

# Mitsubishi Corporation Compliance Report



# Introduction

This report provides an overview of the Mitsubishi Corporation (MC) Group's compliance efforts.

A company's success depends largely on its ability to operate in harmony with society. Compliance is therefore an essential ingredient to attaining sustainable corporate growth. At MC, we are constantly guided by the spirit of our Three Corporate Principles, the backbone of our corporate philosophy, as we strive to achieve sustainable economic, social and environmental value, in keeping with the expectations of our stakeholders.

Our corporate activities have always been conducted on the basis of *Shoji Komei* (Integrity and Fairness), one of our Three Corporate Principles. *Shoji Komei* is interpreted as: "Maintain principles of transparency and openness, conducting business with integrity and fairness," and in Midterm Corporate Strategy 2021, I reiterated that exercising strict compliance remains a priority at MC and that we will continue seeking to cultivate, at all levels, the type of personnel who execute their responsibilities with a strong sense of ethics.

With this in mind, I invite all our stakeholders, business partners as well as officers and employees, to read this report as it will deepen your understanding of the MC Group's approach to compliance.

November 2020



Takehiko Kakiuchi  
President and CEO  
Mitsubishi Corporation

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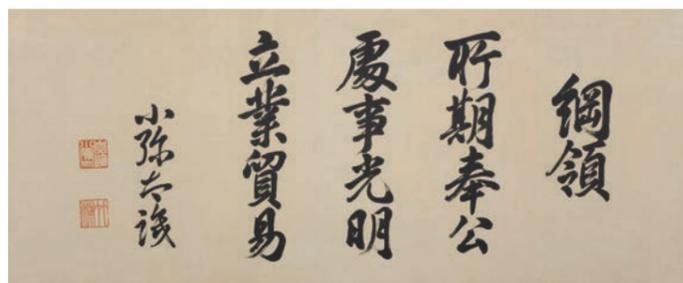
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# Mitsubishi Corporation's Compliance

The Three Corporate Principles were formulated in 1934 as the action guidelines of Mitsubishi Trading Company (Mitsubishi Shoji Kaisha), based on the teachings of Koyata Iwasaki, the fourth president of Mitsubishi, as captured in a speech he delivered to management staff in 1920. Although Mitsubishi Trading Company ceased to exist as of 1947, the principles were adopted as MC's corporate philosophy, and this spirit lives on in the actions of today's management and employees.

*Shoji Komei* (Integrity and Fairness), one of the Three Corporate Principles, is interpreted as: "Maintain principles of transparency and openness, conducting business with integrity and fairness." This encapsulates the modern-day thinking of compliance. In other words, MC bases its business activities on *Shoji Komei*, which is an even wider concept than compliance and one that has been around long before the concept of compliance gained currency throughout the world.

Today, MC officers and employees are required to conduct themselves in line with the principles of integrity and fairness at all times, both in their professional and private lives.



Based on its Three Corporate Principles, MC has constructed compliance systems on a consolidated and global basis so responses can be carried out immediately in light of ever-changing laws and social environments. In addition, we have focused efforts on educating employees through means such as e-learning and compliance discussions for officers and employees at MC Group companies, both in Japan and overseas.

In order to maintain the trust of all of our business partners and other stakeholders worldwide, it is essential for every officer and employee to recognize the importance of our historical value known as *Shoji Komei* (Integrity and Fairness), and to strive to practice compliance on a daily basis in order to meet everyone's expectations.

When speaking of compliance, we often get the impression that it is something that is forced by the company, but it is rather something that will allow the company and employees to continuously develop without any obstacles. Compliance is inevitable, and I believe it is closely linked with the development strategy of the company.

In anticipation of further changes in conditions both inside and outside the company, we will continue to strengthen the most viable efforts towards promoting compliance, and instill a thorough awareness and knowledge of it throughout the entire MC Group.

November 2020

Masakazu Sakakida, Chief Compliance Officer, Mitsubishi Corporation

## Column 1

The following is an excerpt from the teachings of former Chairman Koyata Iwasaki at a meeting of all office general managers at headquarters in 1920, which form the basis for *Shoji Komei*.

"Furthermore, it will be very dangerous if we become too wrapped up in competition, and in the frenzy to obtain bigger profits, lose sight of what is just and resort to drastic and questionable methods. Such underhanded dealings can ultimately lead to the destruction of not only the whole business but the company itself, and therefore must never be allowed to happen. Especially when doing business with public authorities, we must pay very careful attention to this point.

We must always choose the path that is most just and above-board. If others choose to play unfair, and resort

to suspect methods, we must not lower ourselves to their level, but rather fight even harder through the most legitimate and honorable business practices. We will counter their trickery with honesty, and their solicitations with study and accommodation. I have never heard of anyone who ultimately prevailed through deception. I believe that adhering to what is just and right will always pay off in the end. It is our responsibility as respected businesspeople to defend honest practices and condemn injustice, and based on this philosophy endeavor to steadily develop a sound, stable organization."

## Column 2

At MC, the president and other members of the senior management team communicate the importance of compliance, including the aforementioned teachings of former Chairman Koyata Iwasaki, to officers and employees at every available opportunity.

January 4, 2017

Excerpt from the New Year's message by President  
Takehiko Kakiuchi

In my opinion, if you possess the following three qualities then you are already on your way to becoming management professionals.

The first is a "for-the-team" mentality. Without this you will never be able to demonstrate true leadership.

The second is a strong sense of ethics. The finest professionals are those who are not only fully

compliant with laws and regulations, but also morally and ethically grounded.

The third is resilience. When faced with problems or failures, will you dwell on them, or will you seize them as opportunities? Remember, only the best can learn from their mistakes and grow stronger because of them.

September 17, 2010

Excerpt from message by then President  
Ken Kobayashi

Ever since I was appointed as president, I have taken every opportunity to affirm that compliance is our fundamental premise for conducting corporate business activities.

