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Mitsubishi Chemical Holdings Corporation

Chief Executive Officer Jean-Marc Gilson

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Securities Code: 4188

<https://www.mitsubishichem-hd.co.jp/english/>

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

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

### 1. Basic Views

The Mitsubishi Chemical Holdings Corporation (MCHC) Group defines KAITEKI as “the sustainable well-being of people, society and our planet Earth”, and has “realizing KAITEKI” as its vision. The MCHC 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, MCHC 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 Holdings 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]

The contents are based on the Corporate Governance Code revised in June 2021. In addition, the contents for the prime market, which will be applied after April 4, 2022, are voluntarily described in advance.

<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 MCHC 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 MCHC 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 MCHC 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 MCHC 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 Holdings 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.

##### <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. 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. The Company has no shareholder who holds 10% or more of the voting rights of all shareholders.

##### <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 plan)

In February 2021, the Company has formulated its new medium-term management plan APTSIS 25, Step 1, which will commence from fiscal 2021. With regard to the impact of the COVID-19 pandemic, the situation will likely remain uncertain. Based on this awareness, the five-year period of APTSIS 25 from fiscal 2021 has been divided into two phases: Step 1 (With COVID-19) and Step 2 (After COVID-19). The principal measures in Step 1 (fiscal 2021 to fiscal 2022) have been formulated. The plan for Step 2 (fiscal 2023 to fiscal 2025) will be formulated in fiscal 2022.

Please refer to the Medium-Term Management Plan on the Company's website for details. (<https://www.mitsubishichem-hd.co.jp/english/ir/pdf/01033/01180.pdf>)

(New Management Policy)

The Company has formulated a new 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 Holdings 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 Holdings 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, corporate executive officer and major subsidiaries president (excluding listed subsidiaries).

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 Holdings 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, corporate executive officers and the presidents of major subsidiaries that are non-listed companies (Mitsubishi Chemical Corporation. and Life Science Institute, Inc.). In consideration of transparency and fairness in the process of nominating candidates, an outside director serves as the head of the committee.

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 MCHC 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 work through our value creation cycle aimed at sustainable growth. We start with a focus on environmental and social issues as well as accelerating changes in social needs. We then identify growth business domains where the MCHC Group's business portfolio can provide solutions, in line with our mission and value.

In addition, the MCHC 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 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 MCHC 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, MCHC announced its support for the final TCFD recommendations in October 2018. Within the framework of enhanced climate change-related measures, the MCHC Group is working for improved solutions in GHG reduction and carbon cycle, which are among the growth businesses identified in KAITEKI Vision 30, as well as progressing with measures toward achieving the strategy's target for GHG reduction. Progressive enhancement of information disclosure is another initiative which we are targeting to increase our corporate value.

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

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

<https://www.mitsubishichem-hd.co.jp/english/ir/library/tcfd.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)

<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 Holdings 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 Holdings 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/pdf/01079/01234.pdf>

<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/pdf/01079/01234.pdf>

<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 Holdings 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 2020, the evaluation was conducted by an independent external review organization by inspection of the minutes of meetings of the Board of Directors, the Corporate Executive Officers Committee, the Nominating Committee, the Audit Committee, and the Compensation Committee, collecting responses from all directors including the chairperson through a questionnaire (answers using a 5-point scale 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.

- i) The effectiveness of the Board of Directors is secured in terms of a structural framework, as is shown in such fact that the scheme of a "company with a nominating committee, etc." defined in Japan's Companies Act is adopted. However, some critical issues are found in terms of the substance.
  - Many directors have pointed out that the effectiveness as a holding company's board of directors is not sufficiently secured, and they have advocated the necessity of clarifying the roles of the Board and redefining the agenda.
- ii) Efforts to address the issues identified in the previous year's effectiveness evaluation brought improvements in some issues. However, some other issues have not been sufficiently addressed, as is clear from harsh comments given by some outside directors. Their comments pertain to discussions on roles as a holding company, prior distribution of board meeting materials, and other problems.
- iii) Since the mission of increasing corporate value of the Mitsubishi Chemical Holdings Corporation is to be entrusted to a new CEO recruited from outside, enhancing the effectiveness of the Board of Directors, as the supervisory body of the CEO, is an urgent critical issue. Therefore, the Company is expected to address the following four issues, among others.
  - Redefining the roles of the Board of Directors and redesigning the agenda
  - Encouraging directors' leadership
  - Revisiting the composition of the Board of Directors
  - Reinforcing the function of director nomination

Based on the evaluation findings described above and ensuing discussions by the Board of Directors, The Company is going to take action toward redefining the roles of the Board of Directors and the agenda, revisiting the composition of the Board of Directors and further reinforcing the function of director nomination.

