

# Corporate Governance Report

Last Update: April 14, 2023

Mitsubishi Chemical Group Corporation

Chief Executive Officer Jean-Marc Gilson

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Securities Code: 4188

<https://www.mcgc.com/english/>

The corporate governance of Mitsubishi Chemical Group Corporation (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

The Company and our group companies (MCG Group) define KAITEKI as “the sustainable well-being of people, society and our planet Earth”, and has “realizing KAITEKI” as its vision. The MCG Group will not stop at providing solutions to environmental and social problems, but also aim to contribute to a sustainability in both through our corporate activities.

For Realizing KAITEKI, in accordance with these guidelines, MCG shall establish a system to enhance both the soundness and efficiency of business administration, improve the transparency of its business administration through suitable disclosure of information and dialogue with stakeholders, and endeavor to establish a better suitable corporate governance system.

Please refer to our “Mitsubishi Chemical Group Corporate Governance Guidelines” on the Company’s website for basic policies concerning corporate governance such as the roles, constitution and appointment criteria of the Board of Directors.

<https://www.mitsubishichem-hd.co.jp/english/group/governance/policy.html>

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

<Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources>

(Voluntary and measurable goals for ensuring diversity)

With regard to the “voluntary and measurable goals” related to the promotion of women, foreign nationals and midcareer hires to middle managerial positions, the MCG Group does not currently set the Group’s common numerical targets as each Group company conducts recruitment and promotion of managers based on its business strategy in accordance with the MCG Group’s basic strategy and medium-term management plan.

(Concept of ensuring diversity and policies for human resource development and internal environment development to ensure diversity)

Under its medium- to long-term basic management strategy KAITEKI Vision 30, the MCG Group is aiming to create flexible human resources systems that embrace the diversity, expertise and mobility of its people and has been promoting reforms that are founded on the five pillars.

[Five pillars that form the foundation for highly accommodating human resources systems]

1. Ensuring pay for job/performance
2. Human resources systems designed according to each type of operation/job

3. Strengthening functions to create skills and minds that can meet global needs
4. The right jobs for the right people globally by using a common platform of talent management
5. Cluster-type organizations that enable complex problem solving

Based on the foregoing, we have identified diversity and inclusion as one of the material issues to be addressed by the MCG Group as part of our current medium-term management plan, APTSIS 25. We have also set the diversity ratio of management as a numerical target for fiscal 2025 and have embarked on corporate culture reforms by initially promoting diversity in a top-down fashion.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

As used in this report, the following terms shall have the following meanings:

“senior management” means corporate executive officers.

“officers” means directors and corporate executive officers.

##### <Principle 1.4 Cross-Shareholdings>

(Mitsubishi Chemical Group Corporate Governance Guidelines [Development of a framework that improves the soundness and efficiency of management])

The Company and major subsidiaries shall acquire and hold shares of clients, etc. if the shareholding contributes to medium- to long-term improvement in corporate value. The Board of Directors shall review the adequacy of such cross-shareholdings on a regular basis. Considering the effect on the market, we make effort to sell such cross-shareholdings as assessed insufficient in adequacy.

On September 16, 2021, the Board of Directors reviewed the adequacy of all cross-shareholdings of Group as of the end of March, 2021, in light of economic rationale as measured by ROIC and necessity for business, etc. As a result of the review, we have found insufficiency in adequacy of a part of cross-shareholdings.

Considering the effect on the market, we will proceed to sell such cross-shareholdings as assessed insufficient. The exercise of voting rights of the cross-shareholdings shall be determined from the perspective of medium- to long-term improvement in corporate value of clients, etc.

##### <Principle 1.7 Related Party Transactions>

The Company investigates the existence of related party transactions such as transactions involving members of the board or corporate executive officers and their close relatives through methods including seeking direct confirmation from members of the board and corporate executive officers. The Company sets competitive and conflict-of-interest transactions as a matter to be resolved by the Board of Directors, who confirm the adequacy of the transactions. Should the Company have any transaction with a main shareholder, the Company maintains procedures to prevent any detriment to the Company, given the importance and nature of such a transaction.

##### <Principle 2.6 Roles of Corporate Pension Funds as Asset Owners>

In order for corporate pension funds to perform their roles as asset owner, Mitsubishi Chemical Corporation which is the core business company of the Company group has taken measures based upon the guidelines as published by Ministry of Health, Labor and Welfare.

Specifically, Mitsubishi Chemical Corporation has set guidelines for management of pension assets, established committee for management of pension assets, determined proportion of composition of political assets and implemented the total assessment of asset management companies.

In addition to the foregoing, in cooperation with consultants, Mitsubishi Chemical Corporation has performed measures for proper management of corporate pension funds.

##### <Principle 3.1 Full Disclosure>

(What the company aims for)

The Company Group aims to realize *KAITEKI* through our corporate activities. *KAITEKI* is the Company's original concept that means “the sustainable well-being of people, society and our planet Earth.” To realize *KAITEKI*, the Company Group promotes *KAITEKI* Management with the objective of increasing corporate value based on our three core management policies of improving capital efficiency, creating innovative technologies, and enhancing sustainability for people, society and the Earth with an emphasis on time.

Please refer to *KAITEKI* Management on the Company's website for details. ([https://www.mitsubishichem-hd.co.jp/english/kaiteki\\_management/kaiteki/](https://www.mitsubishichem-hd.co.jp/english/kaiteki_management/kaiteki/))

(Management Policy)

The Company has formulated a management policy "Forging the future" and it is disclosed on December 1, 2021.

Please refer to a new management policy on the Company's website for details.

(<https://www.mitsubishichem-hd.co.jp/english/ir/01168.html>)

([https://www.mitsubishichem-hd.co.jp/english/ir/library/analysts\\_meeting.html](https://www.mitsubishichem-hd.co.jp/english/ir/library/analysts_meeting.html))

(The Company's view on overall corporate governance)

Please refer to our "Mitsubishi Chemical Group Corporate Governance Guidelines" on the Company's website for our view on overall corporate governance.

(<https://www.mitsubishichem-hd.co.jp/english/group/governance/policy.html>)

(Policy and procedures for deciding compensations of senior management and directors)

(Mitsubishi Chemical Group Corporate Governance Guidelines [Development of a framework that improves the soundness and efficiency of management]3(3), [Enhancement of management transparency]5)

The Compensation Committee determines the individual amount of compensation for each director and corporate executive officer.

Policy on Determining Remuneration of senior management and directors is [Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods]

(Policy and procedures in the appointment/dismissal of the senior management and the nomination of directors)

(Mitsubishi Chemical Group Corporate Governance Guidelines [Development of a framework that improves the soundness and efficiency of management]3(1), [Enhancement of management transparency]4)

The Nominating Committee nominates candidates for directors and corporate executive officers.

Policy on appointment/dismissal of senior management and nomination of directors is described at [Policy on appointment/dismissal of senior management and nomination of directors].

(Reason for the Appointment of Officers)

The reason for appointment of officers are described at the end of this report [Reason for appointment of the Director] and [Reason for appointment of the corporate executive officers].

<Supplementary Principle 3.1.3 Sustainability initiatives>

The MCG Group works to increase corporate value through *KAITEKI* Management by implementing the three axes of management of sustainability (MOS), management of technology (MOT) and management of economics (MOE) in an integrated manner.

We start with a focus on environmental and social issues as well as accelerating changes in social needs. In line with our mission and value, the MCG Group's vision toward 2030 under *KAITEKI* Vision 30 is to solve social issues for a sustainable future through leadership as a global solutions provider, and the MCG Group has formulated its medium-term management plan APTSIS 25 toward achieving such vision. Under APTSIS 25, we have identified the material issues to be addressed by MCG Group and set targets for the material issues identified, with MOS Indices also set to measure progress in order to proceed steadily with initiatives. With regard to the disclosure of the impact of climate change-related risks and earning opportunities on its business activities and profits, MCG aims to achieve net zero GHG emissions by 2050 by promoting measures such as GHG reduction and effective utilization of resources throughout the value chain under the policy toward achieving carbon neutrality by 2050 announced on October 2021. MCG is working for improved solutions that contribute to solving the challenges of climate change, as well as progressing with enhancement of information disclosure is another initiative which we are targeting to increase our corporate value.

For details, please refer to "Report in Line with the Recommendations of the TCFD" on the Company's website, the Company's integrated report *KAITEKI* Report 2021, etc.

(<https://www.mitsubishichem-hd.co.jp/english/sustainability/index.html>)

(<https://www.mitsubishichem-hd.co.jp/english/ir/library/tcf.html>)

([https://www.mitsubishichem-hd.co.jp/english/ir/library/kaiteki\\_report.html](https://www.mitsubishichem-hd.co.jp/english/ir/library/kaiteki_report.html))

([https://www.mitsubishichem-hd.co.jp/english/news\\_release/01139.html](https://www.mitsubishichem-hd.co.jp/english/news_release/01139.html))

<Supplementary Principle 4.1.1 Scope and content of the matters delegated from the Board to the management>

The Company delegates authority to corporate executive officers to make all business execution decisions, with the exception of matters that must be legally resolved by the Board of Directors and important matters in terms of portfolio management.

<Principle 4.9 Independence Standards for Independent Directors>

(Mitsubishi Chemical Group Corporate Governance Guidelines Attachment 2)

Independence Standards for Independent Directors are described at [Matters relating to Independent Directors].

<Supplementary Principle 4.11.1 View on the constitution of the Board of Directors>

(Mitsubishi Chemical Group Corporate Governance Guidelines [Development of a framework that improves the soundness and efficiency of management]2(2))

In order to establish the Group's basic management policies and oversee management appropriately, Directors who possess an advanced level of knowledge and deep insight in management experience, finance and accounting, science technology, IT and production, risk management, business strategy and marketing, laws and regulations, etc., and globalism and diversity are appointed.