Any compliance problems caused by our employees would have a tremendous impact on Mitsubishi Corporation's reputation. In the blink of an eye, we could lose the trust that we have built up over decades. This would also have repercussions for our customers, not to mention a huge impact on the work

of colleagues in the Company and our families.

Regardless of the time or place, or whether at work or in private life, please ensure that your conduct reflects good judgment as a Mitsubishi Corporation employee and as a productive member of society. Keeping the spirit of *Shoji Komei* (Integrity and Fairness) close to heart at all times, we must conduct ourselves with the utmost integrity, fairness, and dignity.

Excerpt from January 5, 2009

New Year's message by then President  
Yorihiko Kojima

Our commitment to compliance does not stop at merely following laws.

It means that the MC Group must recognize its social responsibilities and fully meet the expectations

of society, in order to be a corporate group that retains the trust of the public at all times. Indeed, it is in times like these that society will hold the MC Group to the highest standards.

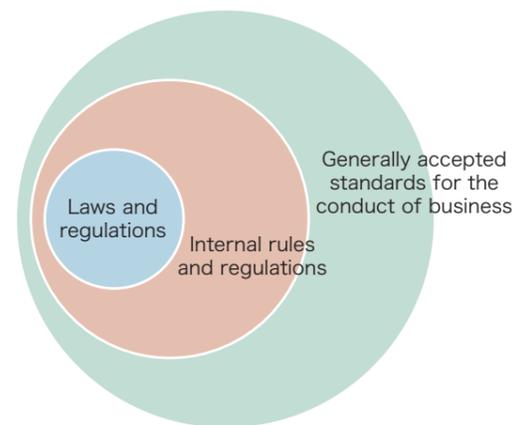
## Definition of Compliance

MC defines compliance as the observance of laws, rules, regulations, international standards and internal regulations, and respect for generally accepted standards for the conduct of business.

Compliance is generally interpreted as meaning legal compliance. However, this narrow definition would exclude points 2. and 3. in the diagram to the right, and could lead to the misunderstanding that an act is acceptable as long as the law is observed.

In addition to the observance of laws and regulations (as stated in 1.), all officers and employees at the MC Group are also obligated to consider the observance of internal rules and regulations, and the generally accepted standards for the conduct of business (as stated in 2. and 3.). Officers and employees must think at all times what these standards entail in the present-day context, as they have not been prescribed. Specifically, officers and employees must meet society's trust and expectation that MC will do what only it can. Corporate officers and employees are aware of the high expectations of society and aim to ensure that the MC Group lives up to those expectations.

### [ Importance of Compliance ]



#### Points to Observe

1. Laws and regulations, international rules
2. Internal rules, regulations, and policies
3. Proper consideration for generally accepted standards for the conduct of business

## Code of Conduct

In September 2000, MC formulated the Mitsubishi Corporation Code of Conduct, which compiles the Three Corporate Principles, as the philosophy on compliance, and other internal rules and regulations that every officer and employee must be mindful of.

The basic policy of the Mitsubishi Corporation Code of Conduct states that “All officers and employees of Mitsubishi Corporation (the “Company”) must comply with all applicable laws, rules and regulations where they operate, international standards and rules, and all internal corporate rules and policies. In addition, all officers and employees of the Company must act in a socially responsible manner by complying with the highest ethical standards in the conduct of their business.” Compliance at MC goes beyond simply complying with laws. Acts that go against

generally accepted standards for the conduct of business must not be carried out even if they are not illegal. Accordingly, at the same time as prohibiting inappropriate acts and of course illegal acts specified in law, we refrain from engaging in transactions if they cannot clear certain important specified criteria.

Business card-sized editions of the Mitsubishi Corporation Code of Conduct have been distributed to all officers and employees with the goal of internally disseminating the information within MC. In addition to the basic principles, these cards contain the contact details for compliance helplines and mailboxes (whistleblowing system). Officers and employees are required to carry these cards at all times so that they can confirm the details whenever necessary.

## Mitsubishi Corporation Code of Conduct

### — Basic Policy —

All officers and employees of Mitsubishi Corporation (the “Company”) must comply with all applicable laws, rules and regulations where they operate, international standards and rules, and all internal corporate rules and policies. In addition, all officers and employees of the Company must act in a socially responsible manner by complying with the highest ethical standards in the conduct of their business.

### — Basic Principles —

1. Respect human rights, do not discriminate on any basis, and do not engage in any form of harassment.
2. Maintain a high regard for environmental considerations in conducting our business operations, and ensure that our business is conducted in an environmentally sustainable manner, and comply with treaties, laws and regulations concerning the environment.
3. Promote fair business practices and comply with trade rules, regulations, and internal corporate rules and policies.
4. Comply with the rules and regulations of international trade.
5. Protect and properly use confidential and proprietary information, protect the rights of the Company and respect the rights of others.
6. Do not engage in insider trading.
7. Avoid conflicts of interest with the Company; maintain a distinction between corporate and private business.
8. Record and report accounting and financial information timely and accurately.
9. Maintain proper legal and ethical standards with respect to gifts and entertainment.
10. Resolutely oppose any organization, group or individual engaged in unlawful activities and do not provide money or other types of economic benefits to them.
11. Promptly report to or consult the superiors, the Group Compliance Officers, the relevant departments, the Secretariat for the Compliance Committee, or the outside counsel in charge of Compliance upon discovering or committing any violations of this “Code of Conduct”.

# Mitsubishi Corporation's Compliance Framework

## Internal Regulations

In order to enhance the effectiveness of compliance, the compliance philosophy must be clarified, and a functional system and action plan are also necessary for this.

Under the Three Corporate Principles, which constitute MC's corporate philosophy, MC has the Corporate Standards of Conduct which regulate MC, and the Mitsubishi Corporation Code of Conduct which regulates all officers and employees. Various rules and regulations are formulated under this conceptual framework.