[Outline of results of the Evaluation on the Effectiveness of the Board of Directors in fiscal 2020] is described at the end of this report.

<Supplementary Principle 4.14.2 Training policy for directors>

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

MCHC 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 Holdings Corporate Governance Guidelines Attachment 1)

MCHC will ensure appropriate disclosure so as to gain the trust of our shareholders and encourage long-term holding of MCHC's shares. MCHC 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 Holdings 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)	199,362,400	14.00
Custody Bank of Japan, Ltd. (Trust account)	90,679,100	6.37
Meiji Yasuda Life Insurance Company	64,388,743	4.52
Nippon Life Insurance Company	42,509,094	2.99
SSBTC CLIENT OMNIBUS ACCOUNT	38,985,807	2.74
Custody Bank of Japan, Ltd. (Trust account 7)	25,161,500	1.77
Custody Bank of Japan, Ltd. (Trust account 4)	22,175,900	1.56
STATE STREET BANK WEST CLIENT – TREATY 505234	21,264,209	1.49
MUFG Bank, Ltd.	20,552,904	1.44
JPMorgan Securities Japan Co., Ltd.	19,523,881	1.37

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

Supplementary Explanation

## 3. Corporate Attributes (Updated)

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
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## 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. This committee consists of two inside directors and three independent outside directors, and is chaired by an independent outside director. This ensures NSHD's independence from us regarding the selection of management team members. In addition, NSHD appoints three independent outside directors and two full-time independent outside statutory auditors to oversee conflicts of interest between us and other shareholders.

## 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	12

**[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	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 that provides products and services related to



		<p>2020, no more than 1% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.</p>	<p>information system. 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 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, Corporate Executive Officers, etc. During the fiscal year under review, he put extra efforts into the nomination of the next Corporate Executive Officer, President and CEO. 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 MCHC 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	○	<p>For Mr. Hodo, Senior Corporate Advisor of Accenture Japan Ltd, with which our Group had a very small amount of business transactions in fiscal 2020, no more than 1% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.</p>	<p>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 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</p>

			<p>Board of Directors of MCHC 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>
Kiyomi Kikuchi	○	<p>For Ms. Kikuchi, a lawyer with TMI Associates, with which our Group had a very small amount of business transactions in fiscal 2020, no more than 1% of the firm's revenue or our consolidated net sales, we see 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 MCHC 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 2020, no more than 1% of its consolidated net sales or our consolidated net sales, we see no issue with his independence.</p>	<p>Mr. 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 a member of the Audit Committee and the Compensation Committee. As he is expected to continue making contributions to</p>

			<p>establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC 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. With this experience and insight, her contributions as an independent Outside Director, primarily in terms of finance and market risk management, are expected in establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company; thus, the Board of Directors newly elected as an outside director.</p> <p>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.</p>

**[Committees] (Updated)**

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	4	0	1	3	Outside Director
Audit Committee	5	2	2	3	Outside Director

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

Number of Executive Officers (Shikkoyaku)	11
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Status of Additional Duties
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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
Nobuo Fukuda	Yes	No	No	No	No
Yuko Nakahira	No	No	No	No	No
Ken Fujiwara	No	Yes	Yes	No	No
Johei Takimoto	No	No	No	No	No
Hitoshi Sasaki	No	No	No	No	No
Yoshihiro Ikegawa	No	No	No	No	No
Hiroaki Ueno	No	No	No	No	No
Larry Meixner	No	No	No	No	No
Jin Iida	No	No	No	No	No
Shigeki Habuka	No	No	No	No	No