Furthermore, in a bid to enhance oversight functions, a majority of Directors of the Board will not concurrently take on the role of Corporate Executive Officer.

Regarding the skills matrix described above, please refer to the Notice of the General Meeting of Shareholders.

([https://www.mitsubishichem-hd.co.jp/english/ir/stock\\_info/stock\\_meeting.html](https://www.mitsubishichem-hd.co.jp/english/ir/stock_info/stock_meeting.html))

<Supplementary Principle 4.11.2 Directors' concurrent positions>

Regarding the Directors of the Board's concurrent positions, please refer to the Notice of the General Meeting of Shareholders.

([https://www.mitsubishichem-hd.co.jp/english/ir/stock\\_info/stock\\_meeting.html](https://www.mitsubishichem-hd.co.jp/english/ir/stock_info/stock_meeting.html))

<Principle 4.11.3 Analysis and Evaluation of Effectiveness of the Board of Directors>

- Implementation of the Board of Directors Effectiveness Evaluation

In accordance with the Mitsubishi Chemical Group Corporate Governance Guidelines, the Board of Directors is evaluated for their effectiveness annually and a summary of the results are disclosed.

- Evaluation methods and processes

In FY 2021, the evaluation was conducted by an independent external review organization by collecting responses from all directors through a questionnaire (answers using a 5-point scale (with some exceptions) and written comments), interviewing each director for about one hour, and providing an evaluation based on the reviewer's professional knowledge. Based on such results, the Board of Directors discussed the issues that should be addressed and future challenges. Based on these discussions, the Chairperson reported the issues that should be addressed and future challenges to the Board of Directors.

- Outline of evaluation results

The findings from the evaluation of the Board of Directors' effectiveness conducted by the independent review organization are briefly described as follows.

As the entire company undergoes a transformation, the effectiveness of the Board of Directors has improved, particularly in terms of management, but in order to further improve its effectiveness, it is necessary for the Board of Directors to share a common understanding of its role as a company with a Nominating Committee.

- i) During the current fiscal year, the Board of Directors deliberated mainly on various measures to improve the operational aspects of the company and to transform the organization.
- ii) There is a common understanding that the Board of Directors is a monitoring board supervising the business execution, but there is a need for shared recognition of its role.
- iii) The following issues are expected to be addressed to improve the effectiveness of the company's Board of Directors.
  - Reviewing the composition and sharing recognition of the role of the Board of Directors
  - Further commitment of independent directors
  - Strengthening Nominating Committee functions

➤ Strengthening Audit Committee functions

- Future challenges

Based on the evaluation findings described above and ensuing discussions by the Board of Directors, The Company is going to take the following actions..

- i) Further redefining supervisory function of the Board of Directors and setting agenda to realize such function. Continuing discussions on the skills matrix and attributes of board members based on such function.
- ii) Promoting communication with and fostering mutual trust among corporate executive officers and outside directors to deepen the understanding of outside directors toward the Group.
- iii) Further strengthening cooperation between the Board of Directors and each committee (e.g., expanding reports to the Board of Directors, etc.)
- iv) Centralizing the Group's internal audit division in the company and conducting appropriate and more efficient organizational audits based on the expansion of the Audit Committee secretariat function.

[Outline of results of the Evaluation on the Effectiveness of the Board of Directors in fiscal 2021] is described at the end of this report.

<Supplementary Principle 4.14.2 Training policy for directors>

(Mitsubishi Chemical Group Corporate Governance Guidelines [Development of a framework that improves the soundness and efficiency of management]4(1))

MCG shall explain to outside directors the Group's business contents and organization on a continuing basis, and provide opportunities to visit domestic and overseas business sites as well as opportunities for dialogue with the management on a regular basis.

For internal directors, opportunities to develop qualities suitable for directors shall be provided through external seminars held by various organizations, in addition to trainings on compliance and internal control.

<Principle 5.1 Policy on Dialogue with Shareholders>

(Mitsubishi Chemical Group Corporate Governance Guidelines Attachment 1)

MCG will ensure appropriate disclosure so as to gain the trust of our shareholders and encourage long-term holding of MCG's shares. MCG also intends to engage in active dialogue with shareholders and reflect it in our corporate activities.

(Policy on Dialogue with Shareholders)

Disclosure to and dialogue with shareholders shall be implemented by each relevant department, in cooperation with each other, under the supervision of the President, officer in charge of IR and officer in charge of legal. Opinions obtained through the dialogue will be reported to the Board of Directors, etc., and shared by the management.

Please refer to our "Mitsubishi Chemical Group Corporate Governance Guidelines" on the Company's website for our Policy on Dialogue with Shareholders. ([http://www.mitsubishichem-hd.co.jp/english/pdf/governance\\_guidelines.pdf](http://www.mitsubishichem-hd.co.jp/english/pdf/governance_guidelines.pdf))

## 2. Capital Structure

Percentage of Foreign Shareholders	more than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	218,306,400	15.33
SSBTC CLIENT OMNIBUS ACCOUNT	145,159,499	10.19
Custody Bank of Japan, Ltd. (Trust Account)	85,335,400	5.99
Meiji Yasuda Life Insurance Company	64,388,743	4.52
Nippon Life Insurance Co.	42,509,094	2.98
STATE STREET BANK WEST CLIENT - TREATY 505234	22,842,809	1.60
Custody Bank of Japan, Ltd. (Trust Account 4)	22,176,100	1.56
TAIYO LIFE INSURANCE COMPANY	18,838,372	1.32

JPMorgan Securities Japan Co., Ltd.	18,158,899	1.27
JP MORGAN CHASE BANK 385781	15,526,082	1.09

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

#### Supplementary Explanation

Although the Company has made the Statements of Large-Volume Holdings (including the Change Report) available for public inspection, since the actual number of shares as of September 30, 2022 cannot be confirmed, such figures have not been listed in the above list of major shareholders (top 10).

Name

Date of public inspection

Number of shares owned (ratio of shares owned to total number of issued shares)

Nomura Securities Co., Ltd.

May 9, 2022

93,100,154 shares (5.93%)

Dodge & Cox

May 11, 2022

1,506,288,107 shares (9.13%)

Mitsubishi UFJ Financial Group, Inc.

June 6, 2022

72,585,561 shares (4.82%)

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

Based on our company philosophy of "We create innovative solutions globally based on our core values of Sustainability, Health and Comfort, striving for the well-being of people, society and our planet Earth.", we have been promoting, in a smooth and efficient manner, our group's portfolio management, financial strategy,

corporate governance, the enhancement of group strength and branding management, demonstrating our group's collective strengths, making efforts to maximize the corporate value of our group as a whole.

Also, we are deeply aware of the fact that corporate activities are supported by the general public. When performing group management, we make every effort to enhance governance of our group as a whole so that the group companies will promote compliance, comply with social rules, faithfully meet the demands of society as a good corporate citizen, and perform corporate social responsibilities.

Among our consolidated subsidiaries, Nippon Sanso Holdings Corporation("NSHD") is listed on the Tokyo Stock Exchange. NSHD is a listed subsidiary that supports the Industry Gases Segment, which is our Group's main business. Under the four-pronged business system of Japan, the United States, Europe and Asia/Oceania, NSHD has been working to further expand its business scale and improve profitability by developing its gas utilization technologies globally. We believe that maintaining the listing of NSHD and conducting business independently will serve the interests of NSHD and us. We also believe that working closely with NSHD to achieve its objectives will lead to maximizing the corporate value of our Group.

Pursuant to Master Agreement dated 13 May 2014 (the "Agreement"), NSHD and we have agreed to maintain the listing of NSHD shares.

We have put in place a system to ensure the appropriateness of operations within our Group, and share compliance, risk management and other Group internal control policies with NSHD.

Meanwhile, NSHD and we have agreed to respect the autonomy of NSHD management in the Agreement, and NSHD has established a voluntary Nomination and Compensation Advisory Committee, which advises the Board of Directors on the nomination of candidates for Directors and Statutory Auditors and the election and dismissal of CEOs and other executive officers. The committee consists of six members, the president and five independent outside directors, one of them serving as the chairperson. This ensures NSHD's independence from us regarding the selection of management team members. NSHD seeks to secure the objectivity and transparency of the Board of Directors in deliberations on transactions with the controlling shareholder, by appointing five independent outside directors who are independent of the controlling shareholder so that they make up majority of the nine-member Board of Directors.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Three Committees (Nomination, Audit and Remuneration)
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board	Other Director
Number of Directors	9

**[Outside Directors]**

Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	G	h	i	j	k	
Takayuki Hashimoto	From another company									△			
Chikatomo Hodo	From another company									△			
Kiyomi Kikuchi	Lawyer									○			
Tatsumi Yamada	CPA									△			
Takako Masai	From another company												

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takayauki Hashimoto	○	For Mr. Hashimoto, Honorary Executive Advisor of IBM Japan, Ltd., with which our Group had a very small amount of business transactions in fiscal 2021, no more than 1% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.	<p>Mr. Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to global management, business portfolio strategy, and risk management, etc. As leader of the independent outside directors since fiscal 2021, he gathers together the opinions of the outside directors and consults with the Chairperson of the Board of Directors and the President, and also hosts meetings attended solely by the outside directors. In addition, as Chairperson of the Nominating Committee, he also fulfills a leading role in making fair and transparent decisions on succession plans for management and nomination of candidates for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors elected Mr. Hashimoto as an outside director.</p> <p>In addition, Mr. Hashimoto satisfies our standards for director independence. We thereby designated Mr. Hashimoto as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
Chikatomo Hodo	○	For Mr. Hodo, Senior Corporate Advisor of Accenture Japan Ltd, with which our Group had a very small amount of business transactions in fiscal 2021, no more than 1% of its consolidated net sales or our consolidated net	Mr. Hodo has extensive experience in corporate management and profound insight in digital business successively as a president and a chairperson of a Japanese subsidiary of a global corporation, which provides management consulting and knowhow in company management. During Board of Directors meetings, he provides oversight of overall corporate