At MC, important matters that are applied broadly to officers and employees on an ongoing basis in the internal control system are systematically codified as internal rules and regulations, and items that apply to the whole company are managed as company-wide regulations.

There are various regulations governing compliance, but the main ones are listed below.

## [ Main Compliance-Related Internal Regulations ]

<b>HR Management</b> <ul style="list-style-type: none"> <li>Office Rules and Regulations</li> <li>Discipline Rules</li> </ul>	<ul style="list-style-type: none"> <li>Standard for the Management of Chemical Substances</li> <li>Consumer Products Import and Sales Standards</li> </ul>
<b>Compliance</b> <ul style="list-style-type: none"> <li>Basic Rules for the Organization and Implementation of Compliance</li> <li>Security Trade Control Rules and Regulations</li> <li>Trade Procedure Management Standards</li> <li>Standard for the Prevention of Cartels</li> <li>Standard for Transaction Pursuant to the Law on the Prevention of Delays in the Payment of Subcontracting Charges</li> <li>Standard for the Prevention of Unfair Stock Trading</li> <li>Code of Prohibition against Improper Payments or Other Types of Benefits</li> <li>Standard for Entertainment</li> <li>Standard for the Management of Antique Trading</li> <li>Permission Approval and Notification Management Standards</li> </ul>	<b>Human Rights</b> <ul style="list-style-type: none"> <li>Basic Rules for the Prevention of Harassment</li> </ul>
	<b>Information Security</b> <ul style="list-style-type: none"> <li>Regulations on the Handling of Documents and Seals</li> <li>Basic Regulations on Information Security</li> <li>Basic Regulations on Information Technology</li> <li>Standard for the Preparation for Application and Management of Documents</li> <li>Practice Standard for Information Security</li> <li>Practice Standard for Information Technology</li> </ul>
	<b>Environment</b> <ul style="list-style-type: none"> <li>Basic Regulations on the Environment</li> <li>Standard for the Prevention of Soil Contamination</li> <li>Policy for Sustainable Supply Chain Management</li> </ul>

## [ Mitsubishi Corporation Internal Rules and Regulations ]



## Compliance Framework

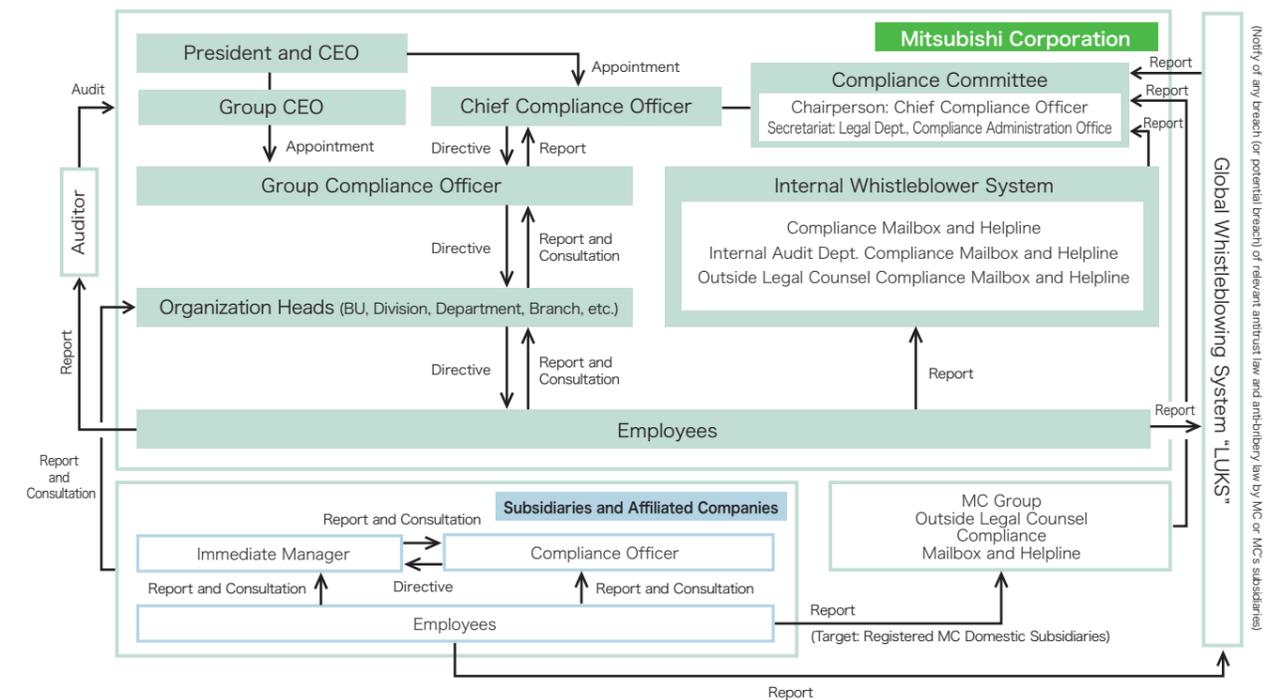
### Compliance Committee

At MC, the Compliance Committee and the Compliance Officer system play important roles in implementing compliance.

As an advisory body to the Chief Compliance Officer, the Compliance Committee prepares and disseminates information about company-wide compliance measures. The Compliance Committee is led by the Chief Compliance Officer, who is appointed by the president, and meets twice a year, in principle.

Officers and employees of MC are required

to report to or consult with managers of organizational bodies if they become aware of a compliance violation or a potential compliance violation. The managers of organizational bodies must in turn report to or consult with a Compliance Officer, who is then required to report to the Chief Compliance Officer. In addition, MC has established compliance mailboxes and helplines to make it easy for officers and employees to seek advice about compliance issues.



## Compliance Officer System

The Chief Compliance Officer, who is appointed by the president, is in charge of matters concerning compliance as a whole at MC, and is responsible for planning and implementing compliance-related measures.