## [Auditing Structure] (Updated)

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 Office of Audit Committee 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 MCHC 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 MCHC 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 MCHC 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 MCHC 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 MCHC 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 MCHC 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 MCHC 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 MCHC.</p> <p>*2 If MCHC and Group Major Subsidiaries receives from the said business partner an amount equivalent to 2% or more of MCHC's annual consolidated net sales in the latest fiscal year or the said business partner loans to the MCHC Group an amount equivalent to 2% or more of MCHC's total consolidated assets, the said business partner shall be considered as a major business partner of MCHC.</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]**

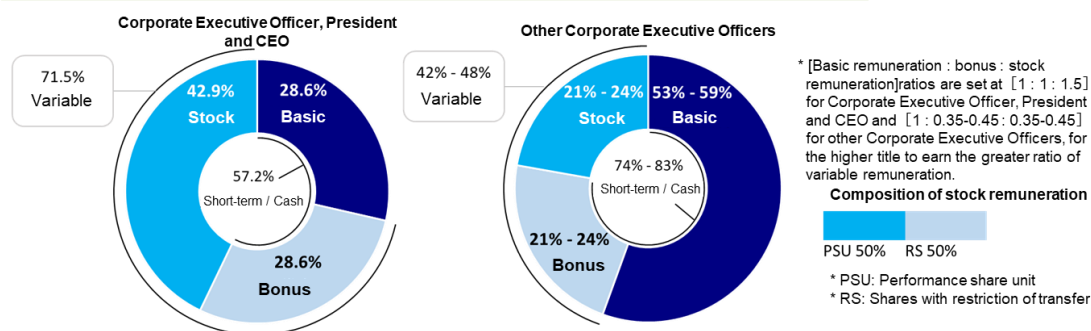
Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Stock Options, Performance-based Share Compensation Plan etc.
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Supplementary Explanation

Remuneration for corporate executive officers comprises base remuneration (fixed remuneration), annual bonus and Performance Share Unit (PSU) introduced in fiscal 2021 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, by title and responsibilities/duties, 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.

**FY2021 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 MCHC Group values) and individual appraisal (on the achievement of initiative targets set individually under the medium and long-term management plan, leadership status, etc.).

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

**[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.

**Performance share unit (PSU)**

In the fiscal 2021, the Company has discontinued the stock remuneration plan using the BIP trust and introduced a new 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 for FY 2021 - FY2023 will be evaluated under the FY2021 Plan.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FY 2021 PSU	TSR Evaluation Period			Stock issuance		
FY 2022 PSU		TSR Evaluation Period			Stock issuance	
FY 2023 PSU			TSR Evaluation Period			Stock issuance

[TSR Evaluation Category]

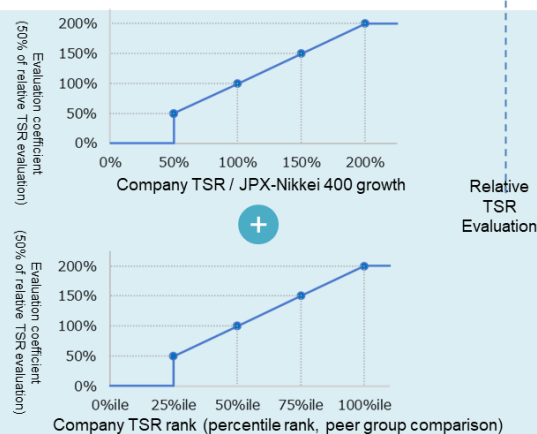
The Company TSR is compared to the index growth and the peer group TSR.

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 domestic sales and market capital).

