

Corporate Governance Report

Last Update: November 13, 2023

Mitsubishi Chemical Group Corporation

Chief Executive Officer Jean-Marc Gilson

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Securities Code: 4188

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

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

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

1. Basic Views

Upholding “We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet” as its Purpose, the Mitsubishi Chemical Group Corporation (MCG) Group aims to provide value to all stakeholders (Value) through better innovation (Science) and to contribute to healthy living, the sustainability of society, and the Earth (Life). For Realizing KAITEKI, in accordance with these guidelines, MCG shall establish a system to enhance both the soundness and efficiency of business administration, improve the transparency of its business administration through suitable disclosure of information and dialogue with stakeholders, and endeavor to establish a better suitable corporate governance system.

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

(<https://www.mcgc.com/english/group/governance/index.html>)

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

<Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources>
(Voluntary and measurable goals for ensuring diversity) With regard to the “voluntary and measurable goals” related to the promotion of women, foreign nationals and midcareer hires to middle managerial positions, the MCG Group takes measures in accordance with the MCG Group’s basic strategy and medium-term management plan. However, the Group’s common numerical targets have not been set as each Group company engages in different businesses and conducts recruitment in a different way. (Concept of ensuring diversity and policies for human resource development and internal environment development to ensure diversity) For the MCG Group, human resources are the source of value creation and the driving force behind its growth and realization of its Purpose. The potential of each and every employee is limitless, and in order to realize this potential to the fullest and to become a company where motivated employees can perform even better, the Group will implement human resources measures in accordance with the following principles under its “Forging the future” management policy.

- In order to transform the Group from a traditional product-oriented organization to a market-oriented one in order to become a specialty chemicals company, we will develop human resources who can autonomously identify and resolve issues.

- In order to continuously generate innovation to achieve the Group's Purpose, in addition to creating an environment in which motivated personnel can perform better, we will foster an organizational culture that makes use of the "Diversity of Thought" and realizes bold challenges and diverse co-creation.

- We will create a group base to maximize the Group's overall human capital in a flat, lean organization as "One Company, One Team."

Through the implementation of these principles, we aim to ensure that employees reach their full potential and are highly creative and productive through increased engagement and wellness awareness.

We will set the diversity ratio of management as a specific numerical targets for fiscal 2025 and embark on corporate culture reforms.

[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)

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

"senior management" means corporate executive officers.

"officers" means directors and corporate executive officers.

<Principle 1.4 Cross-Shareholdings>

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

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

On November 8, 2022, the Board of Directors reviewed the adequacy of all cross-shareholdings of Group as of the end of March, 2022, in light of economic rationale as measured by ROIC and necessity for business, etc. As a result of the review, we have found insufficiency in adequacy of a part of cross-shareholdings.

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

<Principle 1.7 Related Party Transactions>

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

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

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

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

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

<Principle 3.1 Full Disclosure>

(What the company aims for)

In January 2023, the MCG Group established its new Group Concept (Purpose, Slogan and Our Way). This Group Concept showcases what the MCG Group aims for and why it exists. In keeping with this new Group

Concept, it is through better Science the Group provides Value to all stakeholders and contributes to healthy living and the sustainable Life of people and the planet.

Please refer to the Company's website for details.

(<https://www.mcgc.com/english/group/philosophy.html>)

(Management Policy)

Through the "Forging the future" medium-term management policy, the MCG Group formulated a specific action plan for growth and profit margin expansion and updated its FY2025 financial targets.

Please refer to the Company's website for details.

(<https://www.mcgc.com/english/ir/01168.html>)

(The Company's view on overall corporate governance)

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

(<https://www.mcgc.com/english/group/governance/index.html>)

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

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

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

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

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

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

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

Policy on appointment/dismissal of senior management and nomination of directors is described in Exhibit 1 [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 in Exhibit 2 [Reason for appointment of the Director] and [Reason for appointment of the corporate executive officers].

<Supplementary Principle 3.1.3 Sustainability initiatives>

Under the MCG Group's Purpose "We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet," we engage in business activities by setting sustainability as a core of corporate management.

We will strive to improve sustainability and achieve sustainable growth by strengthening our business base, which includes achieving carbon neutrality and enhancing human capital by improving the working environment and cultivating and developing human resources.

For details, please refer to the 18th Annual Securities Report (page 16 (only available in Japanese)).

(<https://www.mcgc.com/ir/pdf/01647/01906.pdf>)

In addition, the MCG Group carries out quantitative assessment of risks associated with social issues to be faced towards 2030 and discloses the results in line with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).

For details, please refer to "Report in Line with the Recommendations of the TCFD" on the Company's website.

(<https://www.mcgc.com/english/ir/library/tcfd.html>)

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

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

<Principle 4.9 Independence Standards for Independent Directors>

(Mitsubishi Chemical Group Corporate Governance Guidelines Attachment 2)

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

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

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

In order to establish the Group's basic management policies and oversee management appropriately, MCG appoints directors from a multifaceted viewpoint by defining expected universal skills—corporate management, global business, and risk management—and skills required for medium- to long-term management—legal affairs, compliance, finance, our industry and related industries, and technology/science/digital knowledge.

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.mcgc.com/english/ir/stock_info/stock_meeting.html)

<Supplementary Principle 4.11.2 Directors' concurrent positions>

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

(https://www.mcgc.com/english/ir/stock_info/stock_meeting.html)

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

- Implementation of the Board of Directors Effectiveness Evaluation

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

- Evaluation methods and processes

In FY 2022, the evaluation was conducted by an independent external review organization by collecting responses from all directors through a questionnaire (answers using a 5-point scale (with some exceptions) and written comments), interviewing each director for about one hour, and providing an evaluation based on the reviewer's professional knowledge. Based on such results, the Board of Directors discussed the issues that should be addressed and future challenges. Based on these discussions, the Chairperson reported the issues that should be addressed and future challenges to the Board of Directors.

- Outline of evaluation results

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

While the Company pushes forward with management reforms, the Board of Directors as a company with Nominating Committee, etc., is making proper progress in delegating authority to the management, and the effectiveness of the Board is steadily improving.

- i) Among the challenges highlighted in the fiscal year 2022 Board Effectiveness Review, a certain degree of improvement was confirmed in the following areas.
 - Clarified understanding of the roles as a Monitoring Board
 - Enriched communication opportunities among the Directors
 - Strengthened the function of the Audit Committee to establish an organizational audit system
- ii) The current CEO, who was appointed to accomplish structural reforms and bold growth strategies, is entering his third year in office. In order to enhance corporate value and achieve sustainable growth, the Board of Directors should address the following key challenges.
 - Strengthening the monitoring functions
 - Enriching discussions on strategy

➤ Improving the effectiveness of the Nominating Committee

[Outline of results of the Evaluation on the Effectiveness of the Board of Directors in fiscal 2022] is described in Exhibit 3.

<Supplementary Principle 4.14.2 Training policy for directors>

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

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

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

<Principle 5.1 Policy on Dialogue with Shareholders>

(Mitsubishi Chemical Group Corporate Governance Guidelines Attachment 1)

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

(Policy on Dialogue with Shareholders)

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

Please refer to our "Mitsubishi Chemical Group Corporate Governance Guidelines" on the Company's website for our Policy on Dialogue with Shareholders.

