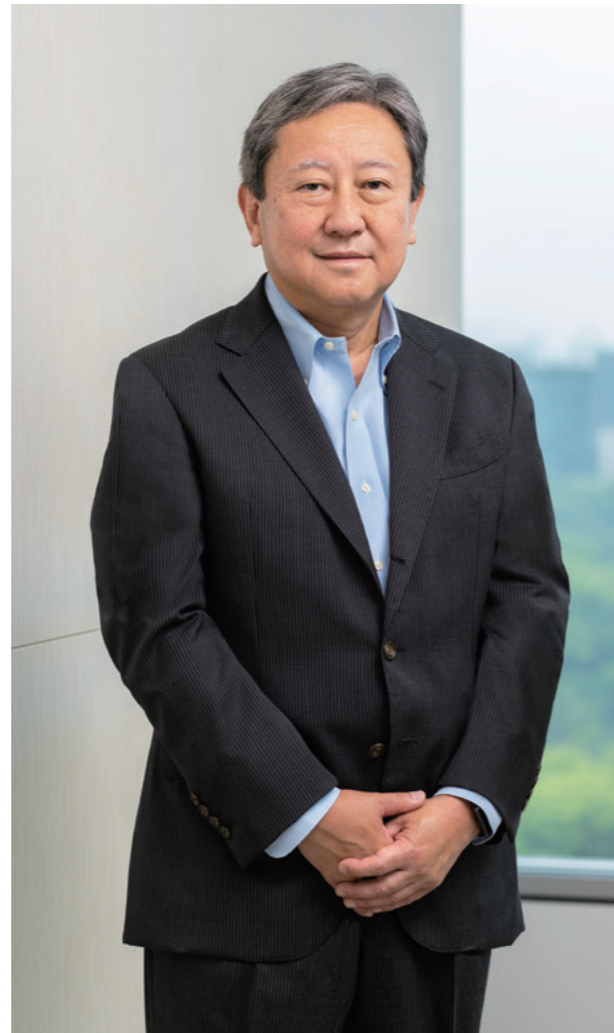


## Message from the Officer Supervising Governance and Legal Affairs



**Ken Fujiwara**  
Executive Vice President  
Chief Compliance Officer, General Counsel

### Strengthening global governance and driving active discussions on growth

#### Promoting ERM and global compliance programs through integration of corporate functions

A year has passed since we changed to the new system. During that time, we have established a Corporate Executive Officers Committee where all corporate executive officers meet regularly to discuss the various challenges faced by the Mitsubishi Chemical Group and for decision-making. We have also made good progress at the management level in the transition to the “One Team” concept. Decision-making processes are faster and more efficient and corporate functions more integrated now that we have set up systems for delegation of authority (DOA) and clarified decision-making authority for each corporate executive officer. Our most pressing challenge at present is how to get our employees in all Group companies to understand the significance of these reforms and to embrace our transformation. Continuing on from work done in fiscal 2022, we are utilizing in-house web portals and town-hall meetings as venues for the entire management team to communicate the message for such reform and transformation to employees in their own words (▶Page 54).

To manage a large organization like the MCG Group, we must have global-scale risk management systems. We have introduced an enterprise risk management (ERM) system to support management decision-making, in order to better respond to not only negative risks but also risks inherent in business opportunities that may have positive impacts. For this ERM system, we have developed a Group-wide risk management system based on a three-dimensional matrix by business, function, and region that functions to ensure the MCG Group is a healthy and more competitive business (▶Page 86). At the same time, we have started operating the Global Compliance Promotion Program aimed at standardizing and improving the quality of global compliance activities (▶Page 88). To improve the effectiveness of this program, we will continue to raise

awareness and run training and education activities, and work to foster an organizational culture where everyone can speak up with confidence.

#### Increasing the effectiveness of the Board through better monitoring

Having evaluated the effectiveness of the Board of Directors in fiscal 2022 (▶Page 80), in my role as chairperson of the Board, I ran discussions on the main roles of Board of Directors in the Corporation with Nominating Committee, Etc., and confirmed that we need to work on making the Board of Directors more effective in terms of monitoring portfolio management and progress versus the medium- and long-term strategies. Discussions also confirmed that the Nominating Committee needs to be more effective with regard to CEO performance and succession planning for management levels. The committee will need to supervise progress and discuss portfolio management in particular as we are going through the execute and accelerate phases of the “Forging the future” strategy. For management succession, the committee is working to set up opportunities for discussions with corporate executive officers and the next generation of leaders.

To allow the Board of Directors to engage in more in-depth debate, it is crucial to set agenda items appropriately, for example, by assigning priorities to the various topics on the agenda. Full information disclosure with the outside directors is also essential to make the right decisions. At Mitsubishi Chemical Group Corporation, we are working through the Outside Director Liaison Committee to promote a better understanding of management policy and measures. This also helps ensure that the outside directors all have access to the same information. Moving forward, we will step up the monitoring function through more active discussion of key issues and will work to make the Board of Directors more effective and boost corporate value.

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