		<p>sales, we sees no issue with his independence.</p>	<p>management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as global management, portfolio management, and corporate value enhancement from a perspective of ESG. As Chairperson of the Compensation Committee, he also fulfills a leading role in making fair and transparent decisions on design and implementation of remuneration system for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors elected Mr. Hodo as an outside director.</p> <p>In addition, Mr. Hodo satisfies our standards for director independence. We thereby designated Mr. Hodo as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
<p>Kiyomi Kikuchi</p>	<p>○</p>	<p>For Ms. Kikuchi, a lawyer with TMI Associates, with which our Group had a very small amount of business transactions in fiscal 2021, no more than 1% of the firm's revenue or our consolidated net sales, we sees no issue with her independence.</p>	<p>Ms. Kikuchi has abundant experience working at financial institutions in addition to her profound insight as a lawyer specialized in corporate legal affairs. During Board of Directors meetings, she provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as the functions and responsibilities of the Board of Directors, risk assessments, and global governance. She also makes contributions to ensuring the effectiveness of corporate governance of the Company as a member of the Nominating Committee and the Audit Committee. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors elected Ms. Kikuchi as an outside director.</p> <p>In addition, Ms. Kikuchi satisfies our standards for director independence. We thereby designated Ms. Kikuchi as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>

Tatsumi Yamada	○	<p>For Mr. Yamada, former Board Member of KPMG AZSA LLC, with which our Group had a very small amount of business transactions in fiscal 2021, no more than 1% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.</p>	<p>Yamada has profound insight as an international accounting expert, in addition to abundant experience as a certified public accountant. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, disclosures, and market valuation. He also makes contributions to ensuring the effectiveness of corporate governance of the Company as Chairperson of the Audit Committee and a member of the Compensation Committee. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors elected Mr. Yamada as an outside director.</p> <p>In addition, Mr. Yamada satisfies our standards for director independence. We thereby designated Mr. Yamada as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
Takako Masai	○	-	<p>Ms. Masai has abundant experience and profound insight in the analysis of the economic and financial climate as well as in financial and monetary policy operations, with her career ranging from a manager of the departments of financial products and services and economic research at various banks including foreign financial institutions to a Member of the Policy Board of the Bank of Japan. At meetings of the Board of Directors, she makes useful recommendations from the viewpoints of finance and market risk management, and provides oversight over the Company's management as a whole from an independent and impartial standpoint. And as a member of both the Nominating Committee and the Audit Committee, she helps ensure that the Company's corporate governance is effective. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of</p>

			Directors elected Ms. Masai as an outside director.. In addition, Ms. Masai satisfies our standards for director independence. We thereby designated Ms. Masai as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.
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### [Committees]

#### Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	1	4	Outside Director
Remuneration Committee	3	0	0	3	Outside Director
Audit Committee	4	1	1	3	Outside Director

### [Executive Officers (Shikkoyaku)] (Updated)

Number of Executive Officers (Shikkoyaku)	13
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#### Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Jean-Marc Gilson	Yes	Yes	No	No	No
Kouji Eguchi	Yes	No	No	No	No
Yuko Nakahira	No	No	No	No	No
Ken Fujiwara	No	Yes	Yes	No	No
Frank Randall (Randy) Queen	No	No	No	No	No
Hitoshi Sasaki	No	No	No	No	No
Manabu Chikumoto	No	No	No	No	No
Akihiro Tsujimura	No	No	No	No	No
Larry Meixner	No	No	No	No	No
Jin Iida	No	No	No	No	No
Yuji Ichimura	No	No	No	No	No
Shigeaki Habuka	No	No	No	No	No
Tomoyo Hiraoka	No	No	No	No	No

## [Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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### Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

The Office of Audit Committee was established as an organization to assist the Audit Committee in its duties. This office supports the committee in its duties following the instructions provided by the Audit Committee. In addition, personnel (transfers, evaluations, etc.) decisions on employees in the Audit Committee Secretariat and the office budget must be approved by the Audit Committee.

### Cooperation among Audit Committee, Accounting Auditors and Audit Departments

The Company has appointed Ernst & Young ShinNihon LLC as our accounting auditor. The Audit Committee exchanges information with the accounting auditor on audit plans and results regularly. In addition, the Audit Committee works with the audit department and an internal control department to efficiently implement audits.

The audit department conducts audits of operations of the Company and its group company including Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation and Life Science Institute, Inc. in accordance with an annual audit plan, collaborates with the audit departments of Nippon Sanso Holdings Corporation, and improves and administers a system designed to ensure that internal audits of the Group are carried out appropriately.

Moreover, the audit department proposes an annual audit plan after prior consultation with the Audit Committee, and then formulates the plan with approval from the President and the Audit Committee. In addition, the audit department reports to the Audit Committee on internal audit implementation status, and audit results. The audit department also cooperates with audits conducted by the Audit Committee, including reporting on the status of audits by the Audit Committee at meetings attended by the head of the audit department. In addition, we are working to strengthen our cooperation with our accounting auditor, including regular information exchanges on mutual audit policies and audit results.

## [Independent Directors]

Number of Independent Directors	5
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### Matters relating to Independent Directors

The Company shall elect those as Outside Directors who do not fall under any of the following and are capable of overseeing the Company's management from a fair and neutral standpoint, free of a conflict of interest with general shareholders.

#### [Standards for Independence of Outside Directors]

##### 1. Related party of the Company

(1) A Person engaged in execution of operation of the Company Group (executive director, corporate executive officer, executive officer, manager, employee, partner, etc. The same shall apply hereafter.)

(2) A Person who has been engaged in execution of operation of the Company Group in the past 10 years

##### 2. Major shareholder

A person who directly or indirectly holds 10% or more of the Company's total voting rights or a person engaged in execution of operation of a company that directly or indirectly holds 10% or more of the Company's total voting rights

##### 3. Major business partner

(1) A person engaged in execution of operation of a company\*<sup>1</sup> whose major business partner includes the Company and Group Major Subsidiaries (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Nippon Sanso Holdings Corporation. The same shall apply hereafter.)

<p>(2) A person engaged in execution of operation of a major business partner<sup>*2</sup> of the Company and Group Major Subsidiaries</p> <p>4.Accounting Auditor Accounting Auditor of the MCG Group or an employee thereof</p> <p>5.Transaction as an individual A person who receives money and other financial benefits of 10 million yen or more per year from any of MCG and Group Major Subsidiaries</p> <p>6.Donation A person who receives a donation or financial assistance of 10 million yen or more per year from any of MCG and Group Major Subsidiaries or a person engaged in execution of operation of a company that receives a donation or financial assistance of 10 million yen or more per year from any of MCG and Group Major Subsidiaries</p> <p>7.Reciprocal assumption of the position of Director A person engaged in execution of operation of a company that has elected any of the Directors and employees of the MCG Group as its Director</p> <p>8.Close relatives, etc. (1)Close relatives, etc. of a person engaged in execution of important operations of the MCG Group (spouse, relatives within the second degree of relationship or any person who shares the same livelihood. The same shall apply hereafter.) (2)Close relatives, etc. of any person who meets the definition of items 3 through 7 above</p> <p>*1 If the said business partner receives from MCG and Group Major Subsidiaries an amount equivalent to 2% or more of its annual consolidated net sales in the latest fiscal year, this company shall be considered as the one whose major business partner includes MCG.</p> <p>*2 If MCG and Group Major Subsidiaries receives from the said business partner an amount equivalent to 2% or more of MCG's annual consolidated net sales in the latest fiscal year or the said business partner loans to the MCG Group an amount equivalent to 2% or more of MCG's total consolidated assets, the said business partner shall be considered as a major business partner of MCG.</p> <p>*3The party is deemed to fall under the items 3 to 7 when the relevant conditions were met any time in the past 3 years.</p>
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**[Incentives]**

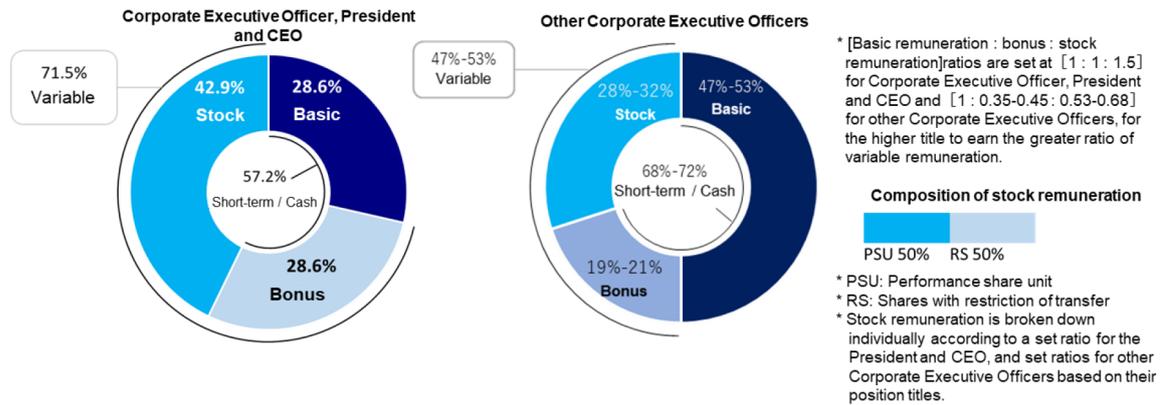
Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Stock Options, Performance-based Share Compensation Plan etc.
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Supplementary Explanation

Remuneration for corporate executive officers comprises base remuneration (fixed remuneration), annual bonus and Performance Share Unit (PSU) as performance-based remuneration, and restricted stock remuneration (RS).