(<https://www.mcgc.com/english/group/governance/policy.html>)

(Status of Dialogue with Shareholders)

As for the status of dialogue with shareholders in FY 2022, please refer to KAITEKI Report 2023 (page 33) on the Company's website.

(https://www.mcgc.com/english/ir/library/kaiteki_report.html)

(Response to Realize Management with an Awareness of Capital Cost and Share Price) [English disclosure available]

We pursue the maximization of corporate value by steadily implementing the five strategic priorities of our management policy "Forging the future" in order to realize the management with an eye on capital costs and share price.

We will continue to communicate our progress with, and results from, the management policy and engage in deeper discussions with shareholders and investors.

For details, please refer to the analysts meeting materials of Mitsubishi Chemical Group IR Day 2023 (page 44).

(https://www.mcgc.com/english/ir/library/analysts_meeting.html)

2. Capital Structure

Percentage of Foreign Shareholders	more than 30%
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[Status of Major Shareholders] (Updated)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	229,394,800	16.10
SSBTC CLIENT OMNIBUS ACCOUNT	148,601,106	10.43

Custody Bank of Japan, Ltd. (Trust Account)	95,842,100	6.73
Meiji Yasuda Life Insurance Company	64,388,743	4.52
Nippon Life Insurance Co.	42,509,094	2.98
STATE STREET BANK WEST CLIENT - TREATY 505234	24,166,309	1.70
Custody Bank of Japan, Ltd. (Trust Account 4)	21,689,800	1.52
TAIYO LIFE INSURANCE COMPANY	18,838,372	1.32
JPMorgan Securities Japan Co., Ltd.	17,980,970	1.26
JP MORGAN CHASE BANK 385781	17,402,991	1.22

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

Supplementary Explanation

Although the Company has made the Statements of Large-Volume Holdings (including the Change Report) available for public inspection, since the actual number of shares as of September 30, 2023 cannot be confirmed, such figures have not been listed in the above list of major shareholders (top 10).

Name
Date of public inspection
Number of shares owned (ratio of shares owned)

Black Rock Japan Co., Ltd.
June 20, 2023
91,783,422 shares (6.09%)

Sumitomo Mitsui Trust Bank, Limited
September 9, 2023
98,141,407 shares (6.51%)

3. Corporate Attributes

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

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

None

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

We have been promoting, in a smooth and efficient manner, our group's portfolio management, financial strategy,

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

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

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

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

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

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

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

1. Organizational Composition and Operation

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

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board	Other Director
Number of Directors	8

[Outside Directors]

Number of Outside Directors	4
Number of Independent Directors	4

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												

* 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 2022, no more than 1% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.	<p>Takayuki Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to global management, business portfolio strategy, and risk management, etc. As the leader of the Independent Outside Directors since fiscal 2021, he gathers together the opinions of the Outside Directors and consults with the Chairperson of the Board of Directors and the President, and also hosts meetings attended solely by the Outside Directors. In addition, as Chairperson of the Nominating Committee, he also fulfills a leading role in making fair and transparent decisions on succession plans for management and nomination of candidates for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCG through such initiatives,, the Board of Directors elected him as an outside director.</p> <p>In addition, he satisfies our standards for director independence. We thereby designated him as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
Chikatomo Hodo	○	For Mr. Hodo, Senior Corporate Advisor of Accenture Japan Ltd, with which our Group had a very small amount of business transactions in fiscal 2022, no more than 1% of its consolidated net sales or our consolidated net	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

		sales, we sees no issue with his independence.	<p>impartial standpoint, while making useful suggestions in relation to matters such as global management, portfolio management, and corporate value enhancement from a perspective of ESG. As Chairperson of the Compensation Committee, he also fulfills a leading role in making fair and transparent decisions on design and implementation of remuneration system for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCG through such initiatives, the Board of Directors elected him as an outside director.</p> <p>In addition, he satisfies our standards for director independence. We thereby designated him as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
Kiyomi Kikuchi	○	For Ms. Kikuchi, a lawyer with TMI Associates, with which our Group had a very small amount of business transactions in fiscal 2022, no more than 1% of the firm's revenue or our consolidated net sales, we sees no issue with her independence.	<p>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 MCG through such initiatives, the Board of Directors elected her as an outside director.</p> <p>In addition, she satisfies our standards for director independence. We thereby designated her as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
Tatsumi Yamada	○	-	<p>Tatsumi Yamada has profound insight as an international accounting expert, in addition to abundant experience as a</p>

		<p>certified public accountant. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, disclosures, and market valuation. He also makes contributions to ensuring the effectiveness of corporate governance of the Company as Chairperson of the Audit Committee and a member of the Compensation Committee. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCG through such initiatives, the Board of Directors elected him as an outside director.</p> <p>In addition, he satisfies our standards for director independence. We thereby designated him as an independent director in accordance with the regulations stipulated by the Tokyo Stock Exchange.</p>
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[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	4	0	1	3	Outside Director
Remuneration Committee	3	0	0	3	Outside Director
Audit Committee	3	1	1	2	Outside Director

[Executive Officers (Shikkoyaku)]

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

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Jean-Marc Gilson	Yes	Yes	No	No	No
Kouji Eguchi	Yes	No	No	No	No
Yuko Nakahira	No	No	No	No	No

Ken Fujiwara	No	Yes	Yes	No	No
Frank Randall (Randy) Queen	No	No	No	No	No
Hitoshi Sasaki	No	No	No	No	No
Manabu Chikumoto	No	No	No	No	No
Akihiro Tsujimura	No	No	No	No	No
Larry Meixner	No	No	No	No	No
Jin Iida	No	No	No	No	No
Yuji Ichimura	No	No	No	No	No
Shigeki Habuka	No	No	No	No	No
Tomoyo Hiraoka	No	No	No	No	No

[Auditing Structure]

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

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

Cooperation among Audit Committee, Accounting Auditors and Audit Departments

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

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

Moreover, the audit department proposes an annual audit plan in cooperation with the Audit Committee, and then formulates the plan with approval from the President and the Audit Committee. The audit department reports to the Audit Committee and, if necessary, to the Board of Directors on internal audit implementation status, and audit results. In addition, 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	4
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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*¹ whose major business partner includes the Company and Group Major Subsidiaries (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma

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

[Incentives]

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

Incentive Policies for Directors and Executive Officers (Shikkoyaku) are as described in “[Remuneration of Officers], (1) Aggregate Amount of Remuneration of Company’s Officers, iii. Method of calculating performance-linked remuneration paid during the fiscal year under review and results of evaluation” in Exhibit 4.

Recipients of Stock Options	
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Supplementary Explanation

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[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

The amount of remuneration for Directors and Executive Officers is as described in “[Remuneration of Officers], (1) Aggregate Amount of Remuneration of Company’s Officers, i. Aggregate amount of remuneration of officers for the fiscal 2022 and ii. Aggregate amount of remuneration of each officer” in Exhibit 4.

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

Policies on determining remuneration amounts and calculation methods are as described in “[Remuneration of Officers], (2) Policy on Deciding Remuneration for Directors and Corporate Executive Officers” in Exhibit 4.