[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%)



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 2020, we paid 11 members of the board of directors, for a total of 256 million yen.  
 In fiscal 2020, we paid seven corporate executive officers and paid a total of 409 million yen. In addition, there is ¥11 million 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 ¥33 million from the BIP Trust and ¥62 million of restricted stocks compensation.  
 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



## 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 (title, with or without representation, etc.) 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 new Corporate Executive Officer, President and CEO

To assess the remuneration and benefit package for our new representative, Jean-Marc Gilson, Corporate Executive Officer, President and CEO, for the fiscal 2021, 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 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 a company residence (or a housing allowance) to stay in Japan 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.

c. Sign-on bonus (shares with restriction of transfer (RS) issued at the time of assuming the position)

Separately from the regular remuneration package, he was issued with shares with restriction of transfer (RS) when he assumed the position. 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.] (Updated)**

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
Kanji Shouno	Mitsubishi Chemical Corporation Senior Executive Consultant	Outside activities, etc. at industry associations, etc. on behalf of the company	-Working Arrangement: Part-time -Compensation: No	October 3, 2007	1 Year (renewable)
Masanao Kanbara	Mitsubishi Chemical Corporation Senior Executive Consultant	Outside activities, etc. at industry associations, etc. on behalf of the company	-Working Arrangement: Part-time -Compensation: No	April 1, 2016	1 Year (renewable)
Hiroaki Ishiduka	Mitsubishi Chemical Corporation Senior Executive Consultant	Outside activities, etc. at industry associations, etc. on behalf of the company	-Working Arrangement: Part-time -Compensation: No	April 1, 2017	1 Year (renewable)
Takumi Ubagai	Mitsubishi Chemical Corporation Senior Executive Consultant	Outside activities, etc. at industry associations, etc. on behalf of the company	-Working Arrangement: Part-time -Compensation: No	April 1, 2017	1 Year (renewable)
Hitoshi Ochi	The Company 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.	5 persons
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#### Other information

-The table lists former presidents and chairpersons of the Company or Mitsubishi Chemical Corporation which is the core business company of the Company group.

-Senior Executive Consultant does not participate in management.

-The date of retirement as the representative director and chairman of the Company or Mitsubishi Chemical Corporation (including former 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 (12 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, such as the Medium-Term Management Strategy and the Annual Budget. Decisions on business execution based on these basic policies are, in principle, delegated to Corporate Executive Officers, except for matters resolved by the Board of Directors as required by law, and mainly supervises the execution of duties by Corporate Executive Officers.

In addition to directors from within the Group who have a broad knowledge of the Group's three business fields of functional products, materials, and healthcare, we have appointed five outside directors with backgrounds such as corporate managers, experts in social and economic conditions, science and technology, certified public accountants, and lawyers. We reflect diverse opinions in management decisions and strengthen supervisory functions.

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 12 directors, including five outside directors (of which two are concurrently serving as corporate executive officers). In addition, the term of office for directors is set at one year in order to create a management system that can respond swiftly to changes in the business environment and to further clarify the management responsibilities and roles of directors.

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.

- 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 (five 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 five 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 consideration of transparency and fairness in the audit, the chairperson of the committee is the outside director.

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 (Four 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 four members, including three outside directors, 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 FY2020, 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 (3 year), Takayuki Ueki (3 year), Kosuke Kawabata (2 year) and Makoto Okabe (1 year)

-Assistants that worked on the accounting audit

21 certified public accounts, and another 21 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

In order to improve corporate value through agile management based on the Group's comprehensive strengths in the three business areas of functional products, industrial materials and healthcare, the Company adopts a holding company system that separates the Group business management functions and individual business operation functions.

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.

## 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 16th Ordinary General Shareholders Meeting was held on June 24, 2021, 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.

### 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.
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### 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 Holdings Group Charter of Corporate Behavior.
Implementation of Environmental Activities, CSR Activities etc.	We recognize CSR activities as the implementation of our group philosophy. Mitsubishi Chemical Holdings Corporation and its group companies are implementing CSR activities, including responsible care activities.
Development of Policies on Information Provision to Stakeholders	Mitsubishi Chemical Holdings 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 MCHC and a corporate group with MCHC as a parent company under the Companies Act ("MCHC Group") (including any fact or fraudulent act that might do material harm to MCHC 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 MCHC 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 MCHC.

