

Last Update: July 8, 2024

Mitsubishi Chemical Group Corporation

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<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 (Updated)

For Realizing KAITEKI, 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] (Updated)

<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. By sharing the Group’s vision, each and every one of its employees can increase their creativity and productivity. By grasping opportunities to embrace challenges and drawing on their day-to-day experience, they can fulfill their potential. This in turn will help the organization as a whole achieve further growth. Based on this recognition, and in our effort to ensure the sustainable growth of our organization, we are formulating and establishing necessary policies and systems and promoting cultural reforms to provide employees with workplaces where they can be themselves and thereby make even more meaningful contributions.

<Policies>

[Human Resource Development]

In order to increase our presence in the market and expand our business opportunities, we will develop personnel who can autonomously take the lead to resolve issues and solve problems.

[Nurturing of Organizational Culture and Establishment of Required Environment]

We will strive to nurture an inclusive organizational culture to enable motivated personnel to make maximum use of their abilities in whatever ways they can imagine and will work to establish an environment conducive to this.

[Establishment of a Shared Foundation across the Group]

We will build an organizational foundation that is shared across the Group in order to maximize the human capital of the entire Group as an organization where empowerment is appropriately promoted for greater decision-making efficiency and stronger business growth.

For details, please refer to page 20 of the 19th Annual Securities Report (only available in Japanese).

<https://www.mcgc.com/ir/pdf/01999/02312.pdf>

**[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 December 8, 2023, the Board of Directors reviewed the adequacy of all cross-shareholdings of Group as of the end of March, 2023, 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 are proceeding to sell such cross-shareholdings as assessed insufficient. The exercise of voting rights of the cross-shareholdings shall be determined from the perspective of medium- to long-term improvement in corporate value of clients, etc.

<Principle 1.7 Related Party Transactions>

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

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

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

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

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

<Principle 3.1 Full Disclosure>

(What the company aims for)

The Purpose of the MCG Group is to lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet. We are promoting the formulation of a new vision for 2035 aimed at contributing to solving social issues, such as achieving carbon neutrality and deepening the circular economy, thereby realizing a sustainable increase in corporate value.

(Management Policy)

MCG, by making effective use of the robust management foundation built under the “Forging the future” management policy, will speed up reforms to increase its corporate value and transform itself into a green specialty chemical company that leads innovations to realize KAITEKI. In order to contribute to meeting social challenges, including the achievement of carbon neutrality and enhancement of the circular economy, for the sustainable increase of our corporate value, we are formulating our new vision toward 2035 and will announce it this fall.

For the performance forecast for FY2024 and financial targets for FY2025, please refer to our financial report disclosed on May 15, 2024.

<https://www.mcgc.com/english/ir/pdf/01936/02252.pdf>

(The Company’s view on overall corporate governance)

please refer to the 19th Annual Securities Report (page 74 (only available in Japanese)) for our view on overall corporate governance.

<https://www.mcgc.com/ir/pdf/01999/02312.pdf>

(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 19th Annual Securities Report (page 16 (only available in Japanese)).

<https://www.mcgc.com/ir/pdf/01999/02312.pdf>

For the impacts that climate change-related risks and opportunities might cause to our business activities and revenues, please refer to page 20 of the 19th Annual Securities Report (only available in Japanese).

<https://www.mcgc.com/ir/pdf/01999/02312.pdf>

<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](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](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](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](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)	229,329,000	16.10
SSBTC CLIENT OMNIBUS ACCOUNT	112,025,517	7.86
Custody Bank of Japan, Ltd. (Trust Account)	85,715,800	6.02
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	25,939,409	1.82
Custody Bank of Japan, Ltd. (Trust Account 4)	22,180,600	1.56
TAIYO LIFE INSURANCE COMPANY	18,838,372	1.32
JPMorgan Securities Japan Co., Ltd.	17,795,779	1.25
JP MORGAN CHASE BANK 385781	17,766,191	1.25

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 March 31, 2024 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%)

Nomura Securities Co., Ltd.