The Chief Compliance Officer also has the authority to conduct any necessary investigations if there has been a breach of compliance, or possible breach, and can also order the suspension or improvement of the

business activities concerned.

The Head Office has appointed Compliance Officers in its Corporate Staff Section and 10 Business Groups. This structure respects the autonomy of each of these organizational bodies while ensuring compliance at the frontlines of business.

There are also Regional Heads of Compliance who promote compliance measures according to regional characteristics.

## Dedicated Compliance Organization

The Secretariat of the Compliance Committee, which handles the administrative procedures of the Compliance Committee, is served by the Legal Dept.

The Secretariat of the Compliance Committee is positioned under the Chief

Compliance Officer, and works with various Compliance Officers and related departments to respond to compliance cases, as well as plan and implement company-wide compliance measures.

# Mitsubishi Corporation's

## Compliance Promotion Activities and Initiatives

### PDCA Cycle

The aim of compliance measures is to instill an awareness of compliance in all officers and employees. This is achieved by repeatedly educating personnel about compliance while using the PDCA (Plan-Do-Check-Act) cycle.

MC vigilantly monitors the social environment surrounding the company, giving the utmost consideration to the latest approaches to compliance. MC also identifies and evaluates necessary measures, referring to the Employee Awareness Survey/Compliance Monitoring Survey, compliance discussions and case studies of reports and consultations fielded by the Administration Office on a daily basis, among other information.

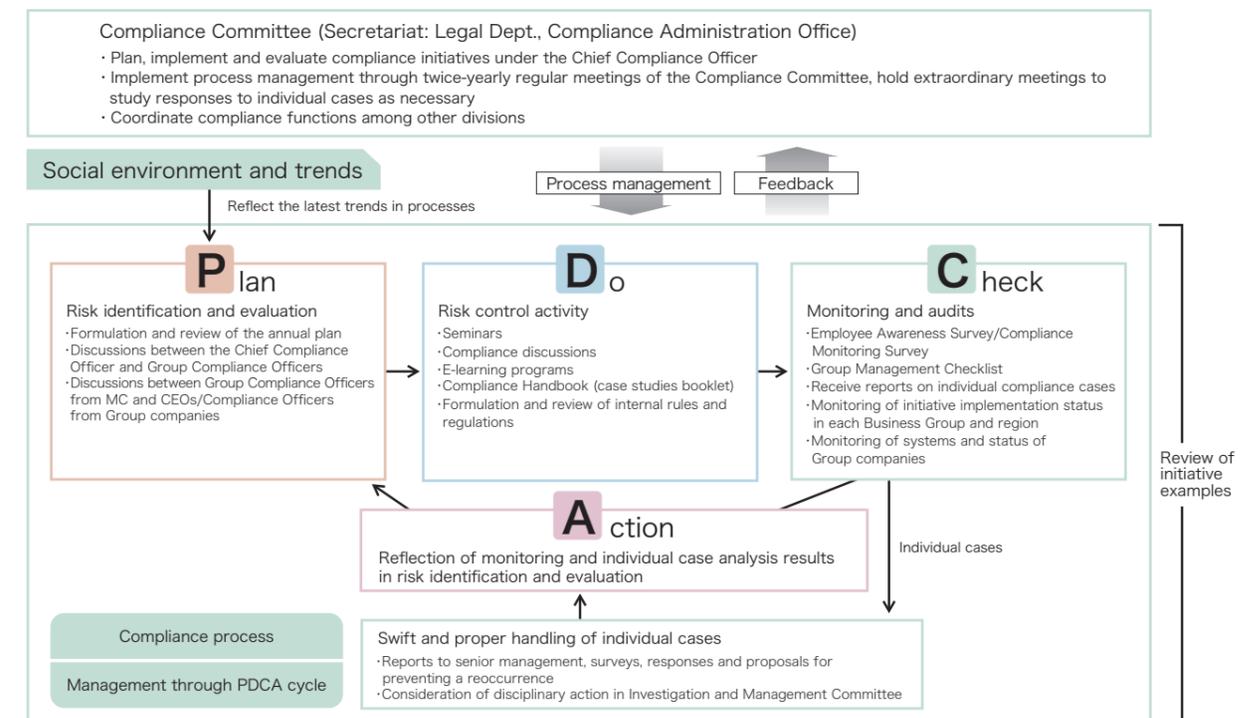
In the "Do" step of the cycle, we conduct internal seminars for each target as part of our awareness-raising activities based on risks that were identified and evaluated in the "Plan" step of the cycle. MC has a number of training programs such as for new recruits, for senior management-level employees, for employees on secondment, and for employees who are scheduled to take up

overseas appointments. These training programs all incorporate compliance-related seminars.

Besides this training, we also run seminars in specialist fields, including antitrust law, the Subcontract Act, anti-bribery, foreign exchange, labor management and trade laws. At the same time, each Section/Group Compliance Officer and Head of Compliance overseas holds compliance seminars according to the characteristics and needs of their relevant Business Group and overseas region.

Since the year ended March 2004, MC has asked all officers and employees to reread the Mitsubishi Corporation Code of Conduct and also submit a written commitment to it every year. In the year ended March 2010, MC also launched an e-learning program.

Additionally, MC has prepared a Compliance Handbook (in Japanese only), with the aim of reminding officers and employees about easily misunderstood situations in daily operations and daily life. This has been distributed as a booklet.



## Compliance on a Consolidated Basis

In step with the expansion of MC's business activities on a consolidated and global basis, MC has expanded the scope of its various compliance measures to apply to not only MC but to all Group company officers and employees

around the world as well. As a cohesive group with expansive operations on a global scale, the MC Group continuously strives to strengthen its compliance activities while linking individual measures in this manner.

## E-Learning

Every year since the year ended March 2004, MC has required all officers and employees to sign a written commitment to the Mitsubishi Corporation Code of Conduct. The aim of this is to encourage all officers and employees to reread the code of conduct at least once a year and reflect on their behavior.