Remuneration levels and ratios are set at a competitive level with appropriate percentage of remuneration, after comparing the levels of remuneration and performance linkage, with other companies of similar size in domestic sales (for foreign national officers, however, sales in certain regions to be considered in order to acquire the talent, such as the place/country of birth or residence of an officer) and market capital.

**FY2022 Composition of Standard Remuneration for Corporate Executive Officers**



**Annual bonus**

The amount of individual bonus for Corporate Executive Officers is determined in proportion to the KAITEKI Value evaluation (on the achievement of annual targets under the three axes of the KAITEKI Management that the MCG Group values) and individual appraisal (on the achievement of initiative targets set individually under the medium and long-term management plan, leadership status, etc.).

$$\text{Individual bonus amount} = \text{Base amount by title} \times \left( \frac{\text{KAITEKI Value evaluation} + \text{Individual appraisal}}{(0-200\%)} \right) + \text{Final evaluation adjustment } (\pm 20\%)$$

**[KAITEKI Value evaluation]**

To make officers conscious of the KAITEKI Management toward the Company’s vision, “Realizing KAITEKI,” the Company directly applies management indicators for the three respective axes of the KAITEKI Management, MOS, MOT, and MOE, as indicators for evaluating bonuses.

Specific evaluation indicators for the KAITEKI Value evaluation are selected every fiscal year, primarily from the following:

KAITEKI Management axis	Management indicator for each axis = Bonus evaluation indicator	% of evaluation
MOS	Indicator determined as associated with reduction of environmental burden such as GHG, contributions to health/medical treatment and social issues, compliance, accident/fire prevention, etc.	20%
MOT	Indicator associated with R&D efficiency, and alignment with technological edge and social needs	10%
MOE	Indicator associated with core operating income, ROE, ROIC, operating cash flow, etc.	70%

**[Individual appraisal]**

For targets for the Corporate Executive Officer, President and CEO, those declared by the Corporate Executive Officer, President and CEO at the beginning of the fiscal year are reviewed and determined by the Compensation Committee and the Nominating Committee. As to their evaluation, they are reviewed and determined by the Compensation Committee and the Nominating Committee at the end of the fiscal year, based on self-assessment by the Corporate Executive Officer, President and CEO.

For targets and evaluation for Corporate Executive Officers other than the Corporate Executive Officer, President and CEO, they are determined through an interview held between each Corporate Executive Officer and the Corporate Executive Officer, President and CEO, then reviewed and approved by the Compensation Committee. In cooperation with the Nominating Committee, the Compensation Committee verifies the fairness and reasonableness of the targets and evaluations for the respective Corporate Executive Officers.

[Final evaluation adjustment]

Only in cases that resulted in notable achievements or significant losses that were unforeseen at the beginning of the fiscal year, the Compensation Committee and Nominating Committee deliberate on the details and the need to take them into consideration, and such details and need will be added to or subtracted from the final evaluation.

Performance share unit (PSU)

In the fiscal 2021, the Company has discontinued the stock remuneration plan using the BIP trust and introduced a PSU. Under the Company’s PSU, which is intended to make officers conscious of sustainable improvement in corporate value and shareholder value, common stock of the Company is issued every year, in principle, in the number calculated in proportion to growth in the Company’s share price (TSR: total shareholder return) during a period of three years. The method of calculating the number of stocks to be issued individually under the Company’s PSU is as follows:

[TSR Evaluation Period]

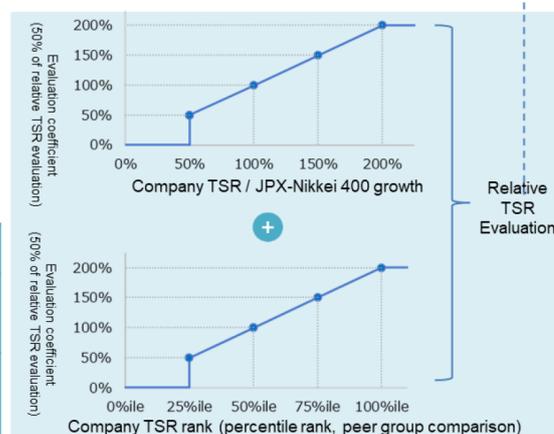
TSR evaluation period for the FY2022 Plan will be from FY 2022 to FY2024.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
FY 2022 PSU	← TSR Evaluation Period →			Stock issuance		
FY 2023 PSU		← TSR Evaluation Period →			Stock issuance	
FY 2024 PSU			← TSR Evaluation Period →			Stock issuance

[Method of calculating the number of shares issued]

Number of individual shares issued =  
Base number of shares by title x

Relative TSR Evaluation (0-200%)



[TSR Evaluation Category]

The Company TSR is compared to the index growth and the peer group TSR.

Category of evaluation	% of evaluation	Method of evaluation
Index growth comparison	50%	The coefficient of evaluation is determined by whether the Company TSR is better/worse than JPX-Nikkei 400 Index (including dividends) growth.
Peer group TSR comparison	50%	The coefficient of evaluation is determined by the rank of the Company TSR in the peer group (domestic or foreign chemical/health care companies of similar size to the Company in sales and market capital).

Recipients of Stock Options

Supplementary Explanation

[Remuneration for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
Disclosure of Individual Executive Officers' (Shikkoyaku) Remuneration	Selected Executive Officers (Shikkoyaku)

Supplementary Explanation

In FY 2021, we paid 11 members of the board of directors, for a total of 255 million yen.

In fiscal 2021, we paid 8 corporate executive officers and paid a total of 769 million yen. In addition, there is 11 million yen in remuneration, etc., from our subsidiary, in which our corporate executive officers concurrently hold positions as officers. The remuneration paid to corporate executive officers includes a performance fee of 27 million yen from the BIP Trust and 267 million yen of restricted stocks compensation

(sum of grants of shares with restriction of transfer worth the base value defined by title, where the restriction of transfer is removed upon retirement, and grants of shares with restriction of transfer to the President and CEO as a sign-on bonus).

The Company remunerates Directors who concurrently serve as Corporate Executive Officers for their services as Corporate Executive Officers.

Also, the Company disclose the individual corporate executive officers' remunerations whose are over 100 million yen on Annual securities report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration system for directors and corporate executive officers shall be separate and determined by the Compensation Committee based on the following principles.

(Basic Policy on Decision on Directors' Compensation)

- In view of the role of supervising and auditing our management from an independent and objective standpoint, we have only established a basic remuneration (fixed remuneration).
- In order to secure human resources suitable for fulfilling our responsibilities as a director, the level of remuneration will be determined by taking into account trends in other companies, expected roles, and functionals, etc.

(Basic Policy on Decision on Corporate Executive Officer Remuneration)

- We have established a remuneration system that is strongly aware of the three axes of KAITEKI management toward realizing our corporate vision of KAITEKI : Management of Sustainability (MOS), Innovation (Management of Technology), and Economic Efficiency (Management of Economics).
- The remuneration system will function effectively as an incentive to promote short-term and medium-to long-term performance and the improvement of sustainable company and shareholder value.
- We will establish competitive remuneration levels that will lead to the retention and acquisition of talented management personnel that will drive the Group's sustainable growth.
- We will operate with a fair and rational compensation decision process that enables us to fulfill our accountability to all stakeholders, including shareholders, customers, and employees.

(Basic policy on deciding remuneration, etc., for officers recruited from outside)

- Remuneration, etc., for officers recruited from outside shall be determined on a case-by-case basis, by considering the levels and customs of remuneration expected in the place/country of birth or residence of the officer recruited under the above basic policies.

Based on the above basic policy, the Compensation Committee stipulates the compensation structure for corporate executive officers as follows.

- Basic remuneration: Basic remuneration shall be paid by fixed cash for the execution of responsibilities/duties and defined by roles and the size of responsibilities of each Corporate Executive Officer.
- Annual bonus:

Annual bonus (by cash) is the short-term and performance-based compensation which shall be paid by multiplying the standard amount for each position by KAITEKI value appraisal and individual evaluations (achievement of targets and demonstration of leadership in the medium-to long-term management plan, etc.)

- Performance Share Unit: Stocks are issued based on growth in the Company's share price in a period of three years (TSR\*)

(\*) In comparison to JPX-Nikkei 400 Index and peer group (domestic or foreign chemical/health care companies with global operational presence).

- Restricted stock compensation: Shares with restriction of transfer worth the base value defined by title are issued every fiscal year and the restriction of transfer will be removed when an officer retires.

We may take advantage of other extraordinary rewards and benefits, if necessary, after discussing them individually at the Compensation Committee. In addition, in the event of a material misconduct or violation of any act committed by a director or corporate executive officer, after deliberation by the Compensation Committee, we may demand that such director or corporate executive officer confiscate (malus) the beneficial interests of compensation of corporate executive officer or refund (claw-back) the remuneration

#### Remuneration package for Corporate Executive Officer, President and CEO

To assess the remuneration and benefit package for our representative, Jean-Marc Gilson, Corporate Executive Officer, President and CEO, for the fiscal 2022, the Company considered his experience and actual achievement of global management and a headhunting market expected from his place/country of birth or residence, conducting research and study of globally competitive remuneration plans, levels, and benefits, as well as considering the handling of the previous year before finalizing the specific details of the package.

Similarly to other Corporate Executive Officers, the Policy on Deciding Remuneration for Directors and Corporate Executive Officers of the Company applies to him, and the following should be noted among other remuneration, etc., that apply to him:

##### a. Fringe benefit

He is provided with a fringe benefit, such as company housing (or a housing allowance) for his residence in Japan, expenses for temporary return visits to his country, tax declaration expenses, and medical insurance policy. The Compensation Committee determined the details and levels of these benefits by reference to overseas standard practices.