(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 MCHC 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 MCHC Group's decisions and execution of business are made properly and efficiently by setting a rule that the MCHC 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 MCHC Group shall treat the Group Charter of Corporate Behavior as the basic regulations on compliance matters within the MCHC 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 MCHC 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 MCHC 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 MCHC 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 MCHC Group (management of business objectives, reporting and approval of important matters and the Group's internal audits, etc.) and ensure operational legitimacy within the MCHC 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 Mitsubishi Chemical Holdings 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 (Updated)

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, MCHC 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 MCHC 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

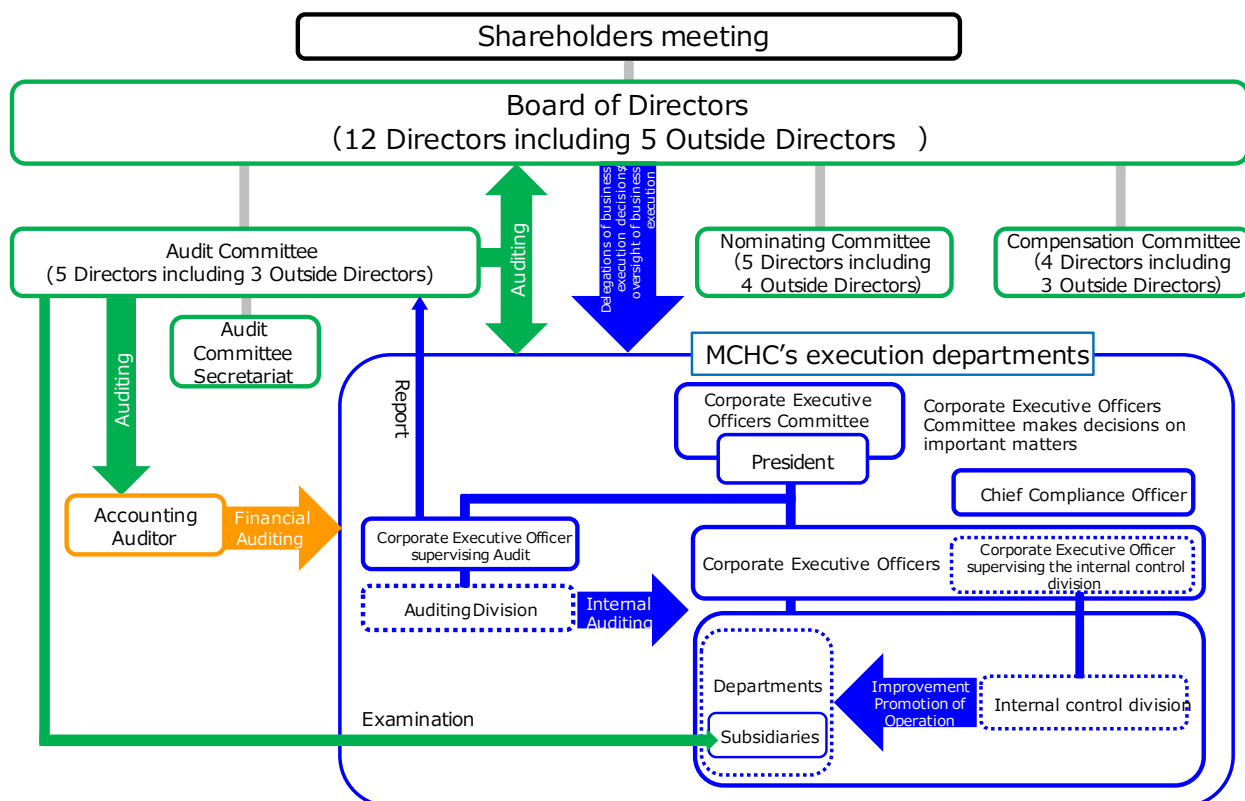
(1) Decisions on information related to earnings, which is covered under timely disclosure standards, is decided upon in resolutions taken up by the Board of Directors or in discussions by the Corporate Executive Officers Committee. After decisions have been made, Corporate Communications Division implement 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 worked as a manager in European, U.S. and Asian chemical companies and has a global perspective of the specialty chemicals and life science fields. He has abundant experience and profound insight, having resolutely executed portfolio reforms and achieved an improvement in performance in his previous role as CEO of Roquette Frères. As Corporate Executive Officer, President and CEO of MCHC, he is expected to lead various strategies to accelerate the MCHC Group's portfolio reforms and encourage sustainable growth, while making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC. Therefore, the Board of Directors elected him as the Director..
Hidefumi Date	Director of the Board, Member of the Compensation Committee	Hidefumi Date engaged in corporate management as well as accounting, tax affairs, and finances in the accounting and financial departments of the MCHC Group, and thus has abundant experience and profound insight. Serving as Managing Corporate Executive Officer (Chief Financial Officer), he engages in management of MCHC and spearheads efforts that involve developing financial strategy and carrying out investor relations activities. During Board of Directors meetings, in addition, he fulfills accountability in relation to financial strategy of the MCHC Group, and makes suggestions drawing on such expertise. 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 MCHC 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 MCHC Group, and thus has abundant experience and profound insight. Serving as Managing Corporate Executive Officer (Chief Group Compliance Officer), he engages in management of MCHC and spearheads efforts that involve developing internal control systems and strengthening the compliance framework. During Board of Directors meetings, he fulfills accountability as an Executive Officer and makes suggestions pertaining to matters such as risk management and corporate compliance. 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 MCHC through such initiatives, the Board of Directors reelected him as the Director.