[Supporting System for Outside Directors]

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

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

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

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

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

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

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

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

<p>(1) Oversight</p> <p>A. Board of Directors (8 members (of which one member is female); 4 outside directors, chairman; inside director, term of directors; one year)</p> <p>The Board of Directors determines basic management policies (group philosophy, medium-term management plans, annual budgets, etc.), and supervises the overall management. In principle, the Board of Directors delegates authority to corporate executive officers to make business execution decisions based on the basic management policies.</p> <p>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.</p> <p>In FY 2022, the Board of Directors met 7 times. The attendance of each director is as follows. Yoshimitsu Kobayashi, Hidefumi Date and Shigeru Kobayashi describe the attendance of the Board of Directors until their retirement in June 2022.</p>
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- Jean-Marc Gilson: 7/7 (100%)
- Ken Fujiwara: 7/7 (100%)
- Glenn Fredrickson: 7/7 (100%)
- Hiroshi Katayama: 7/7 (100%)
- Yoshimitsu Kobayashi: 1/2 (50%)
- Hidefumi Date: 2/2 (100%)
- Shigeru Kobayashi: 2/2 (100%)
- Takayuki Hashimoto: 7/7 (100%)
- Chikatomu Hodo: 7/7 (100%)
- Kiyomi Kikuchi: 7/7 (100%)
- Tatsumi Yamada: 7/7 (100%)
- Takako Masai: 7/7 (100%)

The MCG Group has been promoting the shift to a “One Company, One Team” flat organizational structure since April 1, 2022, and in fiscal 2022, the Board of Directors set agenda items in line with the new organizational structure by expanding the scope of matters to be reported.

Main agenda items discussed during fiscal 2022 include the following.

- New Group Concept
- Medium-term management plan
- Annual budget and investment plan
- Effectiveness of internal control system
- Meaningfulness of cross-shareholdings
- Engagement activities with institutional investors
- Outcomes of employee awareness surveys
- Regular reports from committees and corporate executive officers

In addition, with the aim of encouraging constructive discussions by the Board of Directors and reinforcing supervising functions, the MCG Group has established the Directors Liaison Committee, in which all directors attend to discuss the Group’s management issues, and the Outside Directors Liaison Committee, in which outside directors discuss the Group’s management issues from their independent viewpoint.

B. Nominating Committee (4 members (of which 1 member is female); 3 outside directors; an outside director serves as chairman)

The Nominating Committee nominates candidates for directors and corporate executive officers

The Nominating Committee consists of 4 members, including 3 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 FY2022, the Nominating Committee met 13 times. The attendance of each director is as follows.

- Takayuki Hashimoto (Chairperson): 13/13 (100%)
- Chikatomu Hodo: 13/13 (100%)
- Kiyomi Kikuchi: 13/13 (100%)
- Takako Masai: 13/13 (100%)
- Ken Fujiwara: 13/13 (100%)

Main agenda items discussed during fiscal 2022 include the following.

- Determined the results of individual appraisal for corporate executive officers including the corporate executive officer, president and CEO in fiscal 2021. In addition, received reports and confirmed the targets set by the corporate executive officer, president and CEO during the fiscal year under review.
- Received reports and discussed the results of interim appraisal for corporate executive officers including the corporate executive officer, president and CEO in fiscal 2022, external personnel assessment and 360-degree evaluation.
- Determined candidates for corporate executive officers to be appointed externally by deliberating their expected roles, aptitude, etc. in the appointed positions.
- Determined candidates for corporate executive officers in fiscal 2023 by deliberating the performance of current officers as well as the expected roles, aptitude, etc. in the applicable positions.
- Discussed the succession plan for the corporate executive officer, president and CEO including the requirements for succession candidates, status of internal candidates, and development plans.
- With regards to the skills matrix for directors and succession plan (board succession), discussed the vision for the Company's Board of Directors in light of the results of the effectiveness evaluation and the exchange of opinions with institutional investors, and determined to review the skills matrix.
- Determined the candidates for directors in fiscal 2022 following deliberation based on the newly established skills matrix.

C. Audit Committee (3 members (of which 1 member is female); 2 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 3 members, including 2 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 FY 2022, the Audit Committee met 15 times. The attendance of each committee member is as follows. Shigeru Kobayashi describe the attendance of the directors until his retirement in June 2022.

- Tatsumi Yamada (chairperson): 15/15(100%)
- Kiyomi Kikuchi: 15/15(100%)
- Takako Masai: 15/15 (100%)
- Hiroshi Katayama: 15/15(100%)
- Shigeru Kobayashi: 15/15(100%)

In order to further enhance transparency and fairness in the audit and further strengthen the audit function, an outside directors was appointed as chairperson of the Audit Committee and the Office of Audit Committee was expanded during the fiscal year under review. In addition, with the aim of achieving the MCG Group's sustainable growth and increasing corporate value over a medium to long term with a concept of realizing KAITEKI, the Audit Committee focused on the following priority items as its audit policy during the fiscal year under review.

(a) Monitoring of governance as a corporate group and the development and operation of the internal control system

(b) Monitoring of management foundation and the execution of business strategies, etc.

In the audit of the priority audit items listed above, the Audit Committee paid attention to the response to the changes in operating environment including the COVID-19 situation and carbon neutrality.

Full-time Audit Committee members attended the Corporate Executive Officers Committees and other meetings to verify the appropriateness of the business execution decisions and the execution thereof. At the same time, they heard the status of business execution from Corporate Executive Officers and other members, enhanced the investigations of the four operating companies, and worked closely with the audit department and the internal control department as well as the MCG Group's corporate auditors and independent auditors, thereby endeavoring to ensure the effectiveness of audits.

Each member of the Audit Committee strived to constantly assess the operational status and verify the soundness through the attendance at the Board of Directors' meetings, etc. and shared the status of the aforementioned activities by full-time Audit Committee members at the Audit Committee while requesting the audit department and the internal control department to provide explanations such as the reports on their activities, thereby verifying the development and operation of the Group's internal control systems such as compliance and risk management. In addition, the Audit Committee members further collaborated with the independent auditors through quarterly reviews and other regular exchanges of views and information. In these activities, they endeavored to maintain and enhance management soundness and transparency by conducting objective verifications by outside Audit Committee members.

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

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

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

The Compensation Committee met 11 times in FY 2022. The attendance of each committee member is as follows. In addition, Hidefumi Date describes the attendance until his retirement in June 2022.

- Chikatomo Hodo (Chairperson):11/11 (100%)
- Takayuki Hashimoto: 10/11 (91%)
- Tatsumi Yamada: 11/11 (100%)
- Hidefumi Date: 11/11 (100%)

Main agenda items discussed during FY2022 are as described in “[Remuneration of Officers], (1) Aggregate Amount of Remuneration of Company's Officers, iv. Activities by the Compensation Committee during the fiscal year under review” in Exhibit 4.

(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 FY2022, 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 (5 year), Takayuki Ueki (5 year), Kosuke Kawabata (4 year) and Makoto Okabe (3 year)

-Assistants that worked on the accounting audit

18 certified public accounts, and another 37 personnel
The status of internal audit is described at [Cooperation among Audit Committee, Accounting Auditors and Audit Departments] above.