In the year ended March 2010, MC launched an e-learning program where participants answer case study questions related to the provisions of the code of conduct. Officers and employees must reread the code of conduct to answer the questions, thereby providing an

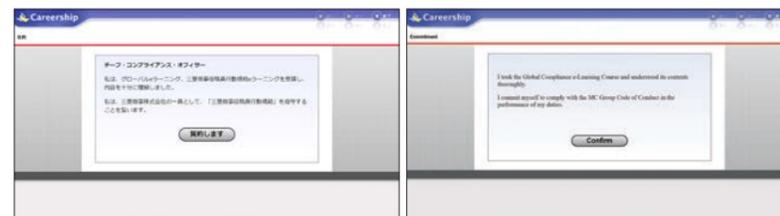
opportunity for them to reaffirm Mitsubishi Corporation's stance on compliance.

From the fiscal year ended March 2012, MC started conducting these e-learning programs at Group companies in Japan, and from the fiscal year ended March 2020 at overseas Group companies. In addition, MC has been implementing original e-learning programs for each overseas region. In this manner, e-learning is going a long way to enhancing the MC Group's compliance knowledge and awareness on a consolidated and global basis.

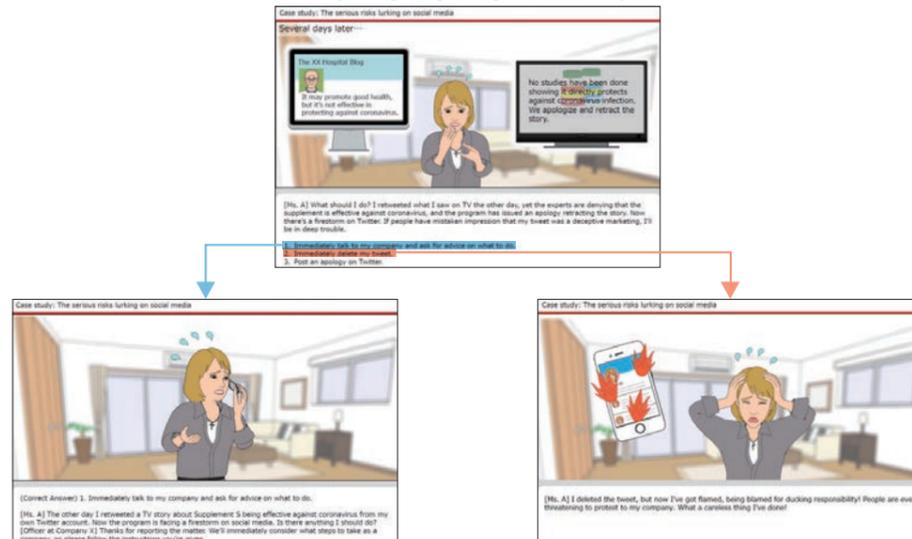
The history of the MC Group



Conducted in Japanese, English, etc.



The story changes depending on the answer you choose



## Employee Awareness Survey/Compliance Monitoring Survey

These surveys assesses not only the ethics environment but also how far awareness regarding compliance has disseminated in the workplace, and the results are used to plan and enact compliance measures at MC. Outside experts are employed to ensure the anonymity of answers and to analyze and evaluate the survey results in comparison with other companies. MC first conducted the Compliance Awareness Survey at MC in the fiscal year ended March 2009, and has conducted it every 3 years since then. MC Group companies began conducting the survey in the fiscal year ended March 2010, and have conducted the survey every fiscal year thereafter. In the fiscal year ended in March 2020, the Compliance Awareness Survey was integrated with the survey conducted in the Global Human Resources Dept. as the Employee Awareness Survey. Also, in the fiscal year ending in March 2021, the Compliance Monitoring

Survey was launched for Group companies. The Compliance Monitoring Survey is composed of compliance questions from the Employee Awareness Survey.

These surveys are viewed as an important initiative for assessing and evaluating the current status of each company because they can (anonymously) confirm the ethical environment and how far compliance awareness has disseminated in the workplace at an individual officer and employee level. From a compliance perspective, since it is especially important to frequently monitor the status of each company, the Compliance Monitoring Survey is prepared for the years when companies choose not to conduct the more extensive Employee Awareness Survey. Each company implements measures to overcome issues identified in the previous survey, and conducts a follow-up survey to confirm the effectiveness of those measures.

### Employee Awareness Survey

**(Objective)**  
This survey aims to regularly observe workplace environments and employee mindsets that can lead to a compliance violation or a suspected violation. This survey is extensive and includes compliance-related questions.

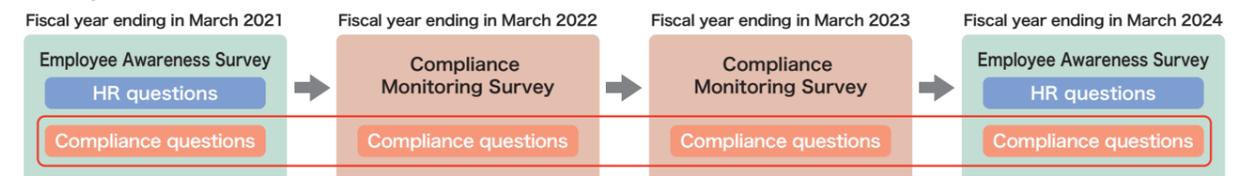
**(Frequency)**  
Once every 2 to 3 years (in accordance with the company management cycle) is recommended.

### Compliance Monitoring Survey \*Only for Group companies

**(Objective)**  
This survey aims to grasp compliance violations or suspected violations each year in Group companies through questions answered in freewriting format.

**(Frequency)**  
For years companies choose not to take the Employee Awareness Survey.

### (Example)



## Compliance Discussions

To rigorously enforce compliance, every officer and employee must be strongly aware of compliance, incorporating this awareness into their actions on a daily basis and reflecting on their conduct at all times. MC has therefore been conducting compliance discussions since the fiscal year ended March 2014 to encourage personnel to discuss compliance issues in each workplace. The discussions look at case studies of compliance issues that could actually occur in daily operations and daily life. The participants examine where problems lie and how personnel should respond if a problem occurs.

