



Rebalancing our portfolio for growth. Raising corporate value in a low-carbon economy.

A positive mindset is essential to transform the Company

April was my first day in office. It is an honor to be entrusted with leading the Mitsubishi Chemical Holdings Corporation (MCHC) Group. In these uncertain times, our venerable heritage is a rudder of stability. It keeps us on course as we steer our DNA of innovation to navigate the future.

I was persuaded to accept this position by three key factors in addition to the Company's respected name, worldwide presence and pioneering technology. The first and most decisive factor is challenge. I look forward to the challenge of taking the Company to the next level. Second is the infinite potential of the chemicals industry. From healthcare to automobile manufacturing, almost every

other industry depends on chemical industry products. Third, my past experience in Japan has given me valuable insights into Japanese corporate culture and structure and the ways these can evolve to best benefit all stakeholders.

I am an optimist by nature and I see great things ahead for MCHC. My optimism is based first on the valuable opportunities that fit the Group's strengths. Having a positive "can do" mindset helps us survive and prosper in this era of ever-faster technological transformation. It underpins the flexibility to adapt, the agility to make quick decision and the courage to put words into action.

Jean-Marc Gilson President & CEO

PROFILE

Date of Birth: December 6, 1963

Place of Birth: Belgium

Professional Experience:

- 1989 Joined Dow Corning Corporation
- 2005 Corporate Vice President & General Manager of Specialty Chemicals Business, President Asian Area, Dow Corning Corporation
Shareholder Representative Director, Dow Corning Toray Co., Ltd.
- 2009 Executive Vice President & General Manager of Specialty Chemicals Business, Dow Corning Toray Co., Ltd.
- 2011 Chief Executive Officer, Avantor Performance Materials, Inc.
- 2012 Vice-Chairman & Chief Operating Officer, NuSil Technology LLC
- 2014 Chief Executive Officer, Roquette Frères S.A.
- 2021 Corporate Executive Officer, President and CEO, Mitsubishi Chemical Holdings Corporation (to present)

Message from the President



Right for the job. Ready for the challenges.

I am fortunate to have served as the CEO of companies in the United States, Europe and Japan. This experience has given me a broad perspective and I am confident I can use what I have learned to benefit our stakeholders.

At Dow Corning in the United States and Dow Corning Toray in Japan, our teams executed structural reforms to shift out of low-profitability businesses and into faster growing markets with higher margins, such as electronics and life science.

Over the following three years, I was involved with a private equity firm which taught me a lot about value creation and optimization of financial leverage.

Then, taking the helm of Roquette Frères in France, I spent more than six years implementing profit-boosting structural reforms and developing the high-growth markets of specialty proteins and pharmaceutical excipients.

Mission: Position the Company for growth

My role is to ensure a bright future for MCHC and our subsidiaries: Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc. and Nippon Sanso Holdings Corporation. This is key to creating substantial value for our stakeholders. Our team's mission is to position the Company for growth and profits by uncovering the opportunities within the challenges ahead.

Our ultimate goal is to see MCHC on the winners' podium of the low-carbon economy. In an energy-intensive industry such as ours, carbon neutrality is a daunting challenge, but it also offers new possibilities. We will be exploring all areas of opportunity for our business, including petrochemicals and other traditional mainstays of the industry.

Over the next three decades leading to 2050, how must we change to survive and win?

It is important for everyone to feel ownership of our efforts and outcomes, to feel that their work at this company has an impact—on people, on well-being, on environmental protection and on making this planet a better place for generations to come.

With strength and focus, we can have an outsized impact on the industry. We can be a driving force for change. But if we remain dispersed then we will be on the receiving end of influence. We will, therefore, keep our hands on the steering wheel, and not be steered by others.

The MCHC Group has numerous strengths. As a long-established manufacturing company, we have a rich heritage of innovation and experience. The MCHC Group has the technological capability to safely and sustainably operate increasingly sophisticated and complex plants. This gives us the means to produce high-quality products. Customer satisfaction is also very high. In addition, the Company is well-endowed with human resources. In short, the Group has a four-fold competitive edge, comprising a solid business foundation, outstanding expertise and technological capabilities, high customer satisfaction and the firm commitment of its workforce.

To fortify the Company going forward, we will make great progress toward gender parity and overall inclusion. This is the responsibility of the CEO. MCHC currently has two women on the Board, among five outside directors. Our company began promoting women to executive positions under the successive leadership of CEOs who preceded me. Further gains in closing the gender gap are now my job—to make MCHC a better business. While preserving some positive aspects of the seniority system, we will intensify the focus on individual performance in selecting candidates for leadership positions. Indeed, our company needs to create an environment where the best are chosen to lead and age poses no hindrance to top executive office promotion.