3. Reasons for Adoption of Current Corporate Governance System

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

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

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

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of AGM	The convocation notice for the 18th Ordinary General Shareholders Meeting held on June 27, 2023 was sent on June 5 (three weeks before the meeting). And prior to be sent, the notice was disclosed through the Tokyo Stock Exchange and uploaded onto our website on May 29.
Scheduling AGMs Avoiding the Peak Day	The 18th Ordinary General Shareholders Meeting was held on June 27, 2023, 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	Livestreaming and preliminary questions only for shareholders using the Internet have been implemented. The video of the meeting, the summary of questions and answers will be uploaded onto our website.

2. IR Activities

	Personal explanation by representative	Supplementary Explanations
Regular Investor Briefings for Individual Investors	Yes	We participate in investor briefings for individual investors and explain our business and future business development.
Regular Investor Briefings for Analysts and Institutional Investors	Yes	The following briefings are conducted by the president and supervising director -Quarterly and fiscal year-end earnings results online conference -Business briefings, etc. - Individual briefings

Posting of IR Materials on Website		Various materials (Japanese and English) are uploaded to our website.
Establishment of Department and/or Manager in Charge of IR		An officer is in charge of IR and we have set up an office to handle IR (Corporate Communications Division).
Other		We issue <i>We WILL</i> , a shareholders communication tool, and the <i>KAITEKI</i> Report, a integrated report. Both are available on our website.

3. Measures to Ensure Due Respect for Stakeholders

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

IV. Matters Related to the Internal Control System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. System for assuring operational legitimacy within the corporate group

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

2. Basic Views on Eliminating Anti-Social Forces

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

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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

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

2. Other Matters Concerning to Corporate Governance System

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

1. Policy for disclosure of company information

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

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

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

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

2. Summary of timely disclosure system

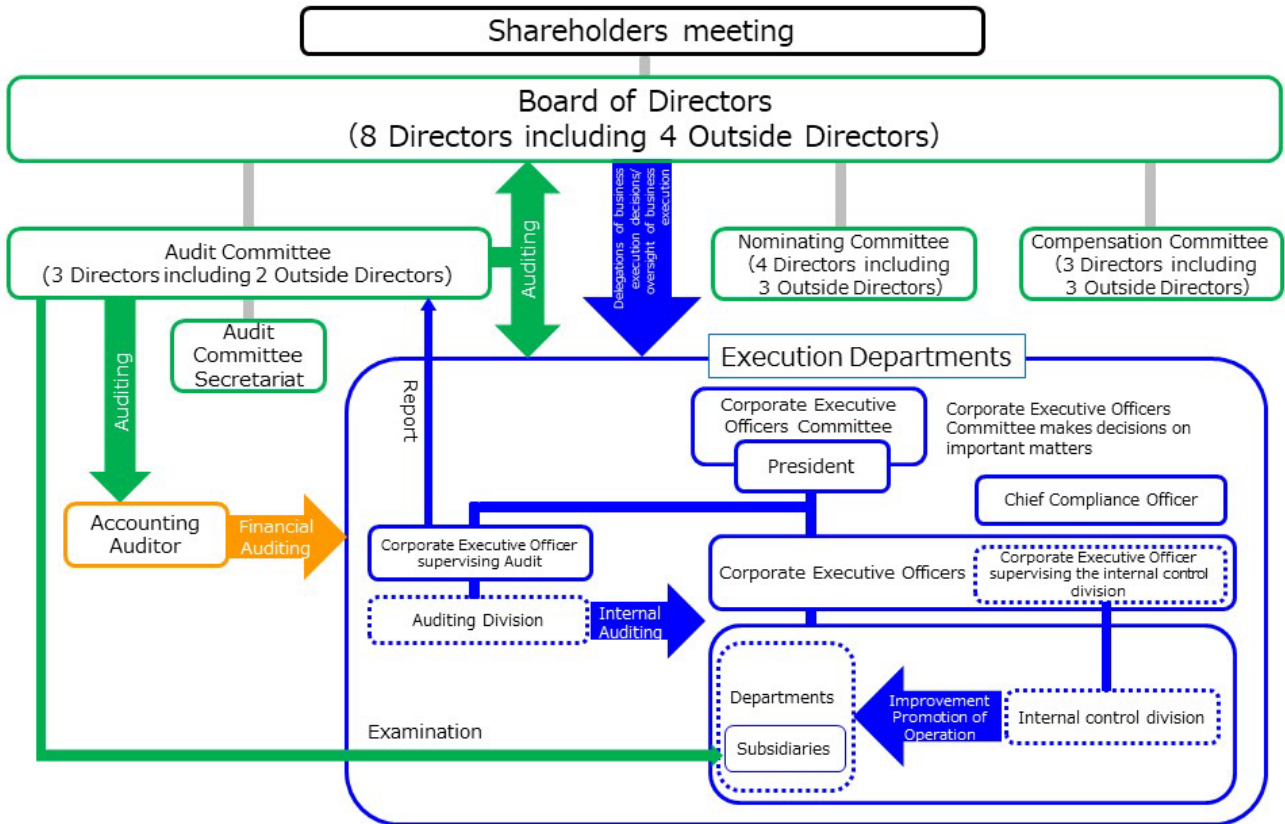
(1) Decisions on information related to earnings, which is covered under timely disclosure standards, is decided upon in resolutions taken up by the Board of Directors or in discussions by the Corporate Executive Officers Committee. After decisions have been made, Corporate Communications Division implement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

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

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

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

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



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

(Corporate executive officers)

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

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

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

(Directors)

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

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

[Reason for appointment of the Director]

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

		<p>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 MCG through such initiatives, the Board of Directors reelected him as the Director.</p>
Nobuo Fukuda	<p>Director of the Board Member of the Audit Committee</p>	<p>Nobuo Fukuda has a wealth of experience and deep insight, having worked in the business and manufacturing divisions of the Group's chemical business, and after serving as Representative Director and Managing Executive Officer of Mitsubishi Chemical Corporation, he was involved in management as Representative Corporate Officer and Chief Supply Chain Officer of the Company. As he is expected to contribute to the formulation of basic management policies and appropriate supervision of management by the Company's Board of Directors as an internal director who does not concurrently serve as an executive officer, by leveraging his deep understanding of the chemical business and global supply chain and his experience in risk management, the Board of Directors elected him as the Director.</p>
Takayuki Hashimoto	<p>Director of the Board Independent Officer Leading Independent Outside Director Member of the Nominating Committee Member of the Compensation Committee</p>	<p>Takayuki Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to global management, business portfolio strategy, and risk management, etc. As the leader of the Independent Outside Directors since fiscal 2021, he gathers together the opinions of the Outside Directors and consults with the Chairperson of the Board of Directors and the President, and also hosts meetings attended solely by the Outside Directors. In addition, as Chairperson of the Nominating Committee, he also fulfills a leading role in making fair and transparent decisions on succession plans for management and nomination of candidates for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCG through such initiatives, the Board of Directors reelected him as the Director.</p>
Chikatomo Hodo	<p>Director of the Board Independent Officer</p>	<p>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</p>

	Member of the Nominating Committee Member of the Compensation Committee	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 Board of Directors of MCG 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 MCG through such initiatives, the Board of Directors reelected her as the Director. While she has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that she will properly execute her duties as an Outside Director of the Company based on the above reasons.
Tatsumi Yamada	Director of the Board Independent Officer Member of the Audit Committee Member of the Compensation Committee	Tatsumi Yamada has profound insight as an international accounting expert, in addition to abundant experience as a certified public accountant. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, disclosures, and market valuation. He also makes contributions to ensuring the effectiveness of corporate governance of the Company as Chairperson of the Audit Committee and a member of the Compensation Committee. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of

		<p>Directors of MCG 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.</p>
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[Reason for appointment of the corporate executive officers]

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

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

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

June 16, 2023

Mitsubishi Chemical Group Corporation

Outline of Results of the Evaluation on the Effectiveness of the Board of Directors
in Fiscal Year 2022

1. Evaluating the effectiveness of the Board of Directors

Under the Mitsubishi Chemical Group Corporate Governance Guidelines, the Board of Directors is required to evaluate its effectiveness and disclose the summary of evaluation results every year. The methods and findings of the effectiveness evaluation conducted in fiscal year 2022 are summarized below.

