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Message from the President



Toward Global Leadership in Specialty Materials under a New Group Concept

Jean-Marc Gilson

Representative Corporate Executive Officer,
President and Chief Executive Officer

New Group Concept accelerates “Forging the future” progress

When I took this office, we created a new Group management strategy called “Forging the future.” Step by step, we are transforming Mitsubishi Chemical Group Corporation into a specialty chemical manufacturer offering mostly sustainable products. In February 2023, we updated “Forging the future” for implementation through fiscal 2025, having completed the necessary strategy reformulation, portfolio restructuring, and focus market decisions.

In the previous month, January, we announced our new Group Concept—comprising Purpose, Slogan, and Our Way—as a reformulation of our core KAITEKI philosophy.

While the Japanese word *kaiteki* means comfortable, KAITEKI expresses our Purpose. Nearly 15 years after its

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Message from the President

formulation, KAITEKI was due for a checkup. To determine how well it matched our plans for the future, we asked our employees and other stakeholders to contribute their thoughts.

KAITEKI creates value in a circular path traversing management of economics, sustainability, and technology. The bottom-up exercise revealed that KAITEKI needed a more precise definition.

Our new Slogan, “Science. Value. Life.” is clear, concise, and easy to understand. First, while we are tech innovators, *science* is a more apt word for a chemical company since we solve *scientific* problems. Second, *value* creation is central to everything we do; it is in the middle of the Slogan for this very reason. We sum this up with *life*, the sustainable well-being of people and the global environment—the places where we live and work.

Our Way guides employee decisions to stay aligned with our Purpose by practicing integrity, respect, bravery, collaboration, and persistence.

We have also adopted a visual representation of how KAITEKI creates value in a circular path. This graphic element complements “Science. Value. Life.” and symbolizes what we strive for and respect—a circular economy, the carbon cycle, protecting the earth, and “One Company, One Team.”

The new Group Concept strengthens and renews our commitment to employee development, corporate growth, increased value for stakeholders, and sustainability.

Resilience to rebound from a sluggish market condition

Fiscal 2022 was the most trying time the chemical industry has faced in the last 20 to 30 years. The Ukraine war drove up energy prices, causing raw material cost to skyrocket.

Demand initially stayed firm. But escalating raw material cost compounded by inflation resulted in a perfect storm that devastated the industry.

Now, however, I feel we’ve reached the bottom, and despite continuing inflation I am confident that we have the resilience to rebound.

First up, we transformed costs through business restructuring, supply chain optimization, and Group company integration, as announced in the “Forging the future” management policy.

Our target was to cut costs by about ¥32 billion. We delivered ¥50 billion and expect an additional ¥80 billion reduction in fiscal 2023. This took aggressive measures. We shut down plants and entire activities, including the new COVID-19 vaccine facility in Canada.

Fiscal 2022 was a year of relearning how to raise prices. By tightening working capital management, we generated ¥100 billion in free cash flow. We invested in growth, focusing on gases and specialty materials such as SoarnoL, GOHSENX, and digital transformation (DX).

These are uncertain times particularly for the chemical industry. I see this as a transitional period. Preparing for the future starts with our own company,



but we also need to reorganize and consolidate the industry as a whole.

The results of our efforts are steadily emerging, and sales revenue for fiscal 2022 reached a record ¥4.6 trillion, while core operating income totaled ¥325.6 billion with the recognition of ¥125.9 billion in royalty revenue from *Gilenya*, under sluggish market conditions. We believe that the return will be significant when the economic environment improves in fiscal 2023 and beyond.

“Forging the future” forms the bedrock of our “One Company, One Team” rallying cry

We have made strides in all five of the pillars targeted by “Forging the future.” By strategically transforming

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costs, we are making MCG into a leaner, digital, and empowered organization. We are also exiting businesses and reallocating strategic capital, all the while pursuing growth, performance, and sustainability.

To get everyone on board with our “Forging the future” strategy, we have been taking every opportunity to speak directly with employees. I can sense that this is paying off in self-directed behavior toward simplification, focus, and growth—the three words that summarize “Forging the future.”

I am pleased to confirm, therefore, that the task of transforming MCG’s overly complex organization into a streamlined “One Company, One Team” is 90% complete. We are ready to meet the challenges and take advantage of the opportunities that lie ahead.

Reorienting corporate structure for market-driven growth

MCG, like all commodity companies, was, until recently, pushing product. The manufacturing and supply chain were in control and the commercial team would work hard, selling what was being produced. Even as the company evolved and acquired specialty businesses, it clung to this dated mentality.