The KAITEKI vision as guidance for action

KAITEKI has two facets.

There is the ideal: At its core, this directs us to pursue the well-being of the world's people and environment. This is a simple yet inspirational philosophy that I admire.

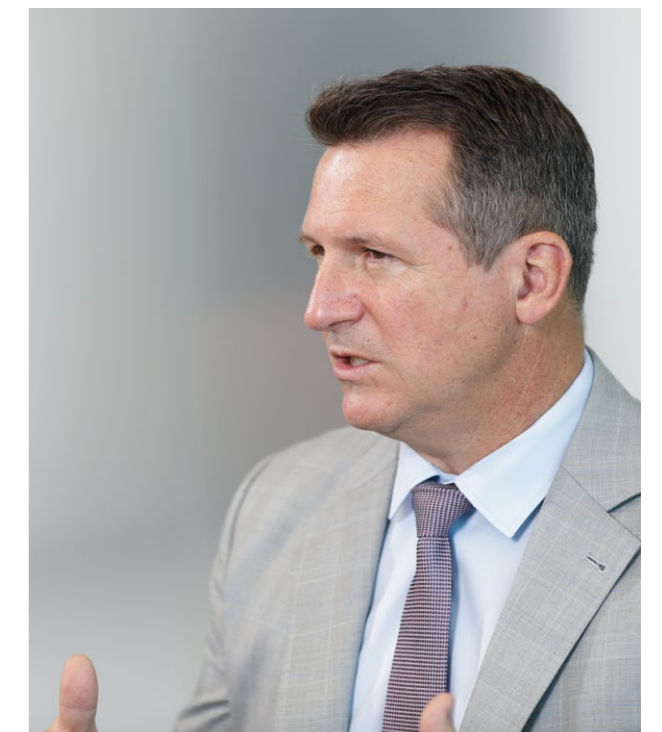
Then there is the necessity. This is about shifting to a low-carbon economy and becoming a cleaner company.

There is no choice but to reduce our carbon footprint.

Most countries have reached a consensus of setting 2050 as the target year for carbon neutrality. However, the manufacturing processes of our energy-intensive businesses, such as the petrochemicals business, generate high levels of CO₂, this includes the electricity used in these processes, and most of this energy source comes from feedstocks derived from fossil fuel resources. Given all this, how will the chemical industry survive in a carbon-neutral world? Low-carbon processes, such as the use of renewable energy, raw fuels with low CO₂ emissions and chemical materials recycling offer a partial answer, but our vision must address this challenge.

Energy supply is a larger problem than any one company or industry. We need government involvement to quickly formulate energy policy through dialogue. This is especially critical in Japan given our strong presence here.

We need to be very clear about our strengths and which market segments offer the greatest return for leveraging those strengths. Right now, the MCHC Group spans the spectrum from petrochemicals to semiconductors to pharmaceuticals. It is important to improve profitability by readjusting our portfolio in the context of these two aspects of our vision.



Message from the President



Rebalancing our portfolio and strengthening our financial foundation

Actions and targets for change

What should a new CEO do first, knowing that the Company must adapt speedily if we are to meet a 2050 target of carbon neutrality? Transformation requires flexibility and freedom. A strong financial foundation enhances this flexibility and freedom by expanding the range of realistic possibilities for investment and structural reform. While the goal of corporate transformation is to increase our corporate value, a strong financial base is the fuel for this transformation. This will be our first priority: Restoring profitability and reducing our debt load.

Then, we will set our sights on quickly revamping our portfolio to deliver the best possible future growth and profitability. Evaluating our long-term portfolio will take months but not years. We have a lot of very smart people in the Company who know what needs to be done. I hope to be a catalyst for executing what we already know is necessary. Together, as a team, we will do our utmost to accomplish this work before the 2021 year-end.

The businesses that will make up our long-term portfolio will be selected using the following three criteria: What are our strengths? Is it part of a growing

market? Can it achieve carbon neutrality? If a business does not tick all three boxes, it will face difficult challenges in the medium to long term and will probably not be part of the Group's future. We will define the strategy around this framework.

Carbon neutrality is both a major threat and a business opportunity for the chemical industry, including the MCHC Group. To take advantage of this opportunity we will have to make significant investments. As explained above, regaining financial strength is, therefore, a top priority.