March 29, 2024

69,434,637 shares (4.61%)

Dodge & Cox

April 15, 2024

93,606,600 shares (6.21%)

## 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] (Updated)

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	10

#### [Outside Directors] (Updated)

Number of Outside Directors	6
Number of Independent Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	G	h	i	j	k	
Chikatomo Hodo	From another company									△			
Kiyomi Kikuchi	Lawyer									○			
Tatsumi Yamada	CPA									△			
Akihiro Eto	From another company									△			
Shuichi Sakamoto	From another company									△			
Geoffrey W. Coates	Scientist												

\* 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
Chikatomo Hodo	○	For Mr. Hodo, who involved in the business execution in the past of Accenture Japan Ltd, with which our Group had an amount of business transactions in fiscal 2023, no more than 2% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.	<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 management. During Board of Directors meetings, he provides management oversight from an independent and impartial standpoint and makes useful advice and suggestions with a focus mainly on global management. In addition, as Chairperson of the Compensation Committee, he also fulfills a leading role in ensuring fairness and transparency 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 an amount of business transactions in fiscal 2023, no more than 2% 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 management oversight from an independent and impartial standpoint and makes useful advice and suggestions from a professional and heightened perspective. In addition, as a member of the Nominating Committee and the Audit Committee, she also contributes to enhancing the effectiveness of corporate governance of the Company. As she is expected to continue making contributions to establishing basic management policies and ensuring</p>

			<p>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>Mr. Yamada, who is former Board Member of KPMG AZSA LLC, with which our Group had an amount of business transactions in fiscal 2023, no more than 2% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.</p>	<p>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 management oversight from an independent and impartial standpoint and makes useful advice and suggestions from a professional and heightened perspective. In addition, as Chairperson of the Audit Committee and a member of the Nominating Committee, he also contributes to enhancing the effectiveness of corporate governance of the Company. 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>
Akihiro Eto	○	<p>For Mr. Eto, who involved in the business execution in the past of Bridgestone Corporation, with which our Group had an amount of business transactions in fiscal 2023, no more than 2% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.</p>	<p>Akihiro Eto has abundant experience and profound insight in corporate management and finance, having served successively as a chief financial officer and a president of a listed company with global operational presence. 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 from a globally active corporate executive's perspective as an Independent Outside Director, 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</p>

			regulations stipulated by the Tokyo Stock Exchange.
Shuichi Sakamoto	○	For Mr. Sakamoto, who involved in the business execution in the past of Asahi Kasei Coporation, with which our Group had an amount of business transactions in fiscal 2023, no more than 2% of its consolidated net sales or our consolidated net sales, we sees no issue with his independence.	<p>Shuichi Sakamoto has abundant experience and profound insight in the chemical business, health care business, management strategy, and finance, having served successively as head of the corporate strategy office, chief financial officer, and director, senior managing executive officer of a listed company that operates a diversified chemical business on a global scale. 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 mainly from the perspective of global management and his high expertise in the chemical business as an Independent Outside Director, 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>
Geoffrey W. Coates	○	-	<p>Geoffrey W. Coates is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain. In addition, he also has abundant experience in business as the founder of several companies. 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 from a cutting-edge technology expert perspective as an Independent Outside Director, 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>

**[Committees] (Updated)**

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	4	1	1	3	Outside Director

**[Executive Officers (Shikkoyaku)]**

Number of Executive Officers (Shikkoyaku) 9

Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Manabu Chikumoto	Yes	No	No	No	No
Yasuo Shimodaira	Yes	No	No	No	No
Ken Fujiwara	No	Yes	Yes	No	No
Frank Randall (Randy) Queen	No	No	No	No	No
Satoshi Kurokawa	No	No	No	No	No
Akihiro Tsujimura	No	No	No	No	No
Isao Yano	No	No	No	No	No
Toshiya Katsuragi	No	No	No	No	No
Yuji Ichimura	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 and Mitsubishi Tanabe Pharma Corporation 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] (Updated)

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\*<sup>1</sup> whose major business partner includes the Company and Group Major Subsidiaries (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation and Nippon Sanso Holdings Corporation. The same shall apply hereafter.)

(2) A person engaged in execution of operation of a major business partner <sup>*2</sup> of the Company and Group Major Subsidiaries
4.Accounting Auditor Accounting Auditor of the MCG Group or an employee thereof
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
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
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
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
*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.
*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.
*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.