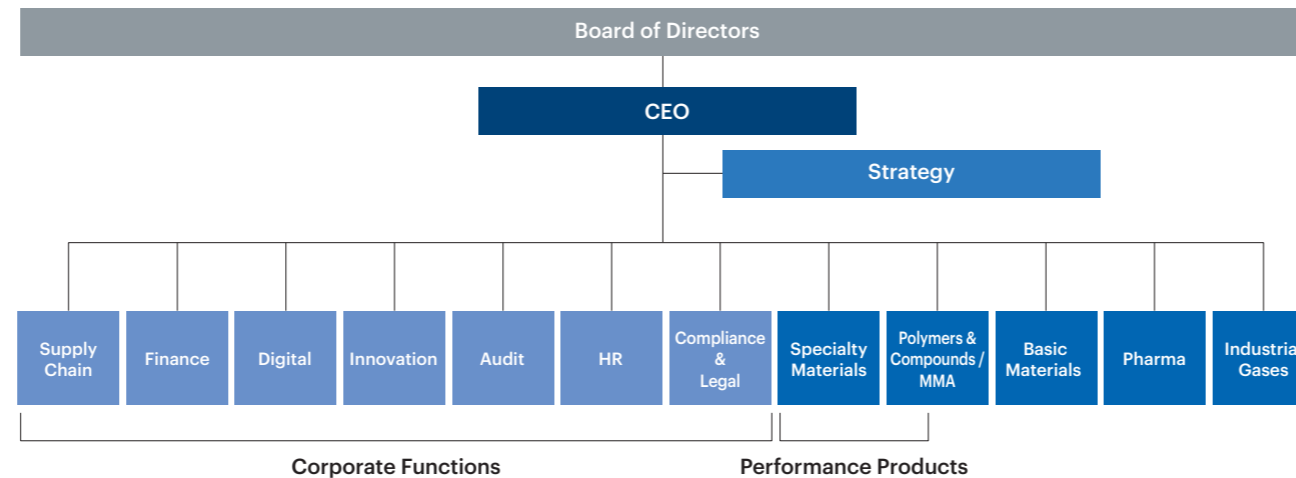
As a specialty materials group, we turn this relationship on its head. Market power determines the winner, so the commercial team must take control, exploring the market to find opportunities, and consulting with customers to determine the innovations that would satisfy market needs. In this market-oriented

approach, the commercial team determines what products need to be made, in what quantity, and at what pace.

Commodity manufacturers have a global market perspective. But as a specialty materials group we also keep an eye out for local market opportunities and growth companies wherever we go. This multidimensional strategy has a market side and a product side. Success hinges on channel management—market segmentation, customer segmentation, and pricing expertise.

Growth can be achieved in three ways—more sales of existing products, geographic expansion, and innovation. All three call for the commercial team to collaborate closely with R&D for market-targeted innovation, while adhering to our new guidelines. Geographically speaking, overseas sales now constitute nearly half the total. Velocity is key to increasing this ratio.

Organizational structure



Specialty materials are the key for the Group’s future

We’re optimizing our portfolio for market growth, competitive advantage, and sustainability. Petrochemicals and carbon are the two areas we are definitely exiting. To get a clearer picture, I’ve asked our business groups to examine their own portfolios in terms of growth in focus markets. Two important factors are regional fit and the potential for synergies by coupling business units.

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The Group's future lies in specialty materials, industrial gases, health care, and MMA. We're funding these growth areas from cost reductions and the sale of non-core assets and businesses. As for petrochemicals, we are on the path to usher in the joint ventures that will rescue Japan's chemical industry from its current state of having too many small companies, too many inefficiencies, and not enough productivity.

Specialty materials are our engine for profitable growth. We count four attractive markets: EV/Mobility, Digital, Food, and Medical. Industrial gases, meanwhile, are feedstock for a wide range of industries. In health care, we are focusing on precision medicine and innovation to answer unmet needs. Regarding MMA, our global dominance and Alpha technology will both

enable and be complemented by an expanded product line offering the sustainability attributes that customers seek.

As progress continues with "Forging the future," we look forward to achieving a strong financial position in fiscal 2025. The capital that is generated will fund organic growth, increase shareholder return, and deliver a balance sheet that reflects vigorous financial health.

Becoming the digital chemical company of tomorrow

Implementing DX is critical to instilling the "One Company, One Team" spirit Group-wide and integrating disparate IT systems so they all speak the same language. This is the key to seamless efficiency and lean functionality for management speed and agility.

This will not only enable smooth sharing of information across the Group. It will also be a tool for working seamlessly with customers. In addition, smart HR system apps and tools will boost employee productivity and human resource management efficiency.

The leaner and simpler we are, the faster we can move. By capturing and analyzing data in real time, we can quickly and confidently make evidence-based decisions that enable a prompt response.

Above all, the best digital platform empowers our people to be their best.

Shrinking our carbon footprint and making specialty materials from sustainable inputs

There are two aspects to sustainability. One is shrinking our carbon footprint. The other is developing products for focus markets that can claim not only sustainability, but also high performance.

To reduce CO₂ output, we will end the use of coal-fired steam turbines by 2030, a task for which we have set aside ¥100 billion. The return on this investment is nothing less than a sustainable future for society and for MCG. This will take time to become visible. We also need to do the right thing as a corporate citizen.

The future is about delivering products that are both sustainable and high performance

The other aspect of sustainability is our commitment to circularity. We start by using more sustainable inputs including bio-sourced raw materials. Our goal is to have sustainable products account for 20% of our product line.

Circularity requires customer buy-in. Sustainable products must have critical technical and practical advantages. People will accept nothing less than sustainable, high-performing, and affordable products that are true alternatives to petrochemicals.

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The success of a company's business and value creation lies not only in the products as such, but also in their contribution to the firm's image and the bottom line. Products that offer both sustainability and high performance can deliver this.

Empowering employees and strengthening governance to spur corporate growth

MCG has great people with brilliant ideas. Hiring really smart talent is the easy part. Bringing out their



excellence requires organizational and cultural change.

Empowerment means employees can do what motivates them and develops their careers. It means a culture where everyone is encouraged to speak up and contribute.

Corporate performance depends on individual performance. We cannot thrive if seniority or other institutional artifacts hinder realization of personal potential.