These discussions represent a type of workplace improvement activity, so to speak, focused on the concept of compliance. These activities allow members of a workplace to take time out of their busy schedules to get together and discuss a single theme. In doing so, they are able to recognize problems that might have gone unnoticed until then. This leads to a willingness to promptly consult with others on any problems that might arise, without suffering in silence, and to solve each problem. For this reason, MC believes that these discussions will enhance compliance awareness and help to create better workplaces.

## Compliance-Related In-House Seminars

In-house seminars play an important role in ensuring compliance awareness. MC runs in-house training programs on a company-wide basis according to level in the organization.

Compliance-related training was offered on individual topics such as antitrust laws, the Subcontract Act, anti-bribery laws, and labor management. Furthermore, seminars are held for each Business Group and region according to their relevant characteristics.

Just holding seminars as a formality is not enough to ensure effective compliance, however. Given the extremely broad and varied scope of its business, MC considers the characteristics and needs in each business field and region, and uses seminars as a forum for sharing information and exchanging views, and for incorporating the latest thinking on compliance as fast as possible.

### [ Main Compliance-Related Seminars ]

#### In-house seminars for different targets

- Training according to level—new recruits, senior management-level training, etc.
- Training for transferees—secondees and employees scheduled to take up overseas appointments, etc.
- Training for all MC Group officers and employees
- Training according to requests from Business Groups, outside and individual companies

#### Seminars on particular topics

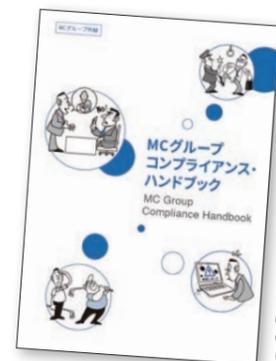
- Antitrust laws and the Subcontract Act seminar
- Anti-bribery seminar
- National security trade management seminar
- Trade procedure management seminar
- Labor management seminar
- Other business law-related seminars
- Harassment seminar, etc.

## Compliance Handbook

In January 2005, MC prepared a Code of Conduct Q&A Booklet to encourage officers and employees to take notice of compliance issues in the course of their daily operations and daily life, and to correctly understand relevant laws, regulations and internal rules. The booklet was distributed to all MC officers and employees. In light of subsequent developments in society, and to reflect cases for which larger numbers of inquiries were received internally, MC prepared and distributed a new Compliance Case Study

Q&A Booklet. This new booklet was prepared and distributed to MC Group company officers and employees in April 2013, and MC officers and employees in November 2013. In March 2018, the booklet was updated and issued as the Compliance Handbook.

Because the booklet looks at case studies of issues that could arise in familiar situations, it is used widely by individual members of the MC Group as a guide for their conduct.



Compliance Handbook for MC Group companies (issued March 2018)



Compliance Handbook for MC (issued March 2018)

## Activities to Prevent Corruption

Following the amendment of Japan's Unfair Competition Prevention Act, by which the bribery of foreign public officials was made illegal, in 1998 MC established the Code of Prohibition against Improper Payments or Other Types of Benefits in order to prevent the provision of such benefits to public officials and other parties so as to not invite external suspicion or mistrust. Furthermore, in 2002 MC established a strict anti-corruption system by setting specific guidelines regarding the provision of entertainment or gifts to public officials and other workers, and regarding the appointment of agents, etc. MC has further committed to build and operate an effective system for anti-corruption by frequently amending the company rules and revising the internal system based on the actions of various nations' authorities as well as on the actual instances of enforcement

within those nations.

In 2016, in order to prevent officials and employees of the Mitsubishi Group from becoming involved in corruption, MC published and distributed an Anti-Corruption Handbook which summarized the relevant anti-corruption regulations in Japan and other major countries, recent occurrences of corruption, and MC's efforts to prevent corruption.

In April 2019, MC updated the Mitsubishi Corporation's Anti-Corruption Guideline, published in 2015, as the Mitsubishi Corporation Group's Anti-Corruption Guideline.

By considering changes and other factors in the environment surrounding our business, the MC Group will continue to focus on anti-corruption efforts and strive to prevent corruption.



## Whistleblowing System

As a rule, officers and employees should consult with their superior or jurisdictional Compliance Officer about compliance-related questions and problems. However, MC has also established several compliance mailboxes as an alternative means for reporting and consulting compliance-related matters. This is an important initiative for enabling frontline employees to directly report to and seek advice from the Compliance Administration Office by telephone, e-mail or other means, without going through their supervisor.

Officers and employees who wish to remain anonymous may also contact outside legal counsel through the outside counsel compliance mailbox. While outside legal counsel will confirm where the informant is employed, they will not reveal the name and organizational position of the person to the Compliance Administration Office without the informant's consent.

There is also a compliance mailbox for MC Group company officers and employees. Here, legal counsel receives the report or consultation and reports it to Mitsubishi Corporation's Compliance Administration Office. Here as

well, legal counsel will confirm the affiliation of whistleblowers, but will not disclose their name or organizational position to the Compliance Administration Office without their consent.

In addition, we set up a route for reporting to the Internal Audit Dept. or auditors. Furthermore, we launched the New Global Whistleblowing System ("LUKS") in 2016, which makes it easier for officers and employees of MC and its subsidiaries to report compliance issues, related antitrust laws, and anti-bribery laws.

After receiving details of the whistleblowing, the Compliance Administration Office will share the information only with limited parties to confirm the facts and take necessary action. When taking action, the Compliance Administration Office will comply with confidentiality obligations, safeguard the rights of the informant, take care to avoid conflict of interest, and will strictly prohibit any disadvantageous treatment of the informant by relevant parties.