2. Evaluation methods and processes

In fiscal year 2022, the effectiveness of the Board of Directors was evaluated by the following methods and processes.

- i) The FY 2022 evaluation was conducted by an independent external review organization (Board Advisors Japan, Inc.) in March to April 2023. The methods used for the evaluation are as follows: collecting responses from all directors through a questionnaire covering the questions listed below (answers using a 5-point scale (with some exceptions) and written comments), conducting one-hour interviews with each director, and providing an evaluation based on the reviewer's professional knowledge.
 - Overall assessment
 - Composition of the Board of Directors
 - Preparations before the Board of Directors' meetings
 - Operation of the Board of Directors' meetings
 - Discussions at the Board of Directors' meetings
 - The way each committee ought to be
 - Supervision system of business execution
 - Analysis on the importance of agenda items/topics and the actual amount of discussion (Evaluate the importance and amount of discussion on a scale of one to ten, and analyze the gap.)
- ii) The Board discussed the current status of the Board of Directors and the policy for further improvement based on the results of the effectiveness evaluation, comparing the results with those from the previous year's evaluation and assessing the progress made in addressing existing issues. (June 2023)
- iii) Regarding future challenges, the chairperson of the Board reported the issues to be addressed to the Board of Directors based on the Board's discussions (June 2023).

3. Outline of the evaluation findings and future challenges

(1) Outline of the evaluation findings

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

- While the Company pushes forward with management reforms, the Board of Directors as a company with Nominating Committee, etc., is making proper progress in delegating authority to the management, and the effectiveness of the Board is steadily improving.
- Among the challenges highlighted in the fiscal year 2022 Board Effectiveness Review, a certain degree of improvement was confirmed in the following areas.
 - Clarified understanding of the roles as a Monitoring Board
 - Enriched communication opportunities among the Directors
 - Strengthened the function of the Audit Committee to establish an organizational audit system
- The current CEO, who was appointed to accomplish structural reforms and bold growth strategies, is entering his third year in office. In order to enhance corporate value and achieve sustainable growth, the Board of Directors should address the following key challenges.
 - Strengthening the monitoring functions
 - Enriching discussions on strategy
 - Improving the effectiveness of the Nominating Committee

(2) Future challenges

As the maturity of discussions at the Board of Directors increases, the expectations of each director regarding effectiveness will also increase. Based on the evaluation findings described above and ensuing discussions by the Board of Directors in response thereto, the Company is going to take the following actions. In addition, the Board of Directors will confirm the progress of these initiatives in this fiscal year.

- Strengthening the monitoring functions
 - Enriching discussions regarding the business portfolio and monitoring of the progress of the mid-term management plan
 - Holding a discussion on individual important issues from an early stage and confirming their progress
 - Reducing information asymmetry among board members
- Enriching discussions on strategy
 - Determining important topics for deliberation and clarifying the deliberation schedule
 - Securing time for deliberations through off-site meetings and other means.
- Improving the effectiveness of the Nominating Committee
 - Setting CEO's annual goal and conducting a performance review, and enriching discussion on them
 - Ensuring diversity of the Board of Directors and considering optimization of the number of outside directors
 - Establishing a succession plan for the management members including CEO

- Deepening information sharing with the Board of Directors

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 2021, the Company implemented the following measures.

- Further redefining the supervisory function of the Board of Directors and setting agenda to realize this function. Continuing discussions on the skills matrix and attributes of board members based on this function
 - Expanded reporting of the status of business execution by corporate executive officers to the Board of Directors.
 - Discussed the composition of the Board members, considering medium- and long-term perspectives, and revised the skills matrix in June of this year by the Nominating Committee.
- Promoting communication and fostering mutual trust between corporate executive officers and outside directors to deepen the understanding of outside directors toward the Group
 - Resumed inspections of business sites and laboratories by outside directors, and held dialogues with employees involved in manufacturing and research, among others.
 - Increased opportunities for direct discussions with directors by providing occasions for presentations to corporate executive officers at the Directors Liaison Meeting and Outside Directors Liaison Meeting.
- Further strengthening cooperation between the Board of Directors and each committee (e.g., expanding reports to the Board of Directors, etc.)
 - Increased opportunities for information sharing and discussion at Board of Directors meetings by making reports by each committee a regular agenda.
- Centralizing the Group's internal audit division in the company and conducting appropriate and more efficient organizational audits based on the expansion of the Audit Committee secretariat function
 - Strengthening the audit function by continuing to hold hearings with the executive divisions by the Audit Committee members, while establishing the organizational audit system in cooperation with the internal audit department.
 - Partially reviewed the operation of the Audit Committee from the perspective of appropriate and efficient organizational auditing.

Mitsubishi Chemical Group Corporation will continue to work toward building a more effective Board of Directors, fully considering the findings from the evaluation of the Board effectiveness and incorporating various suggestions from the directors.

[Remuneration of Officers]

(1) Aggregate Amount of Remuneration of Company's Officers

i. Aggregate amount of remuneration of officers for the fiscal 2022

Category of officer	Aggregate amount of consolidated remuneration, etc. (in millions of yen)				Total	No. of persons
	Basic remuneration, etc.	Performance-linked remuneration		Shares with restriction of transfer		
		Annual bonus	Stock remuneration			
Directors (inside)	102 (99)	—	—	—	102 (99)	5
Directors (outside)	91	—	—	—	91	5
Corporate Executive Officers	603 (603)	383 (324)	153 (110)	313 (313)	1,451 (1,349)	13
Sum Total	795 (792)	383 (324)	153 (110)	313 (313)	1,643 (1,539)	23

Notes:

- The aggregate amount of remuneration, etc., above is stated as consolidated remuneration, etc. (the sum of remuneration paid or to be paid, or expenses, etc., borne by the Company and its subsidiaries). The amounts in brackets are the sum of remuneration, etc., paid by the Company for Directors (inside) and Corporate Executive Officers. For Outside Directors, the aggregate amount of consolidated remuneration, etc., is paid fully by the Company.
- MCG remunerates Directors who concurrently serve as Corporate Executive Officers for their services as Corporate Executive Officers.
- The amounts of basic remuneration, etc. and cash bonus are the sum of remuneration, etc., paid during the fiscal year under review (all monetary remuneration).
- Basic remuneration, etc. includes the amounts of fringe benefits for foreign Corporate Executive Officers (expenses for returning to their countries, education expenses for their children, increase in gross fringe benefits, etc.). Furthermore, in the case of foreign Corporate Executive Officers, MCG bears expenses of 36 million yen for housing allowances, medical insurance etc. as fringe benefits, i.e., non-monetary remuneration, in addition to the above remuneration.
- Annual bonus for Corporate Executive Officers includes the amount paid in June 2022 to a Corporate Executive Officer who retired at the end of March 2022. In the meantime, the amount of basic remuneration, etc., paid to a Corporate Executive Officer who concurrently had served as a Director after he retired as a Corporate Executive Officer at the end of March 2022 for the duration up to June 2022 when he retired as a Director is classified as remuneration for Directors (internal).
- The amounts of stock remuneration presented above are the sum of the those recorded as expenses in fiscal 2022 (expenses connected with the performance share units (PSU) introduced in fiscal 2021 and expenses connected with stock remuneration involving the BIP trust at subsidiaries of the Company).
- The amount of shares with restriction of transfer presented above is the sum of those recorded as expenses in fiscal 2022 (sum of grants of shares with restriction of transfer worth the base value defined by title, where the restriction of transfer is removed upon retirement, and grants of shares with restriction of transfer to the President and CEO as a sign-on bonus).