Yoshimitsu Kobayashi	Director of the Board	Yoshimitsu Kobayashi has served as Director of the Board, President and CEO of MCHC and Outside Director of listed companies. Also having acted as Chairperson of the Japan Association of Corporate Executives, Chair of the Council for Promotion of Regulatory Reform, and Member of the Corporate Governance System Study Group in the Ministry of Economy, Trade and Industry and the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code in the Financial Services Agency, he has abundant experience and profound insight regarding corporate management and governance. Drawing on these experience and insight, he focuses on heightening the effectiveness of the Board of Directors and appropriately engages in management oversight as an internal Director who does not concurrently serve as an Executive Officer. 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 MCHC 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. 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 MCHC through such initiatives, the Board of Directors reelected him as the Director.
Shigeru Kobayashi	Director of the Board Member of the Audit Committee	Shigeru Kobayashi engaged in the performance products and industrial materials business domains of the MCHC Group and served as a president of an overseas Group company successively, and thus has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from MCHC, 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 of MCHC Group operations and his management experience. 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 MCHC through such initiatives, the Board of Directors reelected him as the Director.
Hiroshi Katayama	Director of the Board Member of the Audit Committee	After having engaged in administration and legal, human resources, and internal control office of the MCHC Group, Hiroshi Katayama served as Managing Executive Officer of Mitsubishi Chemical Corporation, and thus has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from MCHC, 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 MCHC 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 that provides products and services related to information system. 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 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, Corporate Executive Officers, etc. During the fiscal year under review, he put extra efforts into the nomination of the next Corporate Executive Officer, President and CEO. 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 MCHC 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 of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such



	Member of the Compensation Committee	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 MCHC 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 MCHC 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 a member of the Audit Committee and 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 MCHC through such initiatives, the Board of Directors reelected 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.
Takako Masai	Director of the Board Independent Officer Member of the Nominating Committee Member of the Audit Committee	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. With this experience and insight, her contributions as an independent Outside Director, primarily in terms of finance and market risk management, are expected in establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company; thus, the Board of Directors newly elected her as the Director.

[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.
Nobuo Fukuda	Corporate Executive Officer (Executive Vice President)	Nobuo Fukuda has experience in global business, and has extensive experience and profound insight in the manufacturing 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 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.

Johei Takimoto	Corporate Executive Officer (Executive Vice President)	Johei Takimoto has extensive experience and profound insight in leading global business and in the business of the high-performance, high-value added 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 Films & Molding Materials / Advanced Solutions.
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.
Yoshihiro Ikegawa	Corporate Executive Officer (Executive Vice President)	Yoshihiro Ikegawa has experience in global business and extensive experience and profound insight in the petrochemical 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 Petrochemical & Coal business.
Hiroaki Ueno	Corporate Executive Officer (Executive Vice President)	Hiroaki Ueno has extensive experience and profound insight in leading global business and in the pharmaceutical business 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 Pharma.
Larry Meixner	Corporate Executive Officer (Senior Vice President)	Larry Meixner has extensive experience in corporate management and R&D gained by serving as an executive at an overseas company. In addition, he possesses profound insight related to ICT, and has experience with corporate reform using DX. Therefore, the Board of Directors judges him as capable in the position of the Company's Chief Technology Officer and Acting Chief Digital 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.
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.
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Overview of the Findings from the Evaluation of the Effectiveness of the Board of Directors in Fiscal Year  
2020

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 findings every year. The methods and findings of the effectiveness evaluation conducted in fiscal year 2020 are summarized below.