**[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



**[Remuneration for Directors and Executive Officers (Shikkoyaku)] (Updated)**

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 2023 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 person
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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) (Updated)**

<p>(1) Oversight</p> <p>A. Board of Directors (10 members (of which one member is female); 6 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 2023, the Board of Directors met 9 times. The attendance of each director is as follows. Hiroshi Katayama and Takako Masai describe the attendance of the Board of Directors until their retirement in June</p>
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2023, and Nobuo Fukuda describe the attendance of the Board of Directors after his assumption of office in June 2023.

- Jean-Marc Gilson: 9/9 (100%)
- Ken Fujiwara: 9/9 (100%)
- Glenn Fredrickson: 9/9 (100%)
- Nobuo Fukuda: 7/7 (100%)
- Hiroshi Katayama: 2/2 (100%)
- Takayuki Hashimoto: 9/9 (100%)
- Chikatomo Hodo: 9/9 (100%)
- Kiyomi Kikuchi: 9/9 (100%)
- Tatsumi Yamada: 9/9 (100%)
- Takako Masai: 2/2 (100%)

For FY2023, the Board of Directors decided to work on “Strengthening the monitoring functions” and “Enriching discussions on strategy” and others, and set an agenda accordingly.

The agenda set for FY2023 is as follows:

- Portfolio strategy
- Annual budget and investment plan
- Operational status of the internal control system
- Situation concerning ERM activities
- Meaningfulness of cross-shareholdings
- Engagement activities with institutional investors
- How the issues revealed in the evaluation of the Board of Directors’ effectiveness have been addressed
- Situation regarding sustainability-related activities
- Outcomes of employee awareness surveys
- Regular reports from committees and corporate executive officers

In addition, we organize regular meetings the Outside Directors Liaison Committee to provide outside directors with opportunities to exchange opinions informed by their objective viewpoints as independent directors and develop a shared understanding.

We also hold irregular meetings of the Directors Liaison Committee, which all our directors serve on, to allow them to share important management information and engage in a frank exchange of opinions regarding management issues.

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 FY2023, the Nominating Committee met 11 times. The attendance of each director is as follows. Takako Masai describes the attendance of the Board of Directors until their retirement in June 2023.

- Takayuki Hashimoto (Chairperson): 11/11 (100%)
- Chikatomo Hodo: 10/10 (91%)
- Kiyomi Kikuchi: 11/11 (100%)
- Takako Masai: 2/2 (100%)
- Ken Fujiwara: 11/11 (100%)

Main agenda items discussed during fiscal 2023 include the following.

- Determined the results of individual appraisal for corporate executive officers including the corporate executive officer, president and CEO for FY2022. In addition, received reports and confirmed the targets set for FY2023 by the corporate executive officer, president and CEO and other corporate executive officers.
- Received reports and discussed the results of interim appraisal for corporate executive officers including the corporate executive officer, president and CEO for FY2023 as well as of the 360-degree evaluation and others.
- Discussed the succession plan for the corporate executive officer, president and CEO in view of the changes made to the management environment and selected candidates for the position.
- Determined candidates for corporate executive officers to be appointed for FY2024 by deliberating their expected roles, aptitude, etc. in the applicable positions.
- Discussed the succession plan for directors (board succession) in light of the results of the effectiveness evaluation and the exchange of opinions with institutional investors.
- Determined candidates for director positions for FY2024, including external candidates, following deliberation made based on the skills matrix and their expected roles, aptitudes and others in line with the succession plan (board succession).

C. Audit Committee (4 members (of which 1 member is female); 3 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 4 members, including 3 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 2023, the Audit Committee met 15 times. The attendance of each committee member is as follows. Hiroshi Katayama and Takako Masai describe the attendance of the directors until his/her retirement in June 2023.

- Tatsumi Yamada (chairperson): 15/15(100%)
- Kiyomi Kikuchi: 15/15(100%)
- Takako Masai: 3/3 (100%)
- Nobuo Fukuda: 12/12(100%)
- Hiroshi Katayama: 3/3(100%)

With the aim of achieving the MCG Group's sustainable growth and increasing corporate value over a medium to long term, 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 the 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 the operating environment including the emergence of geopolitical risks and increased importance of 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 2023. The attendance of each committee member is as follows.

