

Governance

Message from the Officer Supervising Governance and Legal Affairs

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Fostering a “One Company, One Team” culture to deepen governance globally

Accelerating the integration of corporate functions

Mitsubishi Chemical Group Corporation has been working for some time to integrate its corporate functions, including promotion of its legal functions, internal control, and compliance, in order to achieve a highly transparent governance system that works efficiently across the Mitsubishi Chemical Group. MCG is now working to accelerate these efforts under the “One Company, One Team” concept in the new management policy “Forging the future” announced in December 2021.

To integrate these functions, we have moved away from vertical decision-making processes siloed in each business and have implemented a flat organization structure that operates across borders separating Group companies in order to build a governance system that is fast, efficient, and transparent across the entire Group.

We are now focused on reinforcing corporate governance further in this flat organizational structure, introducing enterprise risk management (ERM) processes to better manage risk across the Company, while setting up global compliance programs and fostering better awareness of compliance matters among all employees to further compliance at the MCG Group.

Our key focus is on getting these systems to function fully to make our compliance systems more effective. It is extremely difficult to change behavior or mindsets on how to execute familiar work processes, but these new initiatives are aimed at fostering the “One Company, One Team” culture that everyone can take in and act on, and furthering our governance beyond the borders of country, region, and business entity.

Making the Board of Directors even more effective

As a corporate executive officer, my mission is to strengthen corporate governance as described above. At the same time, as the chairperson of the Board and as a member of the Nominating Committee, I am working to promote a common understanding of the role and the ideal state of the Board of Directors as a monitoring board and make the Board even more effective.

In fiscal 2021, the Board of Directors discussed a range of matters, including new management policy formulation, organizational structure, selection of the candidate for the lead independent outside director role, and hiring executive officers from outside. We are now operating under the new organization from fiscal 2022 and outside directors form a majority on the Board of Directors. Rather than getting bogged down in fine details and exchanges of opinion on agenda items, I look for the Board to take a broader perspective in the debates on medium- to long-term strategy, the business portfolio, corporate governance, and branding.

I have been working to confirm the awareness of this role with the directors, as well as focusing the key agenda and discussion points for debate at Board of Directors’ meetings and steadily deepening the monitoring function, in order to increase corporate value and respond to the commitment of the shareholders and other stakeholders.