2. Evaluation methods and processes

In fiscal year 2020, 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 2021. The methods used for the evaluation are as follows: inspection of the minutes of meetings of the Board of Directors, the Corporate Executive Officers Committee, the Nominating Committee, the Audit Committee, and the Compensation Committee, collecting responses from all directors including the chairperson through a questionnaire covering the questions listed below (answers using a 5-point scale and written comments), interviewing each director for about one hour, and providing an evaluation based on the reviewer's professional knowledge.
  - Overall assessment
  - Efforts to address the problems identified in the previous year's evaluation
  - Composition of the Board of Directors
  - Preparations before respective board meetings, support for respective board members
  - Discussions at the Board of Directors' meetings
  - Dedication of directors
  - The way each committee ought to be
  - Ways of monitoring business execution
- ii) The independent review organization reported the findings from its evaluation of the Board of Directors' effectiveness to the Board. Based on this report, the Board discussed the issues that should be addressed and future challenges (May 2021).
- iii) Regarding the issues that should be addressed and future challenges, the chairperson of the Board reported the progress and results following the Board's discussions before the Board (June 2021).

### 3. Essence of the evaluation findings and future challenges

#### (1) Essence 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.

- i) The effectiveness of the Board of Directors is secured in terms of a structural framework, as is shown in such fact that the scheme of a "company with a nominating committee, etc." defined in Japan's Companies Act is adopted. However, some critical issues are found in terms of the substance.
  - Many directors have pointed out that the effectiveness as a holding company's board of directors is not sufficiently secured, and they have advocated the necessity of clarifying the roles of the Board and redefining the agenda.
- ii) Efforts to address the issues identified in the previous year's effectiveness evaluation brought improvements in some issues. However, some other issues have not been sufficiently addressed, as is clear from harsh comments given by some outside directors. Their comments pertain to discussions on roles as a holding company, prior distribution of board meeting materials, and other problems.
- iii) Since the mission of increasing corporate value of the Mitsubishi Chemical Holdings Corporation is to be entrusted to a new CEO recruited from outside, enhancing the effectiveness of the Board of Directors, as the supervisory body of the CEO, is an urgent critical issue. Therefore, the Company is expected to address the following four issues, among others.
  - Redefining the roles of the Board of Directors and redesigning the agenda
  - Encouraging directors' leadership
  - Revisiting the composition of the Board of Directors
  - Reinforcing the function of director nomination

#### (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 action toward the following challenges.

- i) Redefining the roles of the Board of Directors and the agenda
  - Recasting the roles and functions of the Board of Directors and redefining the agenda
  - Monitoring business execution through the use of key performance indicators (KPI)
  - Increasing all directors' awareness about their duty of effectively supervising business execution
- ii) Revisiting the composition of the Board of Directors
  - Making a skill matrix to deepen discussions by the Board of Directors and to ensure that the Board fulfills its role of supervising the new CEO's execution of duties
  - Revisiting the ratio of in-house and outside directors
- iii) Further reinforcing the function of director nomination
  - Management succession planning, and finding and listing persons with leadership potential at early points

#### 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 2019, Mitsubishi Chemical Holdings Corporation implemented the following measures in fiscal year 2020.

- i) Topics requiring intensive discussion by the Board of Directors
  - The Board of Directors discussed the following topics intensively: the rules and functions of the Board of Directors, and the next medium-term management plan.
- ii) Development of the environment to facilitate fulfilling discussions
  - Infrastructure development and meeting operation improvements were promoted to hold remote board meetings more efficiently.
  - To be more specific, some efforts were made to provide more efficient explanations of the meeting agenda in the proceedings of each meeting, and the allocation of time for a question-and-answer session was improved.

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.