Regarding governance, we will clarify where responsibility lies by shifting from a legal entity-based holding company to a corporate structure with controls run through business groups and functional divisions. To achieve this, we are using DX to smoothly integrate more than 600 legal entities into one team. The resulting lean and flat structure will support quick decision-making and effective strategy execution.

Realizing our vision of MCG as a global leader in specialty materials

The world's transition to renewables and carbon neutrality will require many chemical products. Chemicals are basic to just about everything—EVs being a prime example. What will change is the way

we make and distribute these products.

MCG's impact in this sea change is significant because intellectual property is a huge growth driver for us. Our people love to solve complex scientific problems.

I keep the door open so that our people know they are understood and supported in applying their potential to achieve great things. In this way, we will create ever-more sustainable value going forward.

I can feel the Group gathering momentum in our transformation to global leadership in specialty materials. To invest in the future we must make money in the present, creating value at every point in time. I am committed to increasing the return for our shareholders, creating value for all stakeholders, and continuously striving to enhance sustainability and well-being for people and the planet.

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Group Concept

New Group Concept, covering the MCG Group's Purpose, Slogan, and Our Way, developed in February 2023

The Mitsubishi Chemical Group has created innovative solutions to realize KAITEKI, the Group's North Star that has guided the organization thus far. We measure our corporate value across three axes: 1. Management of Technology (MOT), 2. Management of Economics (MOE), and 3. Management of Sustainability (MOS). Together, these demonstrate the philosophy that we have lived by and our approach to delivering on our Purpose. This corporate value creation is defined in three simple words: Science. Value. Life.

We will grow under this Group Concept and increase our corporate value to contribute to all stakeholders.

Group Concept system

Purpose

The Purpose shows what the MCG Group aims to achieve and how we contribute to our stakeholders.

Slogan

The Slogan is a clear statement of how we approach the realization of our Purpose.

Our Way

Our Way is a mindset that all members of the MCG Group should cherish in order to realize our Purpose.

Purpose

We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet.

The Purpose describes what the MCG Group is striving for and why it exists.

It expresses the Group's persistent determination to realize KAITEKI, the Group's North Star, which has guided the organization and its commitment to the stakeholders since 2011.

Slogan

Science. Value. Life.



The Slogan reflects the three management strategies the Group chose to realize its KAITEKI purpose—Management of Technology (MOT), Management of Economics (MOE), and Management of Sustainability (MOS). The Group will lead the realization of KAITEKI through better Science, by providing Value to all stakeholders and contributing to healthy living and the sustainable Life of people and the planet.

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Group Concept

Sharing and disseminating the Group Concept with employees

When developing the new Group Concept on what the MCG Group strives to be and its vision for the future, employees worldwide participated in various types of brainstorming sessions to ensure the final concept reflected their thoughts and ideas. The Group Concept, developed after much discussion, will be shared and disseminated globally to increase employee engagement and promote the realization of its Purpose.

Employee-Led Development of Our Way ▶Page 73



Our Way

Integrity

- Prioritizing safety
- Doing the right thing
- Doing work we're proud of



Respect

- Showing appreciation
- Valuing diversity
- Caring for people and the planet



Bravery

- Thinking flexibly
- Being agile
- Embracing challenges

Collaboration

- Amplifying strengths
- Building trust
- Celebrating teamwork



Persistence

- Taking ownership
- Delivering new value to stakeholders
- Being responsible for the future



Our Way is what employees use to guide them through their daily work to realize the Group's Purpose. These criteria define what drives the multitude of decisions employees make every day when it comes to business operations and how they interact with their peers as they work toward common goals. This story is based on the integrity of each individual and their respect for others and is presented through bravery and diverse collaboration to show persistence to stakeholders.

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Value Creation Model

How we create value at MCG

Under its new Group Concept, the Mitsubishi Chemical Group will step up its use of the MOE, MOT, and MOS indices as its three axes of management in order to realize KAITEKI, which has been the North Star that has guided the Group since 2011. The MCG Group will lead the realization of KAITEKI through better innovation (MOT: Science), value for all stakeholders (MOE: Value), and contributions to healthy living as well as the sustainability of society and the planet (MOS: Life).

Management foundation and source of competitiveness

-  **Human capital**
Diverse human resources to support value creation
-  **Intellectual capital**
Knowledge and technology driving business model reform
-  **Social and relationship capital**
Engagement with stakeholders
-  **Natural capital**
Sustainability management to reduce environmental impact
-  **Financial capital**
Robust financial position
-  **Manufactured capital**
Global network to achieve diverse solutions

Management resources to support value creation ▶ Page 12

The three axes

 MOT Management of Technology	Creating innovations that are valued and rewarded by our customers through the development of timely differentiation technologies
 MOE Management of Economics	Utilizing all our capital and human resources efficiently to enhance economic value added and total shareholder return
 MOS Management of Sustainability	Contributing to the creation of a better sustainability of future

Reporting in Line with the TCFD Recommendations
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 Sustainability Indices
 ▶ Page 59

- Measures to achieve carbon neutrality
- Sustainability management (response to material issues)

Seven Focus Markets ▶ Page 17

- EV/Mobility
- Digital
- Food
- Medical
- Building/Infrastructure
- Consumer goods
- Industrial

We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet.