- Chikatomo Hodo (Chairperson):11/11 (100%)
- Takayuki Hashimoto: 11/11 (100%)
- Tatsumi Yamada: 11/11 (100%)

Main agenda items discussed during FY2023 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. Members of the Audit Committee and management team members including the executive officers designated by the president and CEO can participate in the meetings of this committee to express their opinions. The meetings are held in a way that enables a range of viewpoints to be incorporated into management decisions. We also hold regular meetings of the Corporate Executive Officers Liaison Committee to provide corporate executive officers with an opportunity to engage in a frank exchange of opinions regarding management issues.

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 FY2023, 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)

Takayuki Ueki (6 year), Kosuke Kawabata (5 year), Makoto Okabe (4 year) and Sinya Yamaga (1 year)

-Assistants that worked on the accounting audit

18 certified public accounts, and another 36 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 (Updated)

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

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

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

	Supplementary Explanations
Early Notification of AGM	The convocation notice for the 19th Ordinary General Shareholders Meeting held on June 25, 2024 was sent on June 3 (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 27.
Scheduling AGMs Avoiding the Peak Day	The 19th Ordinary General Shareholders Meeting was held on June 25, 2024, 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 (Updated)

	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 (IR Department).
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 (Updated)

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

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

Under our disclosure policy, 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 controlled by the cooperation of IR Department and Communications Division.

## 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, IR Department 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, IR Department and Communications Division cooperate to conduct 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 (person in charge of managing information). 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 IR Department and 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.



[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.
- be able to secure diversity (including gender and nationality) among outside directors.
- For outside directors, fulfills independence standards that are separately stipulated and be able to secure enough time to execute business.

## [Reason for appointment of the Director] (Updated)

Name	Present position and duty at the Company	Reason for choosing as candidate for Director
Nobuo Fukuda	Director of the Board, Chairperson of the Board of Directors	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 by appropriately engaging in management oversight and making useful suggestions with a focus mainly on internal control and risk management as an internal Director who does not concurrently serve as a Corporate Executive Officer, the Board of Directors reelected him as the Director.
Manabu Chikumoto	Director of the Board President and CEO	Manabu Chikumoto has abundant experience and profound insight across various facets of the MCG Group's operations, having been involved in the Group's petrochemical sector of the business, and after holding positions as president of overseas group companies, he served as General Manager of the Corporate Planning Office of the Company. Since assuming the role of Corporate Executive Officer, President and CEO in April 2024, he has spearheaded initiatives aimed at addressing social issues, including achieving MCG Group's sustainable growth and carbon neutrality. At meetings of the Board of Directors, he periodically reports on the progress of execution of his duties, thereby exercising accountability toward the Board. As he is expected to make 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 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 as Chairperson of the Board of Directors meetings, he focuses on enhancing the effectiveness of the Board of Directors. 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,
Jin Iida	Director of the Board Member of the Audit Committee	Jin Iida has abundant experience and profound insight, having worked in the business divisions of the Group's chemical business, and after serving as Corporate Auditor of Mitsubishi Chemical Corporation, he was involved in management as Corporate Executive Officer supervising audit 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 with a focus mainly on internal control and risk management as an internal Director who does not concurrently serve as a Corporate Executive Officer, the Board of Directors elected him as the Director.
Chikatomo Hodo	Director of the Board Independent Officer Member of the Nominating Committee Member of the Compensation Committee	Chikatomo Hodo has extensive experience in corporate management and profound insight in digital business successively as a president and a chairperson of a Japanese subsidiary of a global corporation, which provides management consulting and knowhow in company management. During Board of Directors meetings, he provides management oversight from an independent and impartial standpoint and makes useful advice and suggestions with a focus mainly on global management. In addition, as Chairperson of the Compensation Committee, he also fulfills a leading role in ensuring fairness and transparency 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 management oversight from an independent and impartial standpoint and makes useful advice and suggestions from a professional and heightened perspective. In addition, as a member of the Nominating Committee and the Audit Committee, she also contributes to enhancing the effectiveness of corporate governance of the Company. As she is expected to continue making contributions to establishing basic