##### b. Severance pay (special pay provided for contract termination due to the company circumstances)

If the Company terminates a contract of mandate then in effect, based on a decision by the Nominating Committee, the Company may provide severance pay in cash up to the “amount totaling annual basic remuneration and annual bonus (base).” Severance pay is intended to offer the minimum protection to a Corporate Executive Officer subject to termination so that one would not make any improper management decisions to protect one’s own position. Whether to provide severance pay and its amount are reviewed and determined on a case-by-case basis by the Compensation Committee, in cooperation with the Nominating Committee.

\*Separately from the regular remuneration package, he was issued with shares with restriction of transfer (RS) as a sign-on bonus when he assumed the position of Corporate Executive Officer, President and CEO in 2021. For these shares with restriction of transfer, a third of the restriction will be removed at the end of each fiscal year during a period of three years after he assumes the position. If he resigns before the removal of the restriction, the right to receive issuance for the relevant restricted portion will be lapsed. (The Company will acquire the portion for free.)

### [Supporting System for Outside Directors]

Secretariats have been set up for the Board of Directors and each of the Company’s committees and provide support and assistance to outside directors. When the Board of Directors or one of the committees holds a meeting, the respective secretariat supplies the outside directors with materials and other pertinent information beforehand. In addition, individual explanations are provided to ensure that the outside directors can perform a full review in advance. That being said, the Office of Audit Committee, which was set up as a unit to assist the Audit Committee, has its own independent and exclusive staff.

Furthermore, in addition to the Board of Directors and each committee meetings, a proper environment is being maintained, including the holding of regular meetings that are attended by the outside directors, to ensure the outside directors’ oversight functions work effectively.

**[Status of persons retired from Representative Director and President, etc.]**

Names, etc., of advisors (“sodanyaku,” “komon,” etc.) who have formerly served as Representative Director and President, etc.

Name	Title / Position	Activity Description	Working Arrangement / Conditions (Full-time / Part-time, Compensation)	Date of Retirement from President, etc.	Term
Hitoshi Ochi	Senior Executive Consultant	Outside activities, etc. at industry associations, etc. on behalf of the company	-Working Arrangement: Part-time -Compensation: No	June 24, 2021	1 Year (renewable)

Total number of advisors (“sodanyaku,” “komon,” etc.) who have formerly served as President and Representative Director, etc.	1 persons
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**Other information**

- The table lists former presidents and chairpersons of the Company.
- Senior Executive Consultant does not participate in management.
- The date of retirement as the representative director and chairman of the Company is stated in "Date of Retirement from President, etc." in the table above.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

(1) Oversight  
A. Board of Directors (9 members (of which two members are female); five outside directors, chairman; inside director, term of directors; one year)  
The Board of Directors determines basic management policies (group philosophy, medium-term management plans, annual budgets, etc.), and supervises the overall management. In principle, the Board of Directors delegates authority to corporate executive officers to make business execution decisions based on the basic management policies.  
In order to establish the Group’s basic management policies and oversee management appropriately, directors who possess an advanced level of knowledge and great insight in management experience, finance and accounting, science technology, IT and production, risk management, business strategy and marketing, legal and regulatory, etc., and globalism and diversity are appointed.  
Furthermore, in a bid to enhance oversight functions, a majority of the Board of Directors shall not concurrently serve as Corporate Executive Officers. The Company's Articles of Incorporation stipulates that the number of directors shall not exceed 20. As of the date of submission of this report, the Company has 9 directors, including five outside directors (of which two are concurrently serving as corporate executive officers).

With a view to strengthen the independence of the Board of Directors and strengthening cooperation between executive officers and outside directors, the Company appoints the Leading Independent Outside Director. The Leading Independent Outside Director collects the opinions of outside directors and hold discussions with the chairman of the Board of Directors and the president of executive officers, and presides over a conference body consisting only of outside directors.

In FY 2021, the Board of Directors met 9 times. The attendance of each director is as follows. Hitoshi Ochi and Hideko Kunii describe the attendance of the Board of Directors until their retirement in June 2021, and Jean-Marc Gilson describe the attendance of the Board of Directors after his assumption of office in June 2021 and Takako Masai describe the attendance of the Board of Directors after her assumption of office in July 2021.

- Jean-Marc Gilson: 7/7 (100%)
- Yoshimitsu Kobayashi: 9/9 (100%)
- Hitoshi Ochi: 2/2 (100%)
- Hidefumi Date: 9/9 (100%)
- Ken Fujiwara: 9/9 (100%)
- Glenn Fredrickson: 9/9 (100%)
- Shigeru Kobayashi: 9/9 (100%)
- Hiroshi Katayama: 9/9 (100%)
- Hideko Kunii: 2/2 (100%)
- Takayuki Hashimoto: 9/9 (100%)
- Chikatomo Hodo: 9/9 (100%)
- Kiyomi Kikuchi: 9/9 (100%)
- Tatsumi Yamada: 9/9 (100%)
- Takako Masai: 6/6 (100%)

B. Nominating Committee (five members (of which two members are female); four outside directors; an outside director serves as chairman)

The Nominating Committee nominates candidates for directors and corporate executive officers

The Nominating Committee consists of five members, including four outside directors as of the date of submission of this report. To enhance the transparency and fairness of the nomination process, the committee is chaired by an outside director.

In FY2021, the Nominating Committee met eight times. The attendance of each director is as follows. Yoshimitsu Kobayashi describe the attendance of the Nominating Committee until his retirement of the member of the Nominating Committee in June 2021 and Hideko Kunii describe the attendance of the Nominating Committee until her retirement of the director in June 2021. In addition, Ken Fujiwara describe the attendance of the Nominating Committee after his assumption of the member of Nominating Committee in June 2021 and Takako Masai describe the attendance of the Nominating Committee after her assumption of the director in June 2021.

- Takayuki Hashimoto (Chairperson): 8/8 (100%)
- Yoshimitsu Kobayashi: 2/2 (100%)
- Ken Fujiwara: 6/6 (100%)
- Hideko Kunii: 2/2 (100%)
- Chikatomo Hodo: 8/8 (100%)

- Kiyomi Kikuchi: 8/8 (100%)
- Takako Masai: 5/5 (100%)

C. Audit Committee (four members (of which two members are female); three outside directors; an outside director serves as chairman)

The Audit Committee audits the execution of duties by corporate executive officers and directors, and verifies the Group's internal control system. In principle, the Audit Committee meets once a month.

The Audit Committee consists of four members, including three outside directors, as of the date of submission of this report. In addition, the Audit Committee selects two full-time Audit Committee members and works closely with the Audit Committee, independent auditors, the audit department, which conducts internal audits, and the internal control department, which formulates and promotes policies for internal control systems. Through these and other means, the Audit Committee is working to enhance the auditing system.

In order to further enhance transparency and fairness in the audit and further strengthen the audit function, the chairperson of the committee is the outside director and the Office of Audit Committee is expanded in conjunction with the transition to the new management structure on April 1, 2022. We are working to further improve the effectiveness of audit through close cooperation with the audit department, which integrates the audit functions of operating companies, and the internal control department.

In FY 2021, the Audit Committee met 14 times. The attendance of each committee member is as follows.

Hideko Kunii describe the attendance of the directors until her retirement in June 2021, and Takako Masai describe the attendance of the directors after her assumption in July 2021.

- Shigeru Kobayashi (chairperson): 14/14 (100%)
- Hiroshi Katayama: 13/13 (100%) • Hideko Kunii: 3/3 (100%)
- Kiyomi Kikuchi: 14/14(100%)
- Tatsumi Yamada: 14/14 (100%)
- Takako Masai: 10/10 (100%)

D. Compensation Committee (Three members; three outside directors; an outside director services as chairman)

The Compensation Committee determines the amount of remuneration paid to individual directors and corporate executive officers.

The Compensation Committee consists of three members as of the filing date of this report. To enhance the transparency and fairness of the decision-making process, the committee is chaired by an outside director.

The Compensation Committee met seven times in FY 2021. The attendance of each committee member is as follows. In addition, Ken Fujiwara describes the attendance until his retirement of the Compensation Committee member in June 2021.

- Chikatomo Hodo (Chairperson): 7/7 (100%)
- Hidefumi Date: 7/7 (100%)
- Ken Fujiwara: 2/2 (100%)
- Takayuki Hashimoto: 7/7 (100%)
- Tatsumi Yamada: 7/7 (100%)

## (2) Business execution

### A. Corporate Executive officers

The corporate executive officers decide the execution based on basic management policies (medium term business strategies and annual budgets, etc.).

Regarding important matters in the management of the Group, deliberations are made at the corporate executive officers, which is the council by the corporate executive officers. In addition to determining the division of duties of each corporate executive officer for other matters, we make it appropriate and efficient decision-making by clarifying the authority to decide the corporate executive officer in charge.

#### B. Corporate Executive Officers Committee

The Corporate Executive Officers Committee is composed of all corporate executive officers, deliberates and decides on important matters concerning the management of the Company and the Company group, and also monitors the Group's business based on the medium-term management plan, annual budget etc.

That being said, the Member of the Audit Committee can attend the Corporate Executive Officers Committee at any time to express freely.

#### (3) Audits

We have appointed Ernst & Young ShinNihon LLC as our accounting auditor. The accounting auditor maintains close ties with the Audit Committee and reports on the audit system, audit plans, audit status, and audit results. In addition, we exchange necessary information and opinions with the accounting auditor to ensure that audits are efficiently and effectively carried out.

In FY2021, the following are the names of the certified public accounts that executed accounting audits and the number of personnel that assisted in accounting audit operations.

-Names of the CPS that executed operations (number of continuous audit years)

Kazuomi Nakamura (4 year), Takayuki Ueki (4 year), Kosuke Kawabata (3 year) and Makoto Okabe (2 year)

-Assistants that worked on the accounting audit

24 certified public accounts, and another 16 personnel

The status of internal audit is described at [Cooperation among Audit Committee, Accounting Auditors and Audit Departments] above.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company adopts a company with a nominating committee, etc. in a bid to enhance management transparency and openness, strengthen management oversight functions and improve management agility by accelerating decision-making.