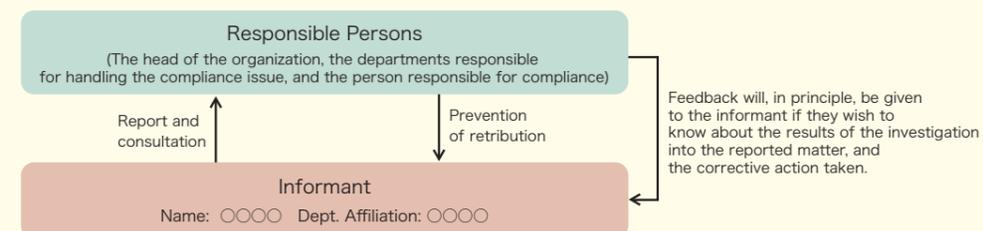
The compliance mailboxes have been used as a safe point of contact since they were established in 2001.

### Column 3

#### Measures to enhance the use of the Whistleblowing System

We conduct the following measures for employees to be able to use the system at ease.

- Introducing the system manual on the company intranet
- Public announcement of the amount of reports to the system
- Providing training for compliance members receiving the reports
- Reminders through messages from management, training and e-learning
- Introducing the system in a company magazine
- Regular review of the system (including reviews by outside experts)



## Response to Individual Cases

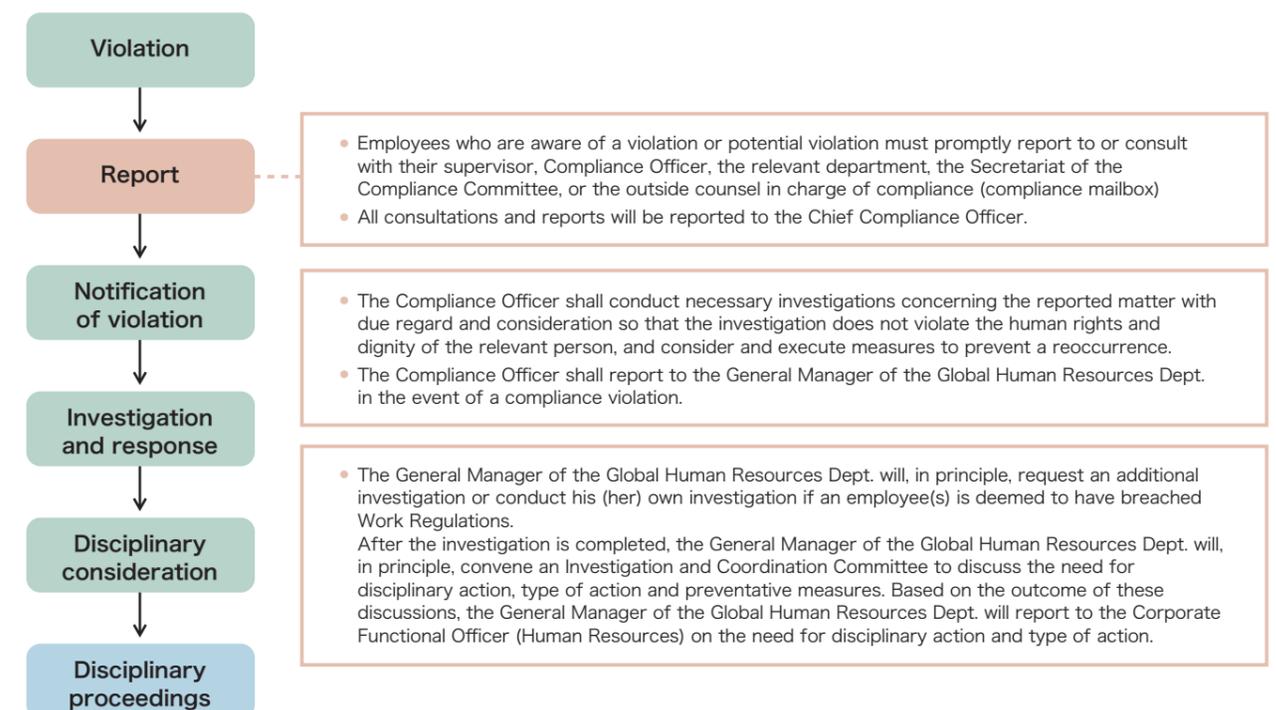
Besides planning and implementing the various compliance-related measures explained thus far, responding to individual cases that arise in the course of daily operations is also an important activity for promoting compliance.

Officers and employees who become aware of a violation or potential violation concerning compliance are obliged to report immediately to their supervisor or other relevant party. The supervisor then reports to the Compliance Officer, and the violation is finally reported to the Chief Compliance Officer through the administration office for the Compliance Committee.

Compliance officers conduct a necessary investigation into the reported matter, being mindful to not violate the human rights or dignity of concerned parties. The findings are reported to the Chief Compliance Officer, and measures are planned and implemented to prevent a reoccurrence. Furthermore, cases of violations and the status of resolutions reported to the Chief Compliance Officer, including cases for which reports or notifications have been received from Group companies, are periodically reported to the Auditors.

Through this series of steps, MC responds to individual cases while utilizing the PDCA cycle.

### [ Process from Compliance Violation to Disciplinary Proceedings ]



# Closing Note

Compliance is by no means a new subject for any company. It is sometimes stressed as a company's defensive mechanism for preventing damage to corporate value. However, the observance of laws and regulations, respect for generally accepted standards for the conduct of business and contribution to society are only natural for a company to fulfill its corporate social responsibility. The

MC Group has formulated and implemented various compliance measures based on legislative amendments and changes in the social environment, while adhering to its corporate philosophy enshrined in the Three Corporate Principles. All officers and employees have made concerted efforts together to conduct compliance activities. From the MC Group's standpoint, compliance

is a never-ending endeavor to respond to and address a constantly changing legal and social environment.