ii. Aggregate amount of remuneration of each officer

Name	Total (in millions of yen)	Category of officer	Category of company	Aggregate amount of consolidated remuneration, etc. (in millions of yen)				Non-Monetary Remuneration (in millions of yen)
				Basic remuneration, etc.	Performance-linked remuneration		Performance- linked remuneration	
					Annual bonus	Annual bonus		
Jean-Marc Gilson	659	Corporate Executive Officer	Company	173	223	77	167	19
Ken Fujiwara	100	Corporate Executive Officer	Company	50	21	6	23	—
Larry Meixner	111	Corporate Executive Officer	Company	58	21	4	11	17

Notes:

1. The above table includes only those whose total of aggregate amount of consolidated remuneration and non-monetary remuneration is 100 million yen or more.
2. MCG remunerates Directors who concurrently serve as Corporate Executive Officers for their services as Corporate Executive Officers.
3. The amounts of basic remuneration, etc. and cash bonus are the sum of remuneration, etc., paid during the fiscal year under review (all monetary remuneration).
4. Basic remuneration, etc. includes the amounts of fringe benefits for foreign Corporate Executive Officers (expenses for returning to their countries, education expenses for their children, increase in gross fringe benefits, etc.). Furthermore, expenses such as housing allowances, medical insurance etc. MCG bears as fringe benefits presented as non-monetary remuneration.
5. The amounts of stock remuneration presented above are the sum of the those recorded as expenses in fiscal 2022 (expenses connected with the performance share units).
6. The amount of shares with restriction of transfer presented above is the sum of those recorded as expenses in fiscal 2022 (sum of grants of shares with restriction of transfer worth the base value defined by title, where the restriction of transfer is removed upon retirement, and grants of shares with restriction of transfer to the President and CEO as a sign-on bonus).

iii. Method of calculating performance-linked remuneration paid during the fiscal year under review and results of evaluation

a. Annual bonus

Annual bonus paid to Corporate Executive Officers in the fiscal year under review was determined based mainly on the results of the KAITEKI evaluation (on the achievement of annual targets for the three axes of the KAITEKI Management that the MCG Group values: sustainability axis (Management of Sustainability: MOS); innovation axis (Management of Technology: MOT); and economic efficiency axis (Management of Economics: MOE)) and also individual appraisal (on the achievement of initiative targets under the medium and long-term management plan, leadership status, etc.). The amounts paid were between 137.5% and 150% of the base amount.

$$\begin{array}{ccccccc}
 \text{Individual} & = & \text{Base amount by} & \times & \text{KAITEKI Value} & \times & \text{Final} \\
 \text{bonus amount} & & \text{title} & & \text{evaluation} & & \text{evaluation} \\
 & & & & \text{+Individual appraisal} & & \text{adjustment} \\
 & & & & \text{(0-200\%)} & & \text{(80-120\%)}
 \end{array}$$

Listed below are major indicators, reason of selection, results of evaluation, etc., for the KAITEKI Value evaluation for the fiscal 2021 (from April 1, 2021 to March 31, 2022).

Major indicators		Reason of selection	% of evaluation
MOS	Safety Indicators	To ensure the safety of employees and other stakeholders	20%
	Indicators for reduction of environmental impact	To achieve carbon neutrality	
	Employee Engagement Indicators	To promote creation of society and workplace where diverse people can work enthusiastically and actively	
MOT	New Product/Service Contribution	To measure the ability to create business through innovation	10%
	Patent competitiveness	To enhance technological edge	
	Digital Maturity	To promote digital transformation (DX)	
MOE	Core operating income	To boost earning power in principal business	70%
	ROE	To aim for sustainable improvement in corporate value	
	ROIC	To increase efficiency with the aim of improving core business profits relative to invested capital	
Results of KAITEKI Value evaluation for fiscal 2021 (percentage of payment)			S (150%)

KAITEKI Value evaluation: performance is rated on a five-point scale with “A” (100%) as a basis, “SS” (200%) when a target is significantly surpassed, “S” (150%) when a target is surpassed, “B” (50%) when a target is missed, or “C” (0%) when a target is significantly missed (figures in brackets: percentage of payment).

b. Performance share unit (PSU)

Under the Company’s PSU system, common stock of the Company is issued in the number calculated in proportion to growth in the Company’s share price (TSR: total shareholder return) during a period of three years. Since this plan was introduced in 2021 and the first TSR evaluation period is for the three-year period from 2021 to 2023, the results of the evaluation and the number of shares to be delivered have not been determined as of the end of fiscal year 2022.

iv. Activities by the Compensation Committee during the fiscal year under review

The Compensation Committee held 11 meetings between April 2022 and March 2023 to decide remuneration, etc., for Directors and Corporate Executive Officers. Major matters discussed and determined during the fiscal year under review are as outlined below:

- The Committee discussed the evaluation of performance, etc., for fiscal 2021 and determined the amount of performance-linked remuneration to be paid for the fiscal year 2022.
- The Committee discussed and determined the remuneration base amount and performance targets for performance-linked remuneration for the fiscal year under review including those for newly elected Corporate Executive Officers. For the evaluation indicators for annual bonuses, we selected those that Corporate Executive Officers should particularly focus on in the KAITEKI value assessment, including ESG-related initiatives (reduction of greenhouse gas emissions, etc., improvement of employee engagement, etc.).
- The number of shares to be delivered to each Corporate Executive Officer was determined in accordance with the share delivery rules concerning shares with restriction of transfer.
- Based on the Compensation Committee's resolution regarding PSUs, the number of base shares for each position under the 2022 Plan was determined.
- Regarding remuneration systems and levels for Directors and Corporate Executive Officers, the Committee compared and reviewed market trends and verified their validity, as well as their compatibility with the "Policy on Deciding Remuneration for Directors and Corporate Executive Officers."
- Through these reviews and discussions, the Committee confirmed that the remuneration systems and levels for Directors and Corporate Executive Officers in fiscal 2022 were appropriate. Meanwhile, as Outside Directors are expected to fulfill a greater role, considering increases in remuneration levels seen among other companies, the Company decided to introduce a restricted share remuneration plan that is not linked to performance for Outside Directors beginning in FY2023 for the purpose of improving commitment to enhancing corporate and shareholder value over the medium to long term now more than ever.
- Regarding the disclosure of remuneration for officers, the Committee discussed its basic policy and specific details.