- Portfolio management
- Strategic capital allocation
- Integrated innovation strategies

Executable Plan Based on the "Forging the future" Management Policy
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Innovation Strategy
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Management Policy Forging the future






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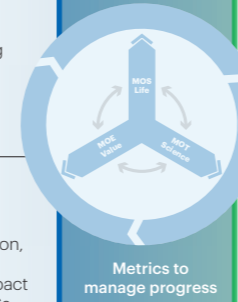
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Value Creation Model

Strengthen the driving force behind value creation

Management resources to support value creation (INPUT)	Approach
 Human capital Diverse human resources to support value creation Number of employees (consolidated) 68,639	Human resources are the key management resource for value creation. HR programs allow us to foster creativity and productivity, boost job satisfaction, and create workplaces where employees with diverse values and high-level expertise can flourish, united in our mission. We are also stepping up the development of human resources with digital skills to accelerate innovation through our digital technology platforms.
 Intellectual capital Knowledge and technology driving business model reform R&D ¥149.5 billion	Our core technologies and the knowledge we have built up across a wide range of business domains are intangible assets that underpin business model reformation. We leverage our capabilities across the entire Group to respond to changing social needs in a fast and flexible way, and are creating new businesses to help optimize entire social systems.
 Social and relationship capital Engagement with stakeholders Dialogue with stakeholders ▶Page 33 Strengthened corporate venture activity ▶Page 45	We are building strong relationships of trust by engaging in active and constructive dialogue with stakeholders and by understanding and responding to expectations and demands. We are also working to build sustainable supply chains, help communities create a better society, and increase brand value.
 Natural capital Sustainability management to reduce environmental impact Energy consumption 43.2 TWh Financial/Non-Financial Highlights ▶Page 99	Rigorous sustainability management is essential to resolve climate change and water shortages/pollution, achieve a recycling-oriented society, and preserve biodiversity. We aim to lower our environmental impact by reducing and making more effective use of GHGs and by promoting a circular economy.
 Financial capital Robust financial position Total assets ¥5,773.9 billion	A robust financial position provides the foundation for sustainable growth. We work to increase corporate value by balancing shareholder distributions, improving our financial position, and investing in growth businesses.
 Manufactured capital Global network to achieve diverse solutions Capital expenditures Group sites (number of countries & regions) ¥282.2 billion 45	Our global network allows us to rapidly provide solutions to regional needs or social issues. We are stepping up the use of digital technologies in our product development and optimizing our plants in order to strengthen our value creation platform.



Value created (OUTCOME)
Improvement in creativity and productivity Employee engagement 68% Level of customer satisfaction 82 points Wellness awareness 77% Sustainability Indices ▶Page 59
Business expansion Innovation output indices 85% ▶Page 20 Advancement of innovation Percentage of sales revenue from products that contribute to the circular economy or mitigate and adapt to climate change 10% ▶Page 59 Increase in sustainability-related products Ratio of overseas revenue 50.0% Acceleration of overseas businesses
Contributing to the reduction of environmental impact Percentage reduction of GHG emissions (compared to FY2019) 14% ▶Page 20 Promote a circular economy Response to climate change
Improvement in economic value Sales revenue ¥4,634.5 billion Core operating income ¥325.6 billion Financial/Non-Financial Highlights ▶Page 97

Realizing KAITEKI

Approach to Realize KAITEKI

Science. Value. Life.

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Science is our competitive edge. Cutting-edge technologies to deliver creative solutions

Management of Technology (MOT) is the engine of sustainable growth at the Mitsubishi Chemical Group, driving innovation so we can deliver value to society. We will step up the pace of creating new solutions by using advanced technological capabilities spanning everything from basic research to manufacturing technology, extensive intellectual property, and an open innovation approach that allows us to incorporate new trends. We are also utilizing digital technologies to accelerate R&D, optimize and improve efficiency in the value chain, and achieve fundamental improvements in business efficiency.

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New research facility established at the Science & Innovation Center

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Digital Strategy

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Lithium-Ion Battery Electrolyte

Science. Value. Life.
Changing electrode surface properties to prolong battery service life and improve performance



In the 2000s, the MCG Group started working on the development of EV batteries with long service lives and high power output. Rather than taking the conventional approach of changing the composition of the electrolyte itself, we invented a method that significantly enhances output by adding minute quantities of an additive (lithium difluorophosphate) to the electrolyte to reduce electrical resistance on the electrode surface. With conventional technologies, there was a trade-off between long service life and performance, but our method has allowed us to develop batteries with both these characteristics.

This discovery has had a huge impact in scientific circles, stimulating debate on electrode surface modification technologies in both industry and academia.

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Approach to Realize KAITEKI

Science. Value. Life.

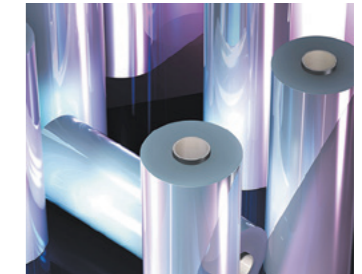


Leveraging our technological capabilities to develop a portfolio of display components

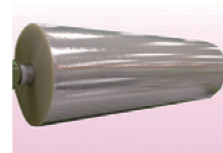
Across the MCG Group, we have developed proprietary and basic technologies in a wide range of business domains. Our optical polyester films have captured approximately 20% of the global market. We are now moving to rapidly secure supply capacity for growing global markets and deliver solutions for increasingly high-level needs in order to support the evolution of a wide range of industrial products.

We are also developing a range of functional components designed for displays, including base materials for polarizing plates, light guide plates, optical adhesive sheets, and reflector films.