An important aspect of compliance is to repeat compliance activities day in and day out at the frontlines of business operations. All officers and employees, including senior management, must be attuned to legislative amendments and changes in the social

environment and share an awareness and knowledge about compliance in order to prevent compliance violations from arising. And should a violation arise, they must sincerely respond to society's demands and take steps to prevent a reoccurrence of the violation. The never-ending compliance process should help ensure the sustainability of the company and improve corporate value.

## Compliance Chronology (Reference)

August 1994	Formulated Standard for the Prevention of Cartels
March 1998	Formulated Code of Prohibition against Improper Payments or Other Types of Benefits
April 1999	Formed the Business Ethics Committee and appointed executive in charge of business ethics
September 2000	(1) Formulated Code of Conduct (2) Introduced Compliance Officer post
Since 2001	Convened the Compliance Committee (regular committee meetings have been held twice a year since)
November 2001	Established compliance mailboxes (helplines) in the administration office for the Compliance Committee and outside legal counsel.
September 2002	<p><b>Clear message sent by the president to all employees about compliance</b></p> <p>There are two points in particular that I would like to emphasize.</p> <p>The first is our obligation to maintain corporate ethics as a top priority at MC. We have set high goals under MC2003 and each BU and office is doing its utmost to achieve them. Compromising our very system of values to realize future business however, is quite simply, not an option. These goals need to be realized through skill and effort, by using our collective wisdom to strengthen the functions of our company and relocate certain businesses. Neglecting corporate ethics in order to raise profits will never be tolerated at MC. I hope all members of the MC Group will take this message to heart and endeavor to conduct business honestly and fairly at all times.</p> <p>In circumstances where you feel caught between profits and ethics and are unsure about how to proceed, please do not hesitate to consult with the Compliance Officer for each Business Group or Office, the Legal Dept., or the Internal Audit Dept. They are directed to provide you with every assistance in dealing with your concerns fairly.</p> <p>The second point I would like to make is that as a company, we have an obligation to uphold the commonsense of our society at all times.</p> <p>Thus, it goes without saying that illegal activities of any kind are unacceptable. However, even in cases where the actions themselves may not be against the law, we must avoid any actions that may be considered unethical or give rise to suspicion. I believe that it is possible for a company to gain a reputation of trust only through a strong awareness of the need for conduct in compliance with society's values. Strictly adhering to social etiquette at every stage of one's business is the only way to gain this trust. I trust each and every one of you will continue to take pride in your work and do your best to uphold the traditional values MC has long represented.</p> <p>All BUs and overseas offices have been instructed to hold meetings to discuss this very important issue. In addition, it is my hope, that we will make every effort, starting immediately, to review business operations and always strive to uphold the finest reputation possible. I ask all of you to keep this issue of compliance firmly in mind as you go about your daily business.</p>
September 2002	<p><b>Decided and announced the following measures relating to ODA (Official Development Assistance) projects</b></p> <p>(1) Consolidate ODA projects in the organization with direct jurisdiction of officers in each Business Group and promote projects in conformity with the purport of international cooperation without setting profit targets. (2) ODA projects cannot be executed only on the basis of a decision by a BU manager; the opinion of the Business Group Compliance Officer and person responsible for audits must be sought.</p>
November 2002	<p>(1) Strengthened the structure of the Compliance Committee Administration Office</p> <p>(2) Established and amended internal rules and regulations governing the entertainment, etc., of public officials— Formulated the Code of Prohibition against Improper Payments or Other Types of Benefits, etc.</p> <p>(3) Established the Internal Audit Dept. front page, as well as the Internal Audit Dept. compliance mailbox and helpline</p>
April 2003	Required all officers and employees to sign a written commitment to the Code of Conduct for the first time (conducted the same in 2007 and 2008, and every year since 2009 in the e-learning program)

January 2004	<p><b>Established the Basic Rules for the Organization and Implementation of Compliance</b></p> <ul style="list-style-type: none"> <li>Clarified the compliance management, educational and reporting responsibilities of the heads of organizational units.</li> <li>Clarified authority of Compliance Officers to order the suspension or improvement of business activities.</li> <li>Established the same level of compliance-related regulations as MC in subsidiaries and clarified the responsibility of Group CEOs to establish compliance management systems.</li> </ul>
January 2005	Prepared and distributed the Mitsubishi Corporation Code of Conduct Q&A Booklet
February 2005	Established a common outside legal counsel compliance mailbox for all domestic subsidiaries (MC Group legal counsel mailbox)
March 2006	Introduced an internal Auditors' reporting system
April 2008	<p>Established the Compliance Dept.</p> <p>Conducted compliance risk analysis</p>
January 2009	Conducted the Compliance Awareness Survey (conducted once every 3 years until 2018)
July 2009	Conducted the Compliance Awareness Survey for MC Group companies (conducted every year until 2018)
January 2010	Obtained a written commitment to the Code of Conduct and launched an e-learning program (run every fiscal year since)
June 2011	Launched an e-learning program for MC Group companies (run every fiscal year since)
April 2012	Re-established the Administration Office for Compliance Committee in the Legal Dept.
April 2013	Prepared and distributed the MC Group Compliance Case Study Q&A Booklet
October 2013	Launched Compliance Discussions (run every fiscal year since)
November 2013	Prepared and distributed the MC Compliance Case Study Q&A Booklet
December 2015	Established and published the Mitsubishi Corporation's Anti-Corruption Guideline
May 2016	Launched the LUKS (Let Us Know System), a specialized Group-wide global whistleblowing system for antitrust laws and anti-bribery laws
October 2016	Produced and distributed the Anti-Corruption Handbook
March 2018	Issued the Compliance Handbook
April 2019	Published the Mitsubishi Corporation Group's Anti-Corruption Guideline.
August 2019	The Compliance Awareness Survey was integrated with the survey conducted in the Global Human Resources Dept., and was conducted as the Employee Awareness Survey (conducted every year since)
October 2020	Conducted the Compliance Monitoring Survey