Based on the new management policy of “Forging the future” announced in December 2021, the MCG Group has been promoting the shift to the “One Company, One Team” flat organizational structure since April 1, 2022.

By our new organizational structure to implement strategies in a unified manner across the MCG Group and under clear strategies to operate our businesses by pursuing efficiency and to draw out growth potential for our businesses, the Company will aim to maximize the corporate value of the MCG Group.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Scheduling AGMs Avoiding the Peak Day	The 17th Ordinary General Shareholders Meeting was held on June 24, 2022, thereby avoiding the peak day, and allowing as many shareholders as possible to attend.
Allowing Electronic Exercise of Voting Rights	Shareholders are able to exercise their voting rights using a number of electronic devices (including the Internet). The method for doing so is included in the notice of convocation of the general shareholders meeting.
Participation in Electronic Voting Platform	The Company is participating in the Electronic Voting Platform.
Providing Convocation Notice in English	The convocation notice appears in English on our website. It is also available in English over the Electronic Voting Platform.
Other	In addition to posting our convocation notice on our website in both Japanese and English, we use visuals and audio at the shareholders meeting for our business reports and to explain our resolutions as a way to better convey and thereby give shareholders a better understanding. The Company streams the live video of the general shareholders meeting limited to shareholders as

	participation-type virtual shareholders meeting and releases the video on our website after the general shareholders meeting.
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## 2. IR Activities

	Personal explanation by representative	Supplementary Explanations
Regular Investor Briefings for Individual Investors	Yes	We participate in investor briefings for individual investors and explain our business and future business development.
Regular Investor Briefings for Analysts and Institutional Investors	Yes	The following briefings are conducted by the president and supervising director -Quarterly and fiscal year-end earnings results online conference -Business briefings, etc. - Individual briefings
Posting of IR Materials on Website		Various materials (Japanese and English) are uploaded to our website.
Establishment of Department and/or Manager in Charge of IR		An officer is in charge of IR and we have set up an office to handle IR (Corporate Communications Division).
Other		We issue <i>We WILL</i> , a shareholders communication tool, and the <i>KAITEKI</i> Report, a integrated report. Both are available on our website.

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Rules on respecting the position of stakeholders is defined in the Mitsubishi Chemical Group Charter of Corporate Behavior.
Implementation of Environmental Activities, CSR Activities etc.	We recognize CSR activities as the implementation of our group philosophy. The MCG Group is implementing CSR activities, including responsible care activities.
Development of Policies on Information Provision to Stakeholders	Mitsubishi Chemical Group Charter of Corporate Behavior also includes rules on proper information disclosure and securing transparency.
Other	-

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Company intends to strengthen and thoroughly enforce the internal control system based on the basic policy concerning the internal control system resolved at the Board of Directors. At the end of each fiscal year, the Board of Directors reviews the operational status of the basic policy, and as necessary the Company will review its contents. The contents of the basic policy as of this report present are as follows.

#### 1. System required for execution of duties of the Audit Committee

(1) Management shall set the Office of Audit Committee as a body to assist the Audit Committee's duties and have it assist in auditing based on the instructions thereof. The appointment (transfer, evaluation, etc.) of employees of the Office of Audit Committee and the development of the budget of the Office of Audit Committee shall be subject to approval of the Audit Committee.

(2) Pursuant to regulations such as the Audit Standard of the Audit Committee, Directors, Corporate Executive Officers, and employees shall inform the Audit Committee of any important management matters to MCG and a corporate group with MCG as a parent company under the Companies Act (the "MCG Group") (including any fact or fraudulent act that might do material harm to MCG or any important fact in violation of laws, regulations or Articles of Incorporation).

(3) Management stipulates that any Director, Corporate Executive Officer, Corporate Auditor, or employee of the MCG Group who has made a report to the Audit Committee shall not be treated unfavorably because of the report.

(4) Of expenses incurred by the Audit Committee or members of the Audit Committee, those deemed necessary for the execution of their duties shall be borne by MCG.

(5) In order to ensure that Audit Committee's audits are conducted in an effective manner, Management shall appoint full-time members of the Audit Committee as well as facilitate the Audit Committee's regular meetings with senior executives, including the President, and coordination and information exchange between the Audit Committee and the Internal Audit Office.

#### 2. System for ensuring that Corporate Executive Officers execute their duties efficiently

(1) Except matters that significantly affect the MCG Group's portfolio management and matters to be resolved by the Board of Directors as required by law (basic management policy, etc.), the Board of Directors allows Corporate Executive Officers to make swift decisions by delegating all the business execution decisions to them in principle.

(2) To make decisions on business execution delegated to Corporate Executive Officers, Management shall develop a system in which the MCG Group's decisions and execution of business are made properly and efficiently by setting a rule that the MCG Group's important management matters are decided by the President and Corporate Executive Officer after deliberation at the Executive Management Committee, and by defining the authority of responsible Corporate Executive Officers, responsibilities of each department, and authority assigned to subsidiaries on other matters.

(3) Corporate Executive Officers shall conduct management administration of subsidiaries in accordance with the basic management policy formulated by the Board of Directors (the Group's medium-term management plan, annual budgets, etc.) in an effort to achieve them. In addition, Corporate Executive Officers shall develop a system in which important management matters of subsidiaries are reported to the Company through the Executive Management Committee and medium-term management plans, annual budget control, etc.

#### 3. System for ensuring that Corporate Executive Officers' and employees' execution of their duties conform to laws, regulations, and Articles of Incorporation

(1) The MCG Group shall treat the Group Charter of Corporate Behavior as the basic regulations on compliance matters within the MCG Group.

(2) Management shall develop, properly operate and manage internal control systems in order to ensure the reliability of financial reporting.

(3) In accordance with the Group Compliance Promotion Regulations and other relevant rules and regulations, Management shall develop a promoting framework for compliance, training and education programs, audit/monitoring systems, hotlines, and other compliance promotion programs of the MCG Group and properly operate and manage these programs by appointing a Corporate Executive Officer in charge of compliance promotion (Chief Compliance Officer).

4. Regulations, structure and systems for managing risks of loss

The President shall be the Chief Risk Management Officer. In accordance with the Group's Basic Regulations on Risk Management and other relevant rules and regulations, the President shall be responsible for preventing serious risks from occurring in connection with or arising from the MCG Group's business activities, and for developing, properly operating and managing risk management systems for minimizing damage if any risk occurs.

5. System for preserving and managing information related to Corporate Executive Officers' execution of their duties

In accordance with the Information Security Policy, Information Management Rules, and other relevant rules and regulations of the MCG Group, Management shall preserve and manage the minutes of the Executive Management Committee, approval documents, and other documents and electromagnetic records related to Corporate Executive Officers' execution of their duties and develop a system that allows Corporate Executive Officers and Directors to inspect them.

6. System for assuring operational legitimacy within the corporate group

In accordance with the above policy and the Group's Management Regulations and other relevant rules and regulations, Management shall implement the management of the MCG Group (management of business objectives, reporting and approval of important matters and the Group's internal audits, etc.) and ensure operational legitimacy within the MCG Group by sharing the Group's internal control policies and systems covering compliance and risk management within the Group.

## 2. Basic Views on Eliminating Anti-Social Forces

At the MCG Group, fair business practices outlined in the group Charter of Corporate Behavior in the basic policy 3 (1) of the aforementioned internal control system promote the severing of any ties with anti-social forces. To reject any and all unreasonable demands from antisocial forces, the general affairs department, which is in charge of handling these matters, works closely with related administrative organizations, and takes necessary action to ensure that everyone in the group is well-informed.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

The Company implements highly efficient and transparent group management to enhance its competitive and earnings strengths through the optimal allocation of management resources. As a group, we aim to further improve our corporate value to respond to the trust placed in us by our shareholders.

We have not introduced anti-takeover measures. In the event of a major purchase of our shares that would erode the group's corporate value or the profits we share with our shareholders, we will implement measures that we believe to be appropriate for addressing the situation.

### 2. Other Matters Concerning to Corporate Governance System

The following is a policy for disclosure of company information and summary of timely disclosure system.

#### 1. Policy for disclosure of company information

Under our disclosure policy, MCG has disclosed material information as defined in standards in the Securities Listing Regulations established by the Tokyo Stock Exchange ("timely disclosure standards") and Article 27-36 of the Financial Instruments and Exchange Act (such as information of the MCG Group,

including that regarding decisions, incidents, and earnings results that may have an impact on the investment judgement of shareholders and investors, “material information”).

Furthermore, we will exert an effort to actively disclose information that is deemed valuable to shareholders and investors, even if it is not material information.

The information for disclosure will be centrally controlled by Corporate Communications Division, and the General Manager of the Division will serve as the person in charge of information disclosure.