Validity of remuneration, etc., for officers for the fiscal year under review and approach/response for fiscal 2023 and beyond

The Compensation Committee of the Company discusses how the remuneration plan for Directors and Corporate Executive Officers should be in order to continuously enhance the “KAITEKI Value” in the medium and long term and makes decisions. When making its decisions, the Committee always ensures a fair and reasonable process that allows it to fulfill its accountability for all stakeholders including shareholders, customers, and employees, and reflects such in disclosures as well.

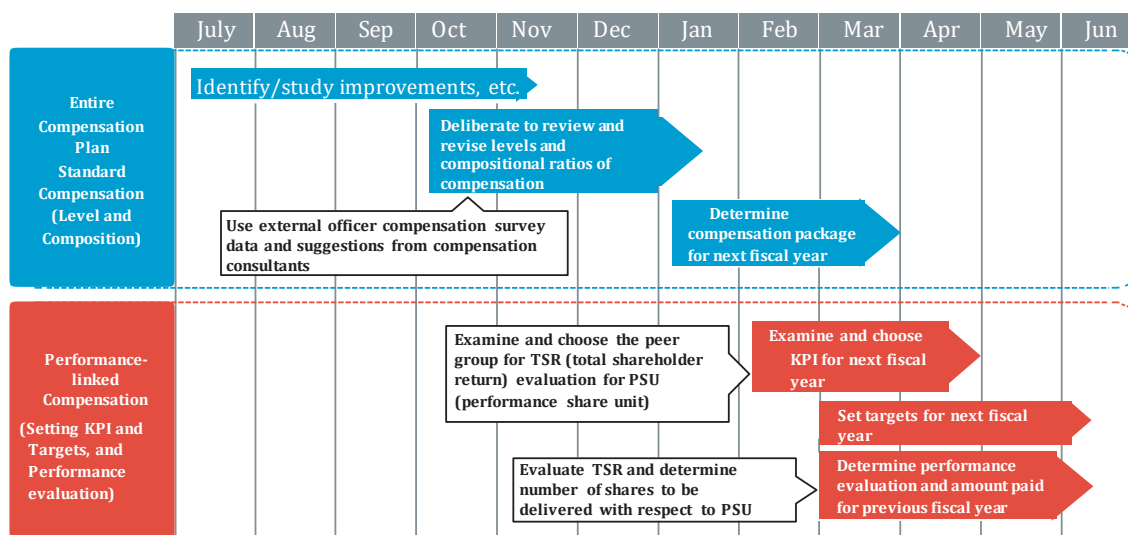
In an effort to carry out this accountability appropriately, the Committee had repeated discussions by reference to objective, expert, and adequate information and in line with the “Policy on Deciding Remuneration for Directors and Corporate Executive Officers,” before concluding that the details of individual remuneration, etc., for the fiscal year under review are valid.

The Company, in line with its new management structure “One Company, One Team,” which was introduced in 2022, established its new Group Concept (Purpose, Slogan and Our Way) in January 2023. In the context of this, the Compensation Committee discussed how the remuneration plan should be in order to realize the Purpose. Through these discussions, the Committee determined it is appropriate to introduce a stock remuneration plan that is not linked to performance for Outside Directors who are expected to fulfill a vital role in further enhancing corporate governance, including the effectiveness of the Board of Directors, and promoting sustainable corporate and shareholder value. Consequently, it decided to start delivering restricted shares to Outside Directors in FY2023.

[Reference] Members (constitution), roles, and annual schedule of the Compensation Committee

Constitution	Chairperson (Outside Director): Chikatomo Hodo Member (Outside Director): Takayuki Hashimoto, Tatsumi Yamada
Roles	<ul style="list-style-type: none"> The Committee determines the amount of individual remuneration for Directors and Corporate Executive Officers. The Committee consists of three (3) Outside Directors as of March 31, 2023.

Usual annual schedule



(2) Policy on Deciding Remuneration for Directors and Corporate Executive Officers

i. Method of determining the Policy, and revisions

a. Method of determining Policy on Deciding Remuneration for Directors and Corporate Executive Officers

The policy on deciding individual remuneration, etc., for officers of the Company is determined by the Compensation Committee every fiscal year, after reviewing its validity. Changes in business environment, opinion from shareholders and investors are weighed in the Compensation Committee meetings, and information necessary for discussions are obtained from outside remuneration consultants at WTW (Willis Towers Watson), who are replete with global experience and knowledge.

b. Revisions in Policy on Deciding Remuneration for Directors and Corporate Executive Officers, effective from fiscal 2023

As described in “(4) (iii) Activities by the Compensation Committee during the fiscal year under review”, the Company decided to grant shares with restriction of transfer (RS) to Outside Directors beginning in 2023 in order to further promote sustainable corporate and shareholder value. The amount of additional RS to be granted will be determined by taking into consideration the expected role of Outside Directors and trends at other companies (RS for the fiscal 2023 will be approximately 10% or less of the amount of basic remuneration). There are no other significant changes with respect to the policy on determining remuneration for Directors and Corporate Executive Officers for the fiscal 2023.

ii. Policy on Deciding Remuneration for Directors and Corporate Executive Officers for the fiscal 2023

a. Principle of remuneration

Systems for Directors and for Corporate Executive Officers are separate, and remuneration is determined by the Compensation Committee based on the following concepts:

Basic policy on deciding remuneration, etc., for Directors

- Given their role of overseeing and auditing management of the Company from an independent and objective standpoint, remuneration for Directors shall be mainly consist of basic remuneration (fixed remuneration). Outside Directors, who are expected to supervise and provide advice on management from the viewpoint of shareholders and investors in order to enhance corporate and shareholder value, shall be paid Stock remuneration not linked to performance in addition to basic remuneration.
- In order to secure personnel suitable for executing the responsibilities of Directors of the Company with a Nominating Committee, etc., the level of remuneration shall be determined by considering the levels of other companies, expected roles/functions, hours required to execute their duties, and other factors.

Basic policy on deciding remuneration, etc., for Corporate Executive Officers

- A remuneration plan shall be the one that makes officers conscious of the integrated practice of the three axes (MOS/MOT/MOE) for realizing the MCG Group’s Purpose.
- A remuneration plan shall be the one that effectively functions as an incentive to enhance short-term and medium and long-term performance and improve sustainable corporate value and shareholder value.
- The level of remuneration shall be a level competitive enough to acquire and keep good management personnel who lead the sustainable growth of the MCG Group.

- Remuneration shall be determined through a fair and reasonable decision-making process that can fulfill accountability for 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.

b. Remuneration system

Directors

Remuneration for internal Directors shall be basic remuneration (fixed remuneration) only. When a Director concurrently serves as a Corporate Executive Officer, the remuneration system for Corporate Executive Officers shall apply.

Remuneration for Outside Directors shall be consist of basic remuneration (fixed remuneration) and Stock remuneration (shares with restriction of transfer).