		<p>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.</p>
Tatsumi Yamada	<p>Director of the Board Independent Officer Member of the Audit Committee Member of the Compensation Committee</p>	<p>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 management oversight from an independent and impartial standpoint and makes useful advice and suggestions from a professional and heightened perspective. In addition, as Chairperson of the Audit Committee and a member of the Nominating Committee, he also contributes to enhancing the effectiveness of corporate governance of the Company. 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. 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>
Akihiro Eto	<p>Director of the Board Independent Officer Member of the Audit Committee Member of the Compensation Committee</p>	<p>Akihiro Eto has abundant experience and profound insight in corporate management and finance, having served successively as a chief financial officer and a president of a listed company with global operational presence. 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 from a globally active corporate executive's perspective as an Independent Outside Director, the Board of Directors elected him as the Director.</p>
Shuichi Sakamoto	<p>Director of the Board Independent Officer Member of the Nominating Committee</p>	<p>Shuichi Sakamoto has abundant experience and profound insight in the chemical business, health care business, management strategy, and finance, having served successively as head of the corporate strategy office, chief financial officer, and director, senior managing executive officer of a listed company that operates a diversified chemical business on a global scale. 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 mainly from the perspective of global management and his high expertise in the chemical business as</p>

		an Independent Outside Director, the Board of Directors elected him as the Director.
Geoffrey W. Coates	Director of the Board Independent Officer	Geoffrey Coates is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain. In addition, he also has abundant experience in business as the founder of several companies. 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 from a cutting-edge technology expert perspective as an Independent Outside Director, the Board of Directors elected him as the Director.

[Reason for appointment of the corporate executive officers]

Name	Present position and duty at the Company	Reason for appointment of the corporate executive officers
Manabu Chikumoto	President, CEO	His experience is based mainly on petrochemical business and has deep insight and wide experience as CEO of oversea group company and head of corporate planning office. He also has wide network in the chemical industry based on his past roles. Regarding to our business challenges about carbon neutral and circular economy, restructuring of the petrochemical industry in Japan, growth of specialty materials business, and portfolio transformation, the company decided that he is the appropriate person as CEO to lead the management, planning and execution of business plan for growth.
Yasuo Shimodaira	Corporate Executive Officer (Executive Vice President)	As having deep insight and wide experience for global business, chemical material business, and specialty materials business, based on his experience as head of business sector and overseas site, the company decided that he is the appropriate person as head of Basic Materials business.
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.
Satoshi Kurokawa	Corporate Executive Officer (Executive Vice President)	As having deep insight and wide experience for global business and chemical material business based on his experience as head of manufacturing and overseas site, the company decided that he is the appropriate person as head of MMA & Derivatives 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.
Isao Yano	Corporate Executive Officer (Senior Vice President)	Isao Yano is decided by the company that he is the appropriate person in charge of Internal Control/Risk Management and Audit from his strong insight into corporate governance in addition of extensive experience in legal and general affairs.
Toshiya Katsuragi	Corporate Executive Officer (Senior Vice President)	As having deep insight and wide experience on R&D and overall business based on his long experience in R&D, and head of specialty materials business and corporate planning office of Mitsubishi Chemical, the company decided that he is the appropriate person as Chief Technology Officer.
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.

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 2023

Category of officer	Aggregate amount of consolidated remuneration, etc. (in millions of yen)				No. of persons	
	Basic remuneration, etc.	Performance-linked remuneration		Shares with restriction of transfer		Total
		Annual bonus	Stock remuneration			
Directors (inside)	88 (79)	–	–	–	88 (79)	3
Directors (outside)	82	–	–	6	88	5
Corporate Executive Officers	752 (752)	294 (245)	182 (182)	327 (327)	1,555 (1,506)	17
Total	923 (914)	294 (245)	182 (182)	333 (333)	1,732 (1,674)	25

## 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. Remuneration paid or to be paid, or expenses, etc., borne by overseas subsidiaries in local currencies, which are included in consolidated remuneration, etc., are converted into yen using the average exchange rate during fiscal 2023.
- 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).
- Annual bonus for Corporate Executive Officers includes the amount paid in June 2023 to Corporate Executive Officers who retired at the end of March 2023.
- The amounts of stock remuneration presented above are the sum of the those recorded as expenses in fiscal 2023 (expenses connected with the performance share units (PSU, see page 56) introduced in fiscal 2021).
- The amount of shares with restriction of transfer presented above is the sum of those recorded as expenses in fiscal 2023 (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 Jean-Marc Gilson as a sign-on bonus).
- 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, tax adjustments for international transfers, increase in gross fringe benefits, etc.). Furthermore, in the case of foreign Corporate



Executive Officers, MCG bears expenses of 45 million yen for housing allowances, medical insurance etc. as fringe benefits, i.e., non-monetary remuneration, in addition to the above remuneration.

