

Compliance

Related Materiality

- Spreading compliance



Details can be found on our website.

<https://www.hodogaya.co.jp/english/company/governance/compliance/>



Basic approach

In addition to fully recognizing and consistently applying compliance's basic meaning of adhering to laws and regulations, the Hodogaya Chemical Group conducts corporate activities keeping in mind its meaning of ensuring behavior in line with what society demands of the Group.

As a result of earnestly implementing compliance and conducting fair, non-discriminatory business activities, there have been no personnel who have been fired and the Group has not had to pay fines or other penalties due to behavior that goes against the legitimate interests of the Group or behavior that undermines trust in and the reputation of the Group.

Promotion Structure

The Hodogaya Chemical Group formulates various rules and regulations based on the Basic Policy on Internal Control, and strives to achieve compliance through organized and cross-sectional initiatives led by the Internal Control Department.

The Internal Auditors Department audits the status of compliance and provides advice and guidance for improvements as required.

Over and above these activities, we have published the Hodogaya Chemical Group Compliance Handbook, which contains data that is closely aligned to the Group's operations. This Handbook is distributed to all officers and personnel in a bid to raise awareness toward compliance.

Internal Reporting System

As for the internal reporting system, the Hodogaya Chemical Group has not only designated an outside attorney and the Internal Control Department as contact points but also created a system that clearly stipulates whistleblower protection and other elements so as to prevent and quickly detect violations of laws, regulations, rules, and corporate ethics, based on the Internal Reporting Rules.

In addition, the status of internal reporting, and other matters are reported to the Audit & Supervisory Committee. No internal reports were submitted in FY2023.

Compliance Education

In terms of cultivating and improving compliance awareness, the Hodogaya Chemical Group continuously offers all Group officers and personnel training and independent education using e-Learning as means to thoroughly ensure compliance.

In addition, officers and management personnel (including personnel one step prior to their appointment to management) of the Group are required to take the Examination of Compliance Proficiency for Practical Business (Primary Level) to gain knowledge and increase understanding of compliance. The percentage of qualified management personnel currently stands at 100% (as of March 31, 2024).



Tax Compliance

The Hodogaya Chemical Group meets the demands and expectation of society by properly fulfilling its obligation to pay taxes in all countries and regions in line with the Corporate Action Guidelines and Compliance Action Policy.

We are working to maintain and improve tax compliance.

Compliance Training Calendar (FY2023)

	July	August	December	February	March
Training	General training (1)	Issue-based training (1)	General training (2)	Issue-based training (2)	Officer training
Eligible participants	All officers and personnel	All officers and personnel	All officers and personnel	All officers and personnel	Directors (including Outside Directors) and executive officers
Content	<ul style="list-style-type: none"> • Compliance basics • Familiarization with rules and regulations • J-SOX • Information security • Respect for human rights • Quality-related scandals • Contract examination and review 	<ul style="list-style-type: none"> • Questions from the assigned materials and the Compliance Handbook • "Mr. Compla's Insider Trading Regulations Q&A (Japan Exchange Regulations)" was used. 	<ul style="list-style-type: none"> • Compliance basics • Familiarization with rules and regulations • Personal information management • Harassment education • Antisocial forces education • Insider trading 	<ul style="list-style-type: none"> • Scandals at other companies • Questions from assigned materials 	<ul style="list-style-type: none"> • Recent manufacturing scandals • Revisions to the Financial Instruments and Exchange Act • Proxy advisory firm 2024 policy • General meeting of shareholders related

* For all training, the participation rate was 100%.

* Compliance basics and J-SOX training include information on the prevention of insider trading and whistleblowing.

Efforts Aimed at Eliminating Antisocial Forces

The Hodogaya Chemical Group has put in place specific guidelines to ensure that it avoids forming any kind of relationship with antisocial forces. The Group's approach toward antisocial forces is centralized in and managed by the General Affairs Department.

In addition, we have established a structure and systems to address the issue of antisocial forces. This includes closely collaborating and exchanging information with such outside professionals as the police and lawyers and to disseminate relevant information to each Group office and company.