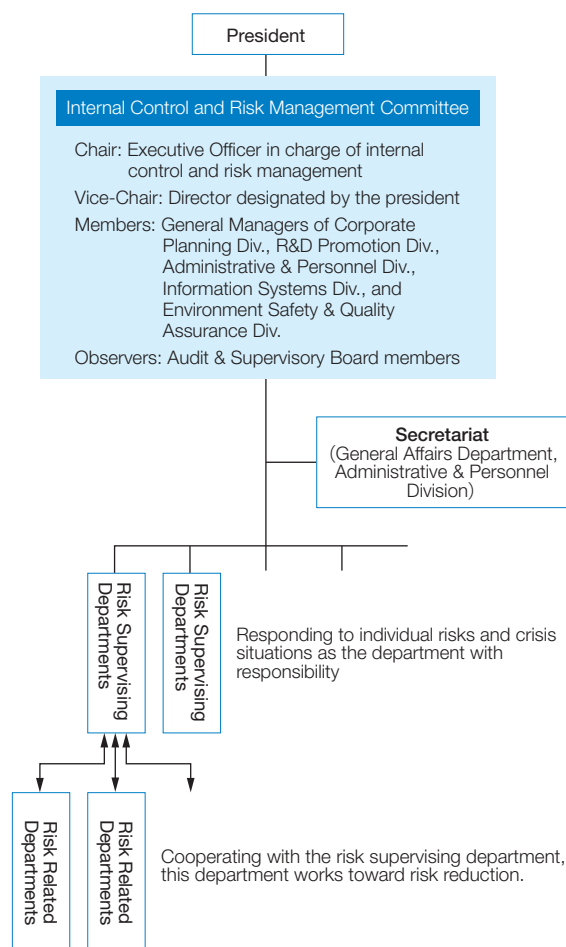


## Promoting Risk Management

At MGC, all business divisions actively assess and prioritize risk situations and devise risk reduction measures. The Internal Control and Risk Management Committee, chaired by the executive officer in charge of internal control and risk management, provides direction and supervision for each department and deliberates on problems that require a Company-wide response.

In terms of risks associated with business execution, we have developed an action plan to identify and evaluate risks inherent in our operations and internal control systems. We then take appropriate measures. In the event 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





## Compliance and Risk Management

### Risk Management of Group Companies

MGC investigates and exchanges information regarding the status of risk management efforts at each of its Group companies, while also requesting that they further enhance their risk management activities. MGC divisions in charge of each company also share information and address any issues when necessary. Risks that may have a significant impact are also reviewed by the Internal Control and Risk Management Committee.

### Formulating and Implementing the Business Continuity Plan

Business divisions responsible for important products and projects at MGC formulate the business continuity plan (BCP).

To fulfill their obligation to supply core materials that have a significant impact on customers, each business division implements plans for developing multiple manufacturing sites (which, depending on the product, may include sites in other countries), buildup of inventory, and reduction of equipment stoppage risk.

### Addressing Risks

At MGC, among the various risks associated with business activities, such as leaks of chemical substances, fires, and explosions, the head office division in overall charge of the risk concerned offers guidance and supervision to sites concerning countermeasures against risks that might occur at these sites.

Furthermore, the Internal Control and Risk Management Committee engages in discussions on countermeasures against the following risks that could cause damage to multiple sites:

#### 1. Countermeasures Against Large-scale Natural Disasters

MGC has undertaken advance disaster reduction measures to improve its facilities and minimize damage, based on scenarios envisioning such natural disasters as the Nankai Trough Earthquake or the Tokyo Inland Earthquake, flooding, and volcanic eruptions. We have also deployed a Company-wide safety confirmation system to cope with the aftermath of a large-scale natural disaster, along with wireless communication devices and other emergency devices, while also setting up reserve supplies of food,



Earthquake simulation chamber

water, and other materials. Each year, we conduct emergency drills using these systems and equipment.

We also work to ensure that in the event our headquarters are paralyzed by a natural disaster, each

of our other facilities may continue supporting customers and maintaining other services, supplementing the headquarters' functions.

#### 2. Prevention of Information Leaks

MGC has put in place a framework and rules for managing a variety of information—business information, technical information, personal information, and others—and works to prevent leaks in terms of both hardware and soft skills, including everything from building information management systems to providing employee training and education. We also work to prevent leaks by strengthening information system security using the latest available IT.

#### 3. Countermeasures Against the Spread of Infectious Diseases

MGC has formulated the business continuity plan relating to infectious disease countermeasures for offices and sites in Japan and overseas. In order to adopt uniform Group-wide measures in response to the novel coronavirus pandemic, MGC has established a Crisis Response Headquarters headed by the President. While grasping an overall view of the situation and taking steps to maintain production and distribution, the headquarters was quick off the mark to ensure the safety of employees by implementing at-home telecommuting.

### Donation of Polycarbonate Sheets for Face Shields

## TOPICS

In view of the shortage of medical face shields due to the spread of novel coronavirus infections, MGC Filmsheet Co., Ltd., a consolidated subsidiary of MGC, processed lupilon™ film, a polycarbonate resin product made by the company, into shield shapes and donated 800 of them to the Citizens Medical Center in Tokorozawa, Saitama Prefecture. To continue such contributions to the local community, MGC Filmsheet's Osaka Factory also donated 6,500 sheets to the city of Toyonaka in Osaka Prefecture, where it is located.

The company plans to continue adjusting its production setup and expanding its support to the front-line medical sector.



(From left) Director Azuma of the Medical Supplies Department of the Citizens Medical Center in Tokorozawa; MGC Filmsheet President Tsuneaki Iwakiri; and Director Shigenaga of the Nursing Department of the Citizens Medical Center