8. In addition to the above remuneration, 298 million yen is to be paid to Jean-Marc Gilson in June 2024 as severance pay (special pay provided for contract termination due to the company circumstances). In addition to the above remuneration, 123 million yen was paid to seven of the Corporate Executive Officers who retired on March 31, 2024 based on the contract with each Corporate Executive Officer at the time of their retirement.

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)	Others (in millions of yen)	
				Basic remuneration , etc.	Performance-linked remuneration				
					Annual bonus	Annual bonus			Performance- linked remuneration
Jean-Marc Gilson	905	Corporate Executive Officer	Company	174	117	125	134	19	336
Yuko Nakahira	109	Corporate Executive Officer	Company	45	17	8	20	—	19
Ken Fujiwara	102	Corporate Executive Officer	Company	50	19	10	23	—	—
Frank Randall (Randy) Queen	254	Corporate Executive Officer	Company	170	—	7	39	8	—
		Director	Mitsubishi Chemical America Inc.	—	29	—	—	—	—
Larry Meixner	117	Corporate Executive Officer	Company	58	9	7	11	17	15

Notes:

1. The above table includes only those whose total of aggregate amount of consolidated remuneration, non-monetary remuneration and others 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, tax adjustments for international transfers, 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 2023 (expenses connected with the performance share units). The amount of shares with restriction of transfer presented above is the sum of those recorded as expenses in fiscal 2023 (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 Jean-Marc Gilson as a sign-on bonus).
6. The amount of shares with restriction of transfer presented above is the sum of those recorded as expenses in fiscal 2023 (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).
7. The amounts of others presented above are severance pay (special pay provided for contract termination due to the company circumstances) to be paid to Jean-Marc Gilson and remuneration paid to the Corporate Executive Officers who retired on March 31, 2024 based on the contract with each Corporate Executive Officer at the time of their retirement.

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 71.7% and 85.7% of the base amount.

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

Listed below are major indicators, reason of selection, results of evaluation, etc., for the KAITEKI Value evaluation for the fiscal 2022 (from April 1, 2022 to March 31, 2023).

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 2022 (achievement rate)			70.2%

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. 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 for FY2021 are as shown below. The results of evaluation for FY2022 and FY2023 have not yet been finalized.

Targets, Results and Evaluation Coefficients for TSR Indicators for the PSU Evaluation Period (April 2021 to March 2024) Set in FY2021

TSR Indicators	% of evaluation	Evaluation coefficient range of variation	Target	Results	Evaluation coefficient
The Company TSR ÷ JPX-Nikkei 400 Index growth	50%	0~200%	Maximum: 200% Target: 100% Threshold: 50%	82.0% (Company TSR:118.6%)	82.0%
Rank of the Company TSR in the peer group (percentile rank)	50%	0~200%	Maximum: 100%ile Target: 50%ile Threshold:25%ile	59%ile (10位/23社)	118.0%
<b>Relative TSR Evaluation (Weighted Average Evaluation Coefficient)</b>					<b>100%</b>

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

The Compensation Committee held 11 meetings between April 2023 and March 2024 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 2022 and determined the amount of performance-linked remuneration to be paid for the fiscal year 2023.
- 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.
- 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 2023 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 2023 were appropriate. Meanwhile, 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 internal Directors who do not concurrently serve as Corporate Executive Officers beginning in fiscal 2024 for the purpose of improving commitment to enhancing corporate and shareholder value over the medium to long term now more than ever.
- The Committee discussed severance pay (special pay provided for contract termination due to the company circumstances) for Jean-Marc Gilson, and decided to make the payment and the amount to be paid.
- 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 2024 and beyond**

The Compensation Committee of the Company discusses how the remuneration plan for Directors and Corporate Executive Officers should be in order to realize the Purpose 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.