Optical polyester films
Share of global market:
Approx. 20%

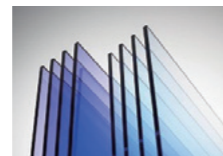


Main display components



OPL Film

This optical polyvinyl alcohol (PVOH) film is used as the base material for polarizing film. Images and characters can be displayed vividly when this film is used.



SHINKOLITE

This acrylic resin sheet is used in a wide range of fields, including signage, displays, large water tanks, and light guide plates. The SHINKOLITE grade for light guide plates features superior surface properties and produces bright, uniform illumination under varied light sources.



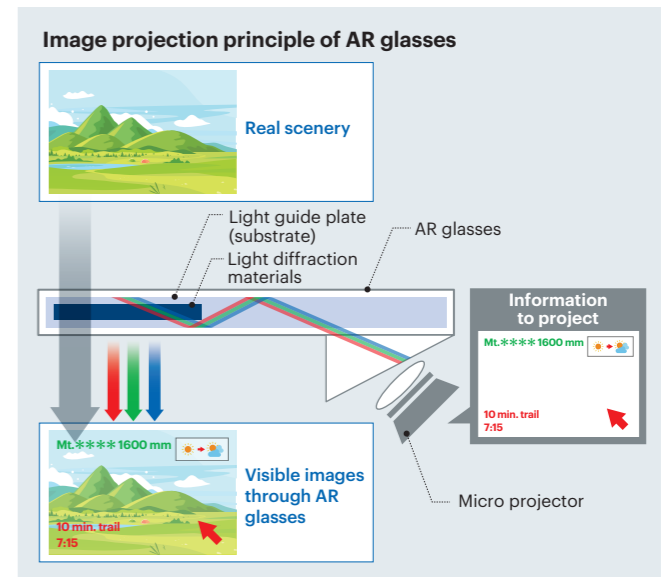
CLEARFIT

This clear, adhesive sheet can be used as a filler between layers of panels used for touch and other types of displays. Use of this sheet to fill voids in the display prevents mirroring and improves contrast.

Future products under development

Light guide plate materials for AR glasses (xR-related optical materials)

Augmented reality (AR) glasses have the potential to be the next major innovation after smartphones, and the market is expected to grow rapidly in the future. At the MCG Group, we are focusing on the development of resin sheets used in light guide plates. Leveraging our capabilities in optical control technology, we aim to expand our business in the growth market for AR glasses.



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Approach to Realize KAITEKI

Science. Value. Life.

**What we create is Value.
We will deliver value to
all stakeholders by tirelessly
driving portfolio reform.**

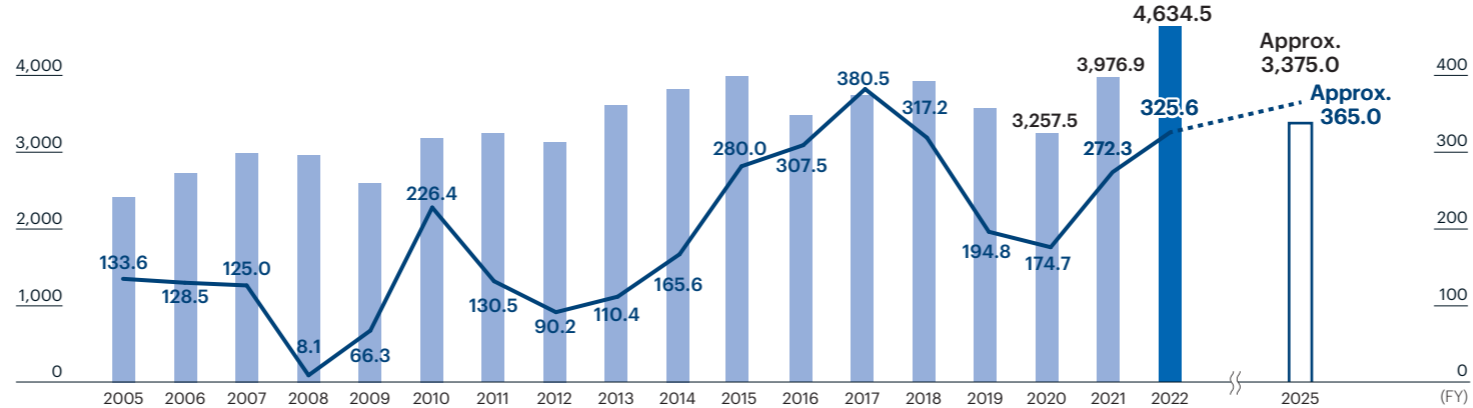
To maximize value for customers, shareholders, and all other stakeholders, we will emphasize economic efficiency by practicing Management of Economics (MOE). In addition to building a sound financial position by tirelessly driving portfolio reform, we will focus management resources on markets with high growth potential based on key global trends and exercise sound managerial judgment in the conduct of our business, thus strengthening profitability.

