



ARTICLE 1. OBJECTIVES

This regulation aims to provide the following:

- a. To prevent employees from violating the compliance policies of the Company
- b. To correct violations already committed while at an early stage
- c. To contribute to the Company's compliance operation

ARTICLE 2. INTERNAL RESOLUTION

Any employee who has discovered a violation shall report the same to the superiors of their affiliated division. He shall also consult said superiors and seek methods for the correction of such violation.

Superiors who have received reports shall promptly share the information with other divisions concerned.

In the event that the violations cannot be resolved within the division, the employee shall utilize the Internal Reporting System.

ARTICLE 3. UTILIZATION OF THE IRS

All directors, officers, and employees shall endeavor to promote the utilization of the Internal Reporting System (IRS). The Internal Audit Department shall be the main division responsible for the dissemination and enforcement of this regulation.

Each division must have at least one (1) copy of the Guidelines and Regulations for the use of the IRS which will be available for inspection during reasonable hours of any business day.

The division heads are tasked to disseminate the use of the IRS, its guidelines, and regulations to the employees within their respective divisions.

Employees, officers, and directors of the Company are encouraged to make use of the IRS in reporting policy violators.

ARTICLE 4. WHO MAY REPORT

Employees, officers, and directors of the Corporation are encouraged to make use of the IRS in reporting policy violators.



ARTICLE 5. WHAT MAY BE REPORTED

Employees may report ascertained or suspected policy violations. In reporting suspected violations, the reporter must be in good faith and must have a well-founded belief for such accusations. The IRS may not be used for defamation, blackmail, personal spite, or any other whimsical or arbitrary purpose.

ARTICLE 6. INTERNAL REPORTS RECEPTION DESK

The Internal Reports Reception Desk (IRRD) of the IRS is the Compliance Committee Promoting Team (CCPT) of Tosoh Corporation.

ARTICLE 7. METHODS OF REPORTING

In order that the abuse of the IRS may be prevented and proper investigation may be conducted, reports with reporter's real name shall be encouraged.

Anonymous reports may be accepted, however reporter will not receive any feedback from CCPT.

ARTICLE 8. WHO MAY INVESTIGATE

Initially, the President of the Company shall conduct the investigation of reported violations. Nevertheless, CCPT can designate other appropriate person(s) to conduct investigation judging from the specific contents of internal reports.

ARTICLE 9. COOPERATING INVESTIGATORS

Any person designated by the IRRD to investigate shall have the duty to cooperate with the investigation and exercise diligence in doing so.

ARTICLE 10. REPORTERS' PROTECTION

The Corporation shall ensure that the employees who reported violations shall not be discriminated against. The reporter's identity shall be kept confidential by the officers responsible to receive reports, and shall only be disclosed if necessary and when ordered by the IRRD or the Board.



ARTICLE 11. POTENTIAL FRAUDSTERS' PROTECTION

A "potential fraudster" is a person who has been reported but has not yet been proven to be guilty of the violation. The report of a violation and the identity of the alleged violator shall be kept confidential. The Corporation shall not treat such person as a compliance violator unless it is proven by substantial evidence that he committed the reported violation.

ARTICLE 12. CONFIDENTIALITY

No person may divulge information with regard to any report, whether proven or not, to any third person not authorized to receive such information. The nature of the violation and identity of the violator must be kept confidential at all times unless the Board resolves or orders to disclose the same.

ARTICLE 13. CORRECTIVE ACTION

After investigation, the President of the Company or any other person designated to do the investigation shall report his findings to the CCPT. The CCPT shall review the findings and confirm whether or not there is substantial evidence. If it finds that the investigation was erroneous or if there is no ground to punish the reported violator, it shall conduct a discussion with the person or persons responsible for the investigation, together with other concerned departments, if any. If it finds that there has indeed been a violation, it shall submit its decision to the President or other proper person(s) of the Company, including other concerned departments, if any. The Company shall then decide the penalty to be imposed upon the violator in accordance with the Company's Handbook on Rules and Discipline/Disciplinary Rules and Procedures.

ARTICLE 14. PENALTIES/SANCTIONS

Violation of this regulation, including abuse or misuse of it, will result to disciplinary actions in accordance with the Company's Handbook on Rules and Discipline.

Approved by:

Noted by:

Edwin Ll. Umali
President and COO

AVPPorras / RMDCatadman
Internal Audit