Corporate Executive Officers

Remuneration for Corporate Executive Officers shall be comprised of the following:

Type of remuneration			Outline
Fixed	Short-term / Cash	Basic remuneration	<ul style="list-style-type: none"> • Basic remuneration is paid for the execution of responsibilities/duties • Defined by roles and the size of responsibilities of each Corporate Executive Officer
Variable		Annual bonus	<ul style="list-style-type: none"> • Each fiscal year, monetary remuneration is paid based on company-wide performance evaluations (evaluations of the three axes for realizing the Company's Purpose) and individual appraisal (on the achievement of initiative targets under the medium and long-term management plan, leadership status, etc.).
	Long-term / Stock	Performance share unit (PSU)	<ul style="list-style-type: none"> • 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)
		Shares with restriction of transfer (RS)	<ul style="list-style-type: none"> • 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

Note: For foreign national officers, fringe benefits and severance pay may be paid in addition to the above, to the extent appropriate, by considering the levels and customs of remuneration expected in the place/country of birth or residence of the officer recruited.

c. Method of setting the levels / percentage of remuneration

Directors

The levels of remuneration for Directors shall be determined by considering the levels of remuneration for non-executive directors or outside directors at other companies of similar size in domestic sales and market capitalization, roles and functions expected of each Director (the leader of the Independent Outside Directors and Member/Chairperson of the Nominating/Compensation/Audit Committees), and hours required to execute their duties (full-time/part-time classification).

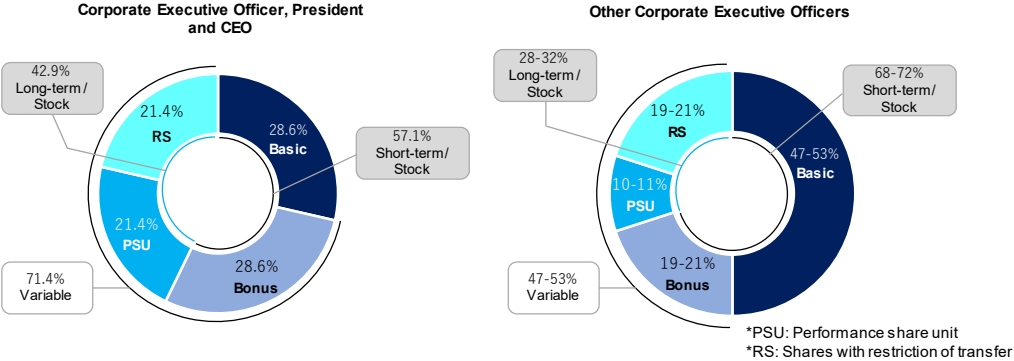
The ratio of Stock remuneration to Outside Directors will be set in consideration of the roles of Outside Directors and trends at other companies, The ratio of Stock remuneration to basic remuneration in fiscal 2023 will be approximately 10% or less.

Corporate Executive Officers

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

FY2023 Composition of Standard Remuneration for Corporate Executive Officers (Illustration)

[Basic remuneration : bonus : stock remuneration] ratios for FY2023 are set at [1 : 1 : 1.5] for Corporate Executive Officer, President and CEO and [1 : 0.35-0.45 : 0.53-0.68] for other Corporate Executive Officers, for the higher title to earn the greater ratio of variable remuneration.



d. Annual bonus

The amount of individual bonus for Corporate Executive Officers is determined based on company-wide performance evaluation (on the achievement of annual targets in the three axes for achieving the Group’s Purpose) and individual appraisal (on the achievement of initiative targets set individually under the medium and long-term management plan, leadership status, etc.).

$$\text{Individual bonus amount} = \text{Base amount by title} \times \frac{\text{Company-wide performance evaluation}}{\text{Individual appraisal (0-200\%)}} + \frac{\text{Final evaluation adjustment (80-120\%)}}{\text{Individual appraisal (0-200\%)}}$$

Company-wide performance evaluation

Management indicators in each of the three axes (MOS, MOT, MOE) for the realization of the Group's Purpose will be used as direct metrics of bonus evaluation. Specific evaluation metrics are selected every fiscal year, primarily from the following:

Three key elements of Purpose realization	Major management indicator for each axis	% of evaluation
MOS	Indicators defined as those related to the prevention of lost time injuries and security incidents, etc., reduction of greenhouse gas emissions, and improvement of employee engagement.	20%
MOT	Indicators related to R&D, IP activities, DX, and other efforts to realize the management plan	10%
MOE	Indicators related to core operating income, ROE, ROIC, free cash flow, etc.	70%

[Individual appraisal]

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

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

[Final evaluation adjustment]

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

e. Performance share unit (PSU)

In the fiscal 2021, the Company has discontinued the stock remuneration plan using the BIP trust and introduced a PSU system. Under the Company's PSU system, 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 system is as follows:

[TSR Evaluation Period]

TSR evaluation period for the FY2023 Plan will be from FY2023 to FY2025.
 TSR for FY 2022 and FY 2024 will be evaluated under the FY 2022 Plan.

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

[TSR Evaluation Category]

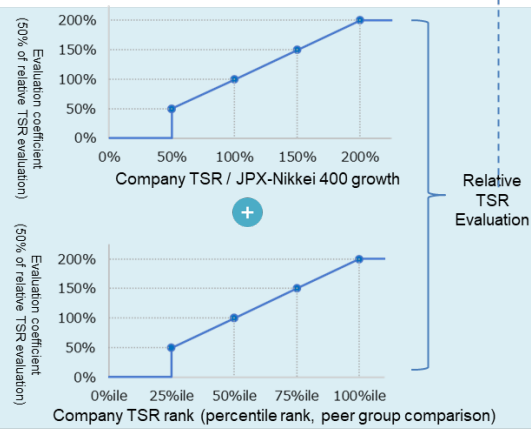
The Company's TSR is compared to the index growth and the peer group TSR.

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

[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%)



f. Stock remuneration with restriction of transfer (RS)

Each year, the Company shall deliver shares of the Company's common stock equivalent to the base amount determined by position or office in accordance with the share delivery rules concerning Stock remuneration with restriction of transfer to the Director or Corporate Executive Officer. In order to share shareholder value and increase the share price over the medium to long term, the restricted transfer period shall be the period from the date of delivery of shares to the date of retirement as the Director or Corporate Executive Officer of the Company.

g. Remuneration clawback and other important matters

The Company may use other special remuneration and benefits, where necessary, after a case-by-case review by the Compensation Committee. In addition, if any gross misconduct/violation, etc., is found with a Director or a Corporate Executive Officer, the Company may make a claim for seizing one's right to receive remuneration ("malus clause") or getting back one's remuneration ("clawback clause") against this Director or Corporate Executive Officer through a review by the Compensation Committee.

[Reference] Remuneration package for Corporate Executive Officer, President and CEO

To assess the remuneration and benefit package for representative, Jean-Marc Gilson, Corporate Executive Officer, President and CEO, for the fiscal 2023, the Company considered his experience and actual achievement in global management and a headhunting market expected from his place/country of birth or residence, conducting research and study of globally competitive remuneration plans, levels, and benefits, as well as considering the handling of the previous year before finalizing the specific details of the package. Similarly to other Corporate Executive Officers, the Policy on Deciding Remuneration for Directors and Corporate Executive Officers of the Company applies to him, and the following should be noted among other remuneration, etc., that apply to him:

a. Fringe benefit

He is provided with fringe benefits such as company housing (or a housing allowance) for his residence in Japan, expenses for temporary return visits to his country, tax declaration expenses, and medical

insurance. When deciding on the types and levels of benefit to be provided, the Compensation Committee referred to standard practices overseas.

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

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

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