Business Strategy ▶ Page 34



Net sales (sales revenue) and (core) operating income

(Billions of yen) ■ Net sales (Sales revenue) (left axis) — (Core) operating income (right axis)
5,000



Pursuit of business scale through M&A and integrations, and restructuring of unprofitable businesses

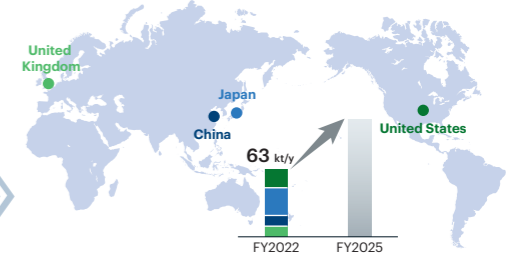
Become a corporate group with high growth and a profitable business through Performance Products, Industrial Materials, and Health Care

With a clearer strategy to drive operational excellence and unlock business potential, we can deliver more value to our stakeholders

Lithium-Ion Battery Electrolyte

Science. Value. Life.
Expanding production capacity to match growth in the lithium-ion battery (LiB) market

Amid continuing rapid change in the LiB market, we have identified automotive applications sector as a target market and aim to secure a 25% share of the total market by fiscal 2025. To increase market share, we will work on a global basis to establish a production system able to adapt to rapidly expanding demand and to secure a stable supply of raw materials.



Approach to Realize KAITEKI

Science. Value. Life.

Tirelessly driving portfolio reform for sustainable increase in corporate value

Medium-term management plans and portfolio reforms ● Growth measures ▲ Restructuring

	Operating income			Composition of (core) operating income
FY2005–2007 KAKUSHIN Plan - Phase 2	Operating income Target ¥140 billion or more Result ¥125 billion	Raised the ratio of the pharmaceutical business and strengthened earnings less susceptible to the economy	<ul style="list-style-type: none"> ● 2005 Establishment of MCHC ● 2007 Establishment of MTPC 	Performance Products 33% Industrial Materials 18% Health Care 46% Other 3%
FY2008–2010 APTSIS 10	Operating income Target ¥190 billion Result ¥226.4 billion	Expanded Performance Products domain Shifted to a higher value-added business portfolio	<ul style="list-style-type: none"> ● 2008 Integrated MPI, MCC's functional products business, and three affiliate companies ● 2009 Conversion of Quadrant AG, the world's largest manufacturer of engineering plastic products, into a consolidated subsidiary ● 2010 Conversion of MRC into a consolidated subsidiary ▲ 2010 Withdrawal from the nylon chain business ▲ 2011 Withdrawal from the PVC chain business ▲ 2011 Withdrawal from the SM chain business 	Performance Products 16% Industrial Materials 47% Health Care 37%
FY2011–2015 APTSIS 15	Operating income Target ¥280 billion Result ¥280 billion	Stabilized profitability through structural reform in the Industrial Materials domain and the conversion of an industrial gas company into a subsidiary	<ul style="list-style-type: none"> ● 2014–2015 Production optimization of polyolefin ● 2014 Conversion of TNSC into a consolidated subsidiary ▲ 2014 Retained a single naphtha cracker at the Kashima Plant (now Ibaraki Plant) ▲ 2016 Formed a joint venture to operate the naphtha cracker at the Mizushima Plant (now Okayama Plant) ▲ 2016 Decided on the equity interest transfer of the terephthalic acid business in India and China 	Performance Products 27% Industrial Materials 36% Health Care 37%
FY2016–2020 APTSIS 20	Core operating income Target ¥410 billion Result ¥174.7 billion	Accelerated growth of the Performance Products domain Strengthened management through business restructuring and invested in growth areas	<ul style="list-style-type: none"> ● 2017 Established the New-MCC through integration of the three chemical operating companies ● 2018 Full operational start of new plant in the Middle East ● 2018–2019 Expanded the global market share of the industrial gases through M&A activities ▲ 2019 Strategic capital alliance with PHC Holdings Corporation through share exchange with LSI Medience Corporation ▲ 2019 Withdrew from the storage media business ● 2020 Converted MTPC into a wholly owned subsidiary 	Performance Products 35% Industrial Materials 57% Health Care 10% Other -2%
FY2021–2025 Management policy "Forging the future"	EBITDA Target Approx. ¥600 billion Core operating income Target Approx. ¥365 billion	More focused approach to maximize our value Developing a portfolio focused on market growth potential, competitive capabilities, and sustainability	<ul style="list-style-type: none"> ▲ 2022 Transfer of the alumina fiber business ● 2022 Changed company name to Mitsubishi Chemical Group Corporation ▲ 2023 Discontinued MMA production in United Kingdom ▲ 2023 Discontinued development of regenerative medicine-related products using Muse cells ▲ 2023 Withdrew from business of Medicago Inc. 	Breakdown of EBITDA target Specialty Materials 39% Industrial Gases 41% Health Care 10% MMA 10%

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Approach to Realize KAITEKI

Science. Value. Life.

With sustainability as a keyword, we will focus management resources on seven markets identified based on key global trends.

Focus markets							
	EV/Mobility	Digital	Food	Medical	Building/Infrastructure	Consumer goods	Industrial
Key trends	<ul style="list-style-type: none"> • Electric vehicles • Autonomous driving 	<ul style="list-style-type: none"> • Semiconductors • High-speed communication 	<ul style="list-style-type: none"> • Conservation of water resources and reduction of food waste • Recyclable packaging 	<ul style="list-style-type: none"> • Increase in healthcare expenditures • Aging population 	<ul style="list-style-type: none"> • Growing population • Energy efficiency 	<ul style="list-style-type: none"> • Growing middle class • Product longevity 	<ul style="list-style-type: none"> • Circular economy • Carbon capture, utilization, and storage (CCUS)

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Our aim is to contribute to Life. For people, society, and the whole of the planet

We regard addressing environmental and social issues as an essential management theme, and this is why we practice Management of Sustainability (MOS). We will progressively help realize a circular economy in a way that achieves a balance between economic growth and environmental protection. Among our initiatives are utilizing renewable energy and applying life cycle assessment to develop products of low environmental impact. We are also pursuing sustainability by addressing social issues such as building sustainable supply chains, respecting human rights, and promoting diversity and inclusion.

