Compliance

Related Materiality
- Promote compliance awareness

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 the fundamental premise of compliance, which entails 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 disciplinary dismissals of personnel, nor has the Group incurred fines or other penalties due to actions that violate its legitimate interests or undermine public trust and its corporate reputation.

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.

In addition to these initiatives, the Company has 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 related matters is reported to the Audit & Supervisory Committee. There were no internal reports in FY2025.

Tax Compliance

The Hodogaya Chemical Group meets the demands and expectations 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. To this end, the Group is working to maintain and improve tax compliance.

Compliance Education

The Hodogaya Chemical Group is committed to ensuring strict compliance. From the perspective of cultivating and improving compliance awareness, we continuously conduct compliance training for all officers and personnel (increased by one session to five times annually from FY2025), training sessions for officers (once annually), training for officers of Group companies (once annually), as well as individual education through e-learning. The participation rate of all officers and personnel in each of these training programs has reached 100%. In addition, managerial 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 managerial personnel currently stands at 99.6% (as of March 31, 2026).

Compliance Training Calendar (FY2025)

	May	June	August	November	December	February	March
Training	General training (1)	Group company officer training	General training (2)	General training (3)	General training (4)	General training (5)	Officer training
Eligible participants	All officers and personnel	Group company officers	All officers and personnel	All officers and personnel	All officers and personnel	All officers and personnel	Directors (including Outside Directors) and executive officers
Content	• Compliance basics • Insider trading • Internal reporting system	• Responsibilities of officers and recent cases of mis-conduct and corporate scandals	• Quality-related scandals • 167th Annual General Meeting of Shareholders • Information security • Harassment education • J-SOX	• Respect for human rights • Quality-related scandals • Internal reporting system • Regulatory matters	• Information security • Antisocial forces education • Contracts • Information assets	• Harassment education • Accounting treatment	Explanation on the following by external lawyers: • Recent developments in corporate legal affairs • Status of discussions on revisions to the Corporate Governance Code • Status of discussions on revisions to the Companies Act • Recent trends relating to General Meetings of Shareholders

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

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.

Furthermore, the Group strives to enhance its framework by maintaining close collaboration and exchanging information with external specialized organizations, such as the police and attorneys, on a regular basis, and by disseminating this information to each business site and Group company.