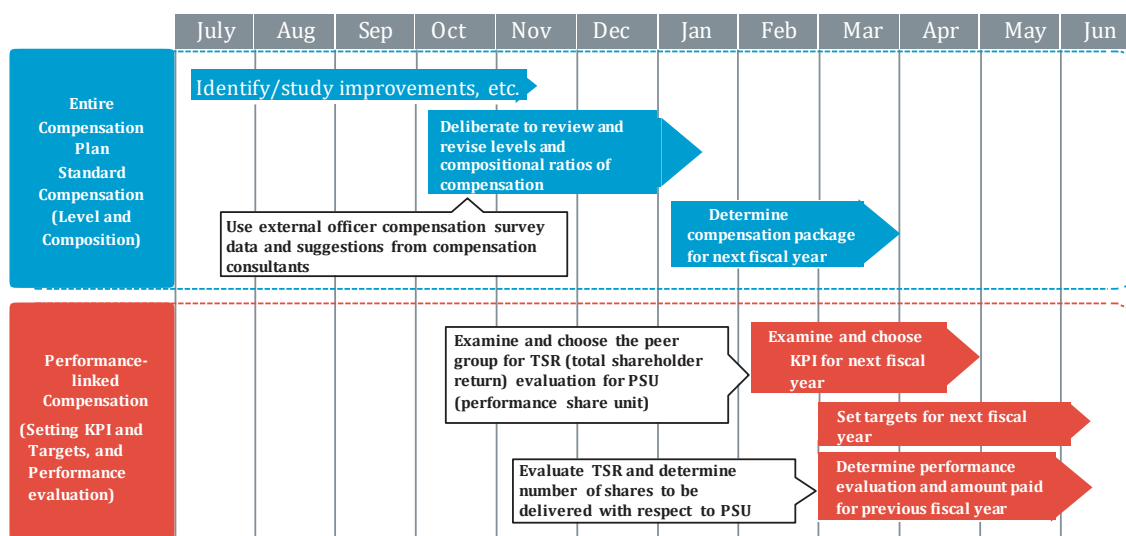
In an effort to carry out this accountability appropriately, the Committee had repeated discussions by reference to objective, expert, and adequate information and in line with the “Policy on Deciding Remuneration for Directors and Corporate Executive Officers,” before concluding that the details of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

In fiscal 2024, the Company adopted a new management team with Manabu Chikumoto taking the helm as the new President and CEO. Remuneration for newly appointed Corporate Executive Officers has also been set at appropriate and reasonable levels following repeated discussions by the Compensation Committee.

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

Constitution	<p>Chairperson (Outside Director): Chikatomo Hodo</p> <p>Member (Outside Director): Takayuki Hashimoto, Tatsumi Yamada</p> <ul style="list-style-type: none"> <li>The Committee consists of three (3) Outside Directors as of March 31, 2024.</li> </ul>
Roles	<ul style="list-style-type: none"> <li>The Committee determines the amount of individual remuneration for Directors and Corporate Executive Officers.</li> </ul>

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 2024

As described in “(4) (iii) Activities by the Compensation Committee during the fiscal year under review” (see page 47), the Company decided to grant shares with restriction of transfer (RS) to internal Directors who do not concurrently serve as Corporate Executive Officers beginning in 2024 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 the eligible internal Directors and trends at other companies (RS for the fiscal 2024 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 2024.

ii. Policy on Deciding Remuneration for Directors and Corporate Executive Officers for the fiscal 2024

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). In order to encourage supervising and providing advice on management from the viewpoint of shareholders and investors with an eye to enhancing corporate and shareholder value, Stock remuneration not linked to performance shall be paid 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 Directors shall be consist of basic remuneration (fixed remuneration) and Stock remuneration (shares with restriction of transfer). However, the remuneration system for Corporate Executive Officers shall apply to internal Directors who concurrently serve as Corporate Executive Officers.