[Implementing Sustainability ▶Page 58](#) [Progress toward Carbon Neutrality and a Circular Economy ▶Page 64](#) [Human Resources Strategy ▶Page 67](#) [Building Sustainable Supply Chains ▶Page 72](#)

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New treatment option for ALS patients

[▶Page 40](#)



HyCO plants for hydrogen

[▶Page 39](#)

Lithium-Ion Battery Electrolyte

Science. Value. Life

Reducing the environmental impact and contributing to a smart society by boosting EV performance

An electrolyte we developed that helps lessen energy loss is expected to establish an increasingly important profile going forward, as a product that contributes to environmental impact reduction. By promoting the widespread use of EVs and HEVs, it will also contribute to reducing emissions of CO₂ and other exhaust gases.

Our electrolyte is also highly compatible with the Mobility as a Service (MaaS) field that aims to realize low cost and high performance in new mobility services known as Green Slow Mobility. As it is also likely to be well suited to use in storage batteries for smart grids, it shows promise as a product that will contribute to realizing a smart society.



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Approach to Realize KAITEKI
Science. Value. Life.

Leveraging our sustainability initiatives and contributions to achieve further Group growth

To address pressing environmental issues, the Mitsubishi Chemical Group will progress measures to reduce greenhouse gas (GHG) emissions, expand the range of low environmental impact products, and implement systems to manage waste and water resources. Through these and related initiatives, we will achieve carbon neutrality by 2050.

For example, Mitsubishi Chemical Corporation (MCC) has accelerated initiatives focusing on plastic recycling. We are developing products with a wide range of properties and working with stakeholders as part of efforts to put in place a circular system. At the same time as helping to grow our business, these efforts will help people lead more comfortable and secure lives and contribute to the global environment.


Toward carbon neutrality

We have achieved major advances in reducing GHG emissions, for instance by switching to green electric power and taking other measures for the proactive utilization of renewable energy at our business sites in Europe and the United States. We are engaged in a wide range of other initiatives to realize a recycling-oriented society in collaboration with the chemical industry, academia, local communities, and various other partners.


[Reporting in Line with the TCFD Recommendations ▶Page 62](#)

[Progress toward Carbon Neutrality and a Circular Economy ▶Page 64](#)

MCC's efforts in plastic recycling




Plastic Recycling

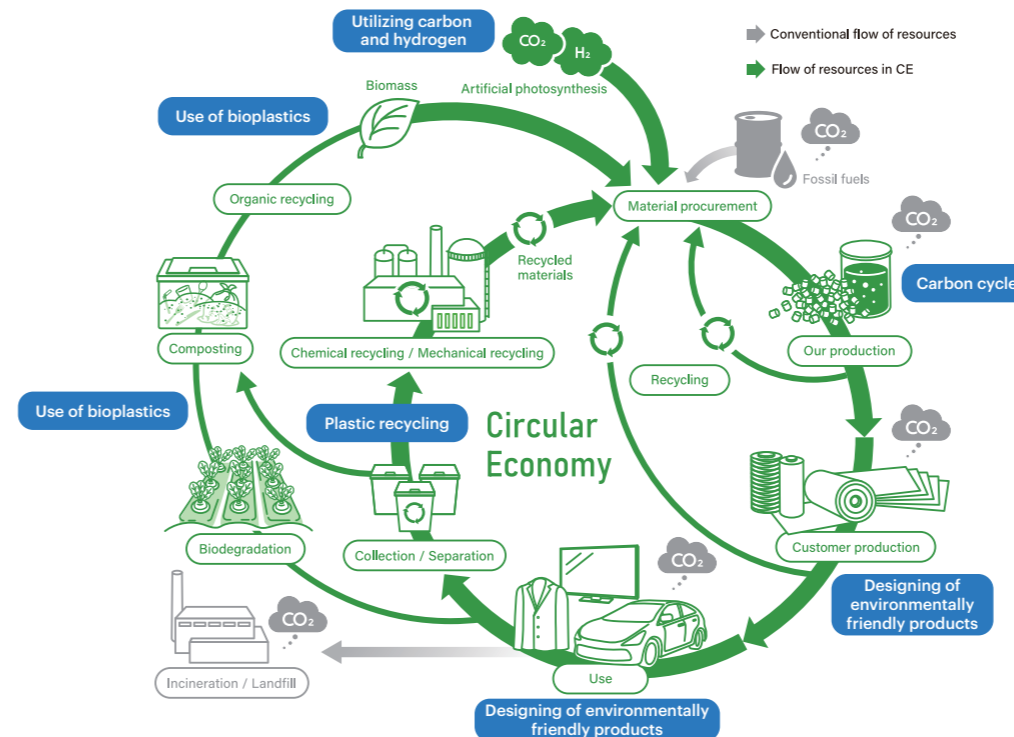



Use of Bioplastics

- Biomass as raw material
- Biodegradation



Utilizing Carbon and Hydrogen

Use of LCA

Strengthen products and services that contribute to reducing environmental impact throughout the value chain