## 2. Summary of timely disclosure system

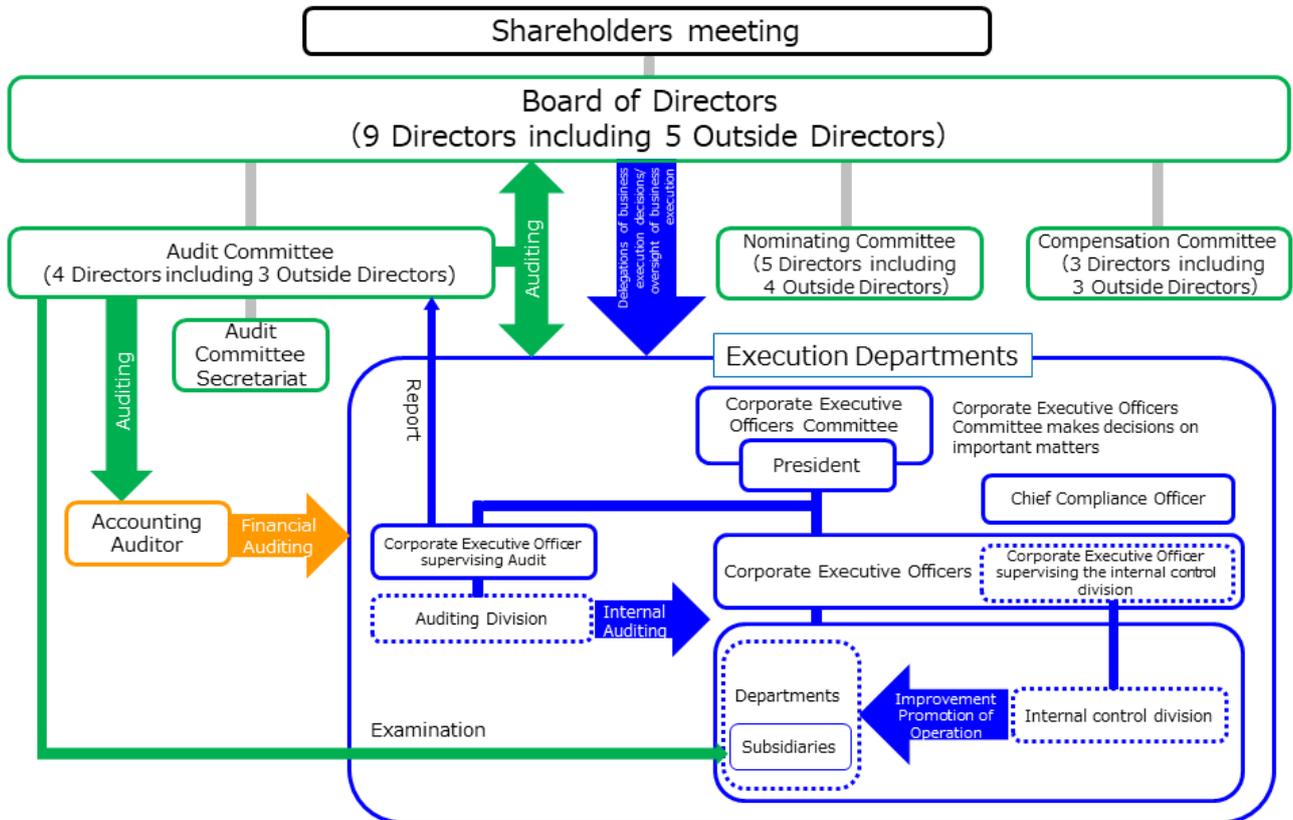
(1) Decisions on information related to earnings, which is covered under timely disclosure standards, is decided upon in resolutions taken up by the Board of Directors or in discussions by the Corporate Executive Officers Committee. After decisions have been made, Corporate Communications Division implement timely disclosure.

(2) In information related to decisions, which is covered under timely disclosure standards, matters that require resolutions taken up by the Board of Directors or discussions by the Corporate Executive Officers Committee are decided once approved by the body concerned. For matters that require approval using request forms, are decided once approval is received. In either case, Corporate Communications Division conducts a survey to determine whether these are matters that require timely disclosure. The result of this survey is reported to the director in charge of IR. In addition, timely disclosure is implemented should the matter require so.

(3) For information related to an occurring incident, which is covered under timely disclosure standards, at the time the related department realizes the incident has occurred, it should work with Corporate Communications Division and conduct a survey of the incident to determine whether the matter requires timely disclosure. The result of this survey is reported to the director in charge of IR. When necessary, it should also be reported to the Board of Directors and Corporate Executive Officers Committee. Timely disclosure should be implemented if the matter requires so.

That being said, rules prohibiting insider training should be established to govern the handling the unpublished important information up to the moment of timely disclosure and to thoroughly prevent insider training.

System to Ensure that the Company Operates in an Appropriate Manner(Overview)



[Policy on appointment/dismissal of senior management and nomination of directors]

(Corporate executive officers)

The Nominating Committee nominates persons who fulfill the following criteria as candidates for corporate executive officers:

- possesses abundant experience, deep expertise and insight in each responsible area, objective and fair judgment and a high level of business management capability.
- possesses high ethical standards and a law-abiding mind.
- healthy enough to fulfill responsibilities as a Corporate Executive Officer.

Meanwhile, the Nominating Committee may dismiss the corporate executive officer who materially violates one of the criteria above.

(Directors)

The Nominating Committee nominates persons who fulfill the following criteria as candidates for directors:

- possesses deep insight as well as objective and fair judgment, which are necessary to fulfill the responsibilities of a director of Company with Nominating Committee, etc.
- possesses high ethical standards and a law-abiding mind.
- healthy enough to fulfill the responsibilities as a director.
- For outside directors, fulfills independence standards that are separately stipulated and be able to secure enough time to execute business. In addition, be able to secure diversity among outside directors.

[Reason for appointment of the Director]

Name	Present position and duty at the Company	Reason for choosing as candidate for Director
Jean-Marc Gilson	Director of the Board President, CEO	Jean-Marc Gilson has abundant experience and profound insight in international corporate management, having been involved in the management of chemical companies in both the West and Asia, and in the fields of specialty chemicals and life science. He has been at the helm of the Company's operations as Corporate Executive Officer, President, and CEO since April 2021, and has spearheaded a raft of measures aimed at accelerating the transformation of the MCG Group's business portfolio and delivering sustainable growth. At meetings of the Board of Directors, he periodically reports on the general status of the Company's operations, thereby exercising accountability toward the Board. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Ken Fujiwara	Director of the Board, Corporate Executive Officer (Executive Vice President) Member of the Nominating Committee	Ken Fujiwara engaged in international risk management and M&As in the legal departments of the MCG Group, and thus has abundant experience and profound insight. Currently serving as Executive Vice President, he engages in management of the Company. During Board of Directors meetings, he fulfills accountability as an Executive Officer, and serving as Chairperson since fiscal 2021, he focuses on enhancing the effectiveness of the Board of Directors by consulting with the leader of the independent outside directors and the President, and setting the agenda such that the Board can exercise its oversight functions. Furthermore, as a member of the Nominating Committee, at meetings of the Committee he leverages his background as an insider to make pertinent and valuable remarks from a practical and multifaceted viewpoint. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Glenn H. Fredrickson	Director of the Board	Glenn H. Fredrickson is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain and abundant experience as a consultant for global corporations. Currently acting as an internal Director who does not concurrently serve as an Executive Officer, he appropriately engages in management oversight and makes suggestions pertaining to the field of advanced technology and other such matters. As he is expected to continue making

		contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Hiroshi Katayama	Director of the Board Member of the Audit Committee	Having engaged in corporate management in the administration and legal, human resources, and internal control departments of the MCG Group, Hiroshi Katayama has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from the Company, he engages in management oversight primarily by ensuring effectiveness of audits, which involves assessing the operational status of internal control systems and regularly sharing information in meetings of the Audit Committee, drawing on his extensive understanding and experience of corporate governance and risk management. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Takayuki Hashimoto	Director of the Board Independent Officer Leading Independent Outside Director Member of the Nominating Committee Member of the Compensation Committee	Takayuki Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to global management, business portfolio strategy, and risk management, etc. As leader of the independent outside directors since fiscal 2021, he gathers together the opinions of the outside directors and consults with the Chairperson of the Board of Directors and the President, and also hosts meetings attended solely by the outside directors. In addition, as Chairperson of the Nominating Committee, he also fulfills a leading role in making fair and transparent decisions on succession plans for management and nomination of candidates for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Chikatomo Hodo	Director of the Board Independent Officer Member of the Nominating Committee	Chikatomo Hodo has extensive experience in corporate management and profound insight in digital business successively as a president and a chairperson of a Japanese subsidiary of a global corporation, which provides management consulting and knowhow in company management. During Board of Directors meetings, he provides oversight

	Member of the Compensation Committee	of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as global management, portfolio management, and corporate value enhancement from a perspective of ESG. As Chairperson of the Compensation Committee, he also fulfills a leading role in making fair and transparent decisions on design and implementation of remuneration system for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected him as the Director.
Kiyomi Kikuchi	Director of the Board Independent Officer Member of the Nominating Committee Member of the Audit Committee	Kiyomi Kikuchi has abundant experience working at financial institutions in addition to her profound insight as a lawyer specialized in corporate legal affairs. During Board of Directors meetings, she provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as the functions and responsibilities of the Board of Directors, risk assessments, and global governance. She also makes contributions to ensuring the effectiveness of corporate governance of the Company as a member of the Nominating Committee and the Audit Committee. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected her as the Director. While she has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that she will properly execute her duties as an Outside Director of the Company based on the above reasons.
Tatsumi Yamada	Director of the Board Independent Officer Member of the Audit Committee Member of the Compensation Committee	Tatsumi Yamada has profound insight as an international accounting expert, in addition to abundant experience as a certified public accountant. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, disclosures, and market valuation. He also makes contributions to ensuring the effectiveness of corporate governance of the Company as Chairperson of the Audit Committee and a member of the Compensation Committee. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected

		<p>him as the Director. While he has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that he will properly execute his duties as an Outside Director of the Company based on the above reasons.</p>
Takako Masai	<p>Director of the Board Independent Officer Member of the Nominating Committee Member of the Audit Committee</p>	<p>Takako Masai has abundant experience and profound insight in the analysis of the economic and financial climate as well as in financial and monetary policy operations, with her career ranging from a manager of the departments of financial products and services and economic research at various banks including foreign financial institutions to a Member of the Policy Board of the Bank of Japan. At meetings of the Board of Directors, she makes useful recommendations from the viewpoints of finance and market risk management, and provides oversight over the Company's management as a whole from an independent and impartial standpoint. And as a member of both the Nominating Committee and the Audit Committee, she helps ensure that the Company's corporate governance is effective. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company through such initiatives, the Board of Directors reelected her as the Director.</p>