Corporate Executive Officers

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

Type of remuneration			Outline
Fixed	Short-term / Cash	Basic remuneration	• Basic remuneration is paid for the execution of responsibilities/duties

			<ul style="list-style-type: none"> <li>Defined by roles and the size of responsibilities of each Corporate Executive Officer</li> </ul>
Variable		Annual bonus	<ul style="list-style-type: none"> <li>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.).</li> </ul>
	Long-term / Stock	Performance share unit (PSU)	<ul style="list-style-type: none"> <li>Stocks are issued based on growth in the Company's share price in a period of three years (TSR*)</li> <li>(* In comparison to JPX-Nikkei 400 Index and peer group (domestic or foreign chemical/health care companies with global operational presence)</li> </ul>
		Shares with restriction of transfer (RS)	<ul style="list-style-type: none"> <li>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</li> </ul>

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).

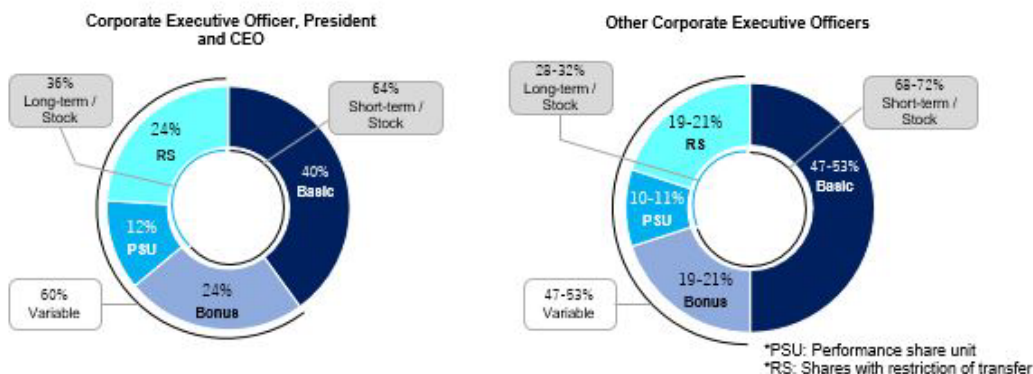
The ratio of Stock remuneration to Directors will be set in consideration of the expected roles of each Director and trends at other companies. The ratio of Stock remuneration to basic remuneration in fiscal 2024 will be approximately 10% or less.

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.

**FY2024 Composition of Standard Remuneration for Corporate Executive Officers (Illustration)**

[Basic remuneration : bonus : stock remuneration] ratios for FY2024 are set at [1 : 0.6 : 0.9] for Corporate Executive Officer, President and CEO and [1 : 0.35-0.45 : 0.53-0.88] 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 realizing 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.).

$$\begin{array}{r}
 \text{Individual bonus} \\
 \text{amount}
 \end{array}
 = \text{Base amount by title}
 \times \begin{array}{r}
 \text{Company-wide performance} \\
 \text{evaluation} + \text{Individual} \\
 \text{appraisal}
 \end{array}
 \times \begin{array}{r}
 \text{Final evaluation} \\
 \text{adjustment}
 \end{array}$$

(0-200%)  (80-120%)

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 and Nominations 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 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 FY2024 Plan will be from FY2024 to FY2026.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FY 2024 PSU	← TSR Evaluation Period →			Stock issuance		
FY 2025 PSU		← TSR Evaluation Period →			Stock issuance	
FY 2026 PSU			← TSR Evaluation Period →			Stock issuance

**[TSR Evaluation Category]**

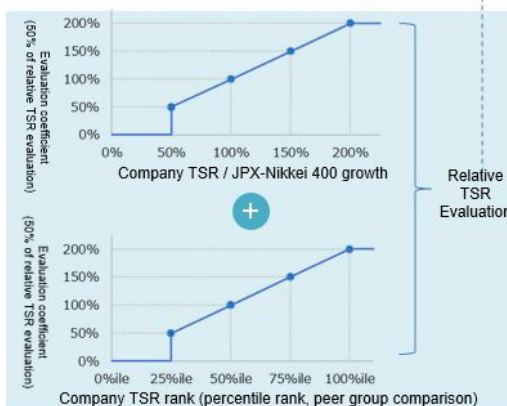
The Company TSR is compared to the index growth and the peer group TSR.

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

**[Method of calculating the number of shares issued]**

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

Relative TSR Evaluation (0-200%) ←



**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 and 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.