[LCA case study ▶Page 60](#)



Open Innovation, Collaboration with Stakeholders

AEPW, ICCA, VBA, WEF-LCET, GCNJ, CGC, CLOMA, J4CE, Carbon Recycling Fund Institute, and others

[Progress toward Carbon Neutrality and a Circular Economy ▶Page 64](#)

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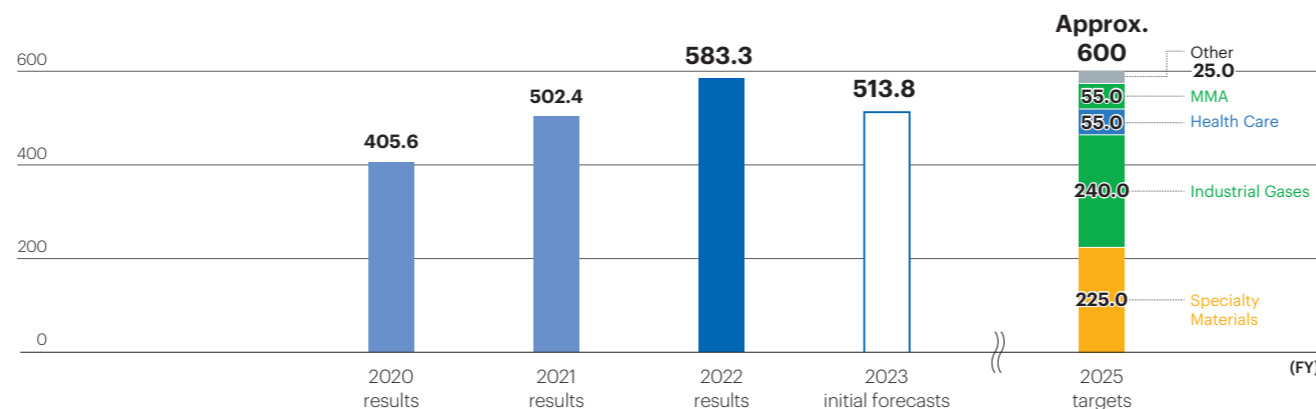
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Activity Report for Fiscal 2022

MOE Financial Results and Targets

EBITDA

(Billions of yen)
800

	2020 results	2021 results	2022 results	2023 initial forecasts	2025 targets
Sales revenue (billions of yen)	3,257.5	3,976.9	4,634.5	4,555.0	Approx. 3,375.0
Core operating income (billions of yen)	174.7	272.3	325.6	250.0	Approx. 365.0
EBITDA (billions of yen)	405.6	502.4	583.3	513.8	Approx. 600.0
Core operating margin (%)	5.4	6.8	7.0	5.5	Approx. 11
EBITDA margin (%)	12.5	12.6	12.6	11.3	Approx. 18

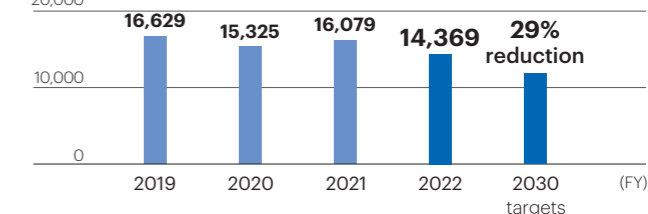
Increased sales and profits despite challenging business conditions

In fiscal 2022, the overall world economy saw a continued, gradual recovery in line with the steady return to normal social and economic activity. The business environment of the Mitsubishi Chemical Group, however, was marked by the risk of an economic slowdown heightened by factors such as sharply rising raw material and fuel prices, supply chain disruptions, and the monetary tightening policy adopted by many countries to control inflation.

In response to these conditions, the MCG Group continued to actively pass on price rises and posted a 17% year-on-year increase in sales revenue. The Performance Products segment was impacted by trends affecting products in the display- and semiconductor-related markets, as well as by declining demand for MMA, petrochemical, and carbon products. Overall however, core operating income increased 20% year on year due to the solid performance of the Industrial Gases segment and the recognition of royalty revenue in the Health Care segment

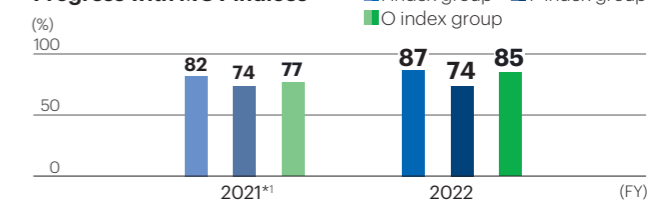
MOS Sustainability Results and Targets

GHG emissions (Scope 1 + Scope 2)

(Thousand metric tons-CO₂e)
20,000

MOT Innovation Results

Progress with MOT indices



Index name*2	Examples of items measured
I index group	Ratio of R&D expenditures to sales revenue
P index group	Degree of progress with key R&D themes and DX
O index group	Sales of new products, number of patent applications, patent value

*1 In order to facilitate comparison with the partially revised MOT indices for fiscal 2022, some MOT figures differ from those published in the fiscal 2022 report.

*2 The innovation process is divided into three component index groups: input (I), process (P), and output (O).

following the outcome of arbitration proceedings relating to *Gilenya*, a treatment agent for multiple sclerosis.

Progress with initiatives in sustainability and innovation

Toward our targets of achieving carbon neutrality in 2050 and a 29% reduction in GHG emissions by fiscal 2030