[Reason for appointment of the corporate executive officers]

Name	Present position and duty at the Company	Reason for appointment of the corporate executive officers
Jean-Marc Gilson	President, CEO	Jean-Marc Gilson worked as a manager in European and U.S. chemical companies and has a global perspective of the specialty chemicals and life science fields. He resolutely executed a portfolio transformation and achieved an improvement in performance in his previous role of CEO at Roquette Frères. In addition, it is recognized that his continued provision of clear messaging regarding strategy to all our stakeholders has led to an increase in corporate value. In order to achieve the Company's vision in such ways as accelerating the company's portfolio transformation and achieving continuous growth by globally leading the resolution of social problems, the Board of Directors judges him as capable in the position of Corporate Executive Officer, President and CEO.
Kouji Eguchi	Corporate Executive Officer (Executive Vice President)	Kouji Eguchi has been engaged in the management of our group for many years and has extensive experience and profound insight in the manufacturing field. Therefore, the nominating committee judges him as capable in the position of the Company's Chief Supply Chain Officer.
Yuko Nakahira	Corporate Executive Officer (Executive Vice President)	Yuko Nakahira has extensive experience in the specialty chemical field, having been engaged in project management at a U.S. chemical company. Also, she has profound insight in accounting and the financial field gained through her experience as a consultant. Therefore, the Board of Directors judges her as capable in the position of supervising the Company's Finance, Communication, IR and Government Affairs.
Ken Fujiwara	Corporate Executive Officer (Executive Vice President)	Ken Fujiwara has extensive experience and profound insight in the legal affairs and general affairs fields from the standpoint of management of the Group, as well as international experience. Therefore, the Board of Directors judges him as capable in the position of supervising the Company's Legal, Internal Control, Admin, HR and Corporate Administration.
Frank Randall (Randy) Queen	Corporate Executive Officer (Executive Vice President)	Frank Randall (Randy) Queen is engaged in business management as a representative of an overseas corporation of our group. He has abundant experience and deep insight

		in the business of high-performance and high-value-added materials. Therefore, the nominating committee judges him as capable in the position of the Company's Head of Specialty Materials business.
Hitoshi Sasaki	Corporate Executive Officer (Executive Vice President)	Hitoshi Sasaki has extensive experience and profound insight in leading global business and in the chemical material field from the standpoint of management of the Group. Therefore, the Board of Directors judges him as capable in the position of the Company's Head of Polymers & Compounds / MMA.
Manabu Chikumoto	Corporate Executive Officer (Executive Vice President)	Manabu Chikumoto has experience in global business, a great depth of experience in the petrochemical field of business, and a high level of insight. Therefore, the nominating committee judges him as capable in the position of the Company's Head of Basic Materials business.
Akihiro Tsujimura	Corporate Executive Officer (Executive Vice President)	Akihiro Tsujimura has extensive experience in global business and profound insight in pharmaceutical and regenerative medicine companies. Therefore, the nominating committee judges him as capable in the position of the Company's Head of Pharma.
Larry Meixner	Corporate Executive Officer (Senior Vice President)	Larry Meixner has extensive experience and profound insight in corporate management and R&D gained by serving as an executive at an overseas company. Therefore, the Board of Directors judges him as capable in the position of the Company's Chief Technology Officer.
Jin Iida	Corporate Executive Officer (Senior Vice President)	Jin Iida has engaged in management in the Group across many years, making use of his extensive experience in business, and also possesses profound insight in auditing. Therefore, the Board of Directors judges him as capable in the position of supervising the Company's Audit.
Yuji Ichimura	Corporate Executive Officer (Senior Vice President)	Yuji Ichimura has experience in business operations at a Japanese IT company and extensive management experience gained by serving as an executive at another company. He also has experience in business transformation through the utilization of digital transformation (DX). Therefore, the Board of Directors judges him to be capable in the position of Chief Digital Officer.
Shigeki Habuka	Corporate Executive Officer (Senior Vice President)	Shigeki Habuka has extensive experience as an administrative official gained from serving for many years in the Ministry of Finance and the Cabinet Office, and also

		has profound insight related to financial administration. Therefore, the Board of Directors judges him as capable in the position of supervising the Company's Government Affairs.
Tomoyo Hiraoka	Corporate Executive Officer (Senior Vice President)	Tomoyo Hiraoka has extensive experience in human resources at a global company, has experience in the position of Head of human resources of our group, and has profound insight in organization and personnel. Therefore, the nominating committee judges her as capable in the position of the Company's Chief Human Resource Officer.

Outline of Results of the Evaluation on the Effectiveness of the Board of Directors  
in Fiscal Year 2021

1. Evaluating the effectiveness of the Board of Directors

Under the Mitsubishi Chemical Holdings Corporate Governance Guidelines, the Board of Directors is required to evaluate its effectiveness and disclose the summary of evaluation results every year. The methods and findings of the effectiveness evaluation conducted in fiscal year 2021 are summarized below.

2. Evaluation methods and processes

In fiscal year 2021, the effectiveness of the Board of Directors was evaluated by the following methods and processes.

- i) The FY 2020 evaluation was conducted by an independent external review organization (Board Advisors Japan, Inc.) in March to April 2022. The methods used for the evaluation are as follows: collecting responses from all directors through a questionnaire covering the questions listed below (answers using a 5-point scale (with some exceptions) and written comments), interviewing each director for about one hour, and providing an evaluation based on the reviewer's professional knowledge.
  - Overall assessment
  - Composition of the Board of Directors
  - Preparations before the Board of Directors' meetings
  - Operation of the Board of Directors' meetings
  - Discussions at the Board of Directors' meetings
  - Supervision of business execution
  - The way each committee ought to be
  - Analysis on the importance of agenda items/topics and the actual amount of discussion (Evaluate the importance and amount of discussion on a scale of one to ten, and analyze the gap.)
- ii) The Board discussed the current status of the Board of Directors and the policy for further improvement based on the results of the effectiveness evaluation, taking into account comparisons with the previous year's evaluation results and the progress of efforts to address existing issues. (June 2022)
- iii) Regarding future challenges, the chairperson of the Board reported the issues to be addressed to the Board of Directors based on the Board's discussions (June 2022).

3. Outline of the evaluation findings and future challenges

(1) Outline of the evaluation findings

The findings from the evaluation of the Board of Directors' effectiveness conducted by the

independent review organization are briefly described as follows.

As the entire company undergoes a transformation, the effectiveness of the Board of Directors has improved, particularly in terms of management, but in order to further improve its effectiveness, it is necessary for the Board of Directors to share a common understanding of its role as a company with a Nominating Committee.

- i) During the current fiscal year, the Board of Directors deliberated mainly on various measures to improve the operational aspects of the company and to transform the organization.
  - Board of Directors operations have been improved, including sending materials in advance, holding Director Liaison Committee, and setting a more robust agenda.
  - The Board oversaw the formulation of new management policies, transition to a “One Company” system, etc.
- ii) There is a common understanding that the Board of Directors is a monitoring board supervising the business execution, but there is a need for shared recognition of its role.
  - There is a difference in perceptions of the way specific “supervision” ought to be among the directors, and discussions are limited to the expression of opinions based on their own interests.
  - Many detailed points are made in response to the matters on the agenda, including discussion on medium- to long-term growth strategies, and in some cases, the discussions do not develop into big-picture discussions. Therefore, further review of the board agenda is needed.
- iii) The following issues are expected to be addressed to improve the effectiveness of the company's Board of Directors.
  - Reviewing the composition and sharing recognition of the role of the Board of Directors
  - Further commitment of independent directors
  - Strengthening Nominating Committee functions
  - Strengthening Audit Committee functions

## (2) Future challenges

Based on the evaluation findings described above and ensuing discussions by the Board of Directors, Mitsubishi Chemical Holdings Corporation is going to take the following actions.

- i) Further redefining supervisory function of the Board of Directors and setting agenda to realize such function. Continuing discussions on the skills matrix and attributes of board members based on such function.
- ii) Promoting communication with and fostering mutual trust among corporate executive officers and outside directors to deepen the understanding of outside directors toward the Group.
- iii) Further strengthening cooperation between the Board of Directors and each committee (e.g., expanding reports to the Board of Directors, etc.)
- iv) Centralizing the Group's internal audit division in the company and conducting appropriate and more efficient organizational audits based on the expansion of the Audit Committee secretariat function.

#### 4. Efforts promoted based on the previous effectiveness evaluation

Based on the findings from the effectiveness evaluation conducted and directors' suggestions provided in fiscal year 2020, Mitsubishi Chemical Holdings Corporation implemented the following measures.

- i) Reviewing the roles of the Board of Directors and agenda-setting
  - In addition to enhancing the provision of information to outside directors through Director Liaison Committee and individual meetings, part of the agenda is reviewed in the light of the roles of the Board of Directors.
  - Outside directors selected the lead independent outside director by mutual vote, and the lead independent outside director organized the meeting attended only by outside directors and set effective agenda of the Board of Directors through close cooperation with the chairperson and secretariat.
  - In light of the transition to "One Company", outside directors discussed the "role and the way the Board of Directors ought to be" at the meeting attended only by outside directors and share their understandings.
- ii) Reviewing the composition of the Board of Directors
  - From the point of view of strengthening the supervisory function of the Board of Directors, the ratio of internal and outside directors was reviewed, and outside directors became the majority.
- iii) Further strengthening of Nominating Committee functions
  - Lively discussions were held on the establishment of a new management system in conjunction with the transition to "One Company", as well as the allocation of corporate executive officers.

Mitsubishi Chemical Holdings Corporation will continue to work toward building a more effective Board of Directors, taking into full consideration the findings from the evaluation of the Board effectiveness and various suggestions from the directors.