Our goals are clear: We need to reinforce our financial base while reforming our portfolio.

Performance Products

We are always looking for opportunities that play to our strengths, market openings where we can innovate to drive growth. That's why I am optimistic about the Group's performance-chemical-formulated products and technologies. These are generally higher-margin products that help solve serious problems. A low-carbon society, for example, is a huge challenge. With our automotive-purpose lithium-ion battery technology, we are well positioned to turn alternative-energy challenges into major opportunities. The MCHC Group has the innovation, intellectual property, quality and market research capabilities that will be needed. We must always return to the strengths where we can really add value. This is a high-priority item on my list of tasks to strengthen the Group.

Industrial Materials

As the world shifts to a low-carbon economy, fossil fuels will remain, but their share will shrink in a mix of energy sources dominated by renewables. In our case, the manufacturing of basic petrochemicals such as ethylene and their chemical derivatives, as well as carbon products, which include coke and carbon materials, emit significant amounts of CO₂, and also use raw materials derived from fossil fuels. These businesses need to address the major challenges of reducing greenhouse gas (GHG) emissions to tackle the issue of global warming, while at the same time earning a return on their investment.

In the MMA business, we have the largest market share in the world and can expect high profitability by maintaining optimal operations in response to changes in the environment and the drive to carbon neutrality.

In the industrial gases domain, as the No. 4 gas company in the world, we are striving with Nippon Sanso

Holdings to close the gap in profitability between us and our global top-three competitors while continuing to grow worldwide with an emphasis on our electronics and medical business.

Multiple revenue opportunities are available in our core chemical competency if we can significantly and profitably reduce manufacturing emissions and use atmospheric CO₂ as the carbon source in our products. Here, the MCHC Group has an edge, since we began developing processes and products to capitalize on low-carbon economy opportunities before it became a major topic. This includes promoting recycling of products and developing technologies to use CO₂ as a resource. In addition, we are strengthening our cooperation with oil refineries to promote chemical recycling of waste plastics.

Health Care

Health Care is a high-margin business with attractive growth potential. Our pharmaceuticals business in particular offers excellent opportunities for solutions that support health.

Last year, we acquired 100% ownership of Mitsubishi Tanabe Pharma. A thorough review has made clear that our focus must be on enlarging its scale, moving away from its Japan, centric business model and boosting R&D spending to build a more robust pipeline. Our Multilineage-differentiating stress enduring cells (Muse cells) development continues to make progress and we are optimistic about its long-term potential. While we hope to see sales begin in the next few years, more R&D investment will be needed to achieve significant revenue.

Stakeholder satisfaction and growing together

What makes a great company? I want to share with you my first impressions of the four key constituents of MCHC: Shareholders, customers, employees and, of course, regulators and others in the external environment. The Company will do well if all four are satisfied. MCHC is generally doing well with customers, employees and regulatory bodies/government, unfortunately, we have not been meeting the expectations of our shareholders for a company of our size and reach. To create more value and better returns for our investors, it is imperative for us to grow and to become more profitable. This all comes down to having the right business portfolio. Our

valuation in capital markets will not rise until we significantly improve our growth outlook and boost our return on equity (ROE) well above the current figure of less than 5%.

In fiscal 2021, we will focus on regaining performance and reducing debt. To make us a winner in the coming low-carbon economy we must upgrade our strategy. Our focus will be to invest in carefully selected growth businesses, identify and reform weak businesses that have growth potential and recognize which businesses call for divestment because they are, given our resources, unable to adapt. The organizational structure that will execute the selected strategy also needs to be simple, transparent and cost effective. We will act decisively to make sure that the MCHC Group becomes a performance-driven organization, clearly linked to strategy in execution and leveraging opportunities for synergy. Where and how we allocate resources will be revised with a view toward improving shareholder returns.

Experience has proven that we can boost profitability and overcome obstacles through company-wide teamwork and by satisfying the four constituents of shareholders, customers, employees and the external environment, notably public opinion and regulatory authorities. With input from all stakeholders, we will rebalance our portfolio and revamp our organizational culture to become an industry-leading company. But first, our corporate culture must open up to different perspectives. Diversity and inclusion are no longer optional. In an unpredictable world, they give us a precious competitive advantage. The MCHC Group is committed to our KAITEKI vision of balancing social value and economic value in a sustainable manner, while executing reforms and boosting corporate value.

I will strive to make this year the first year of a new and successful era of growth for MCHC. I appreciate your continued support and guidance for the efforts of the MCHC Group.

Jean-Marc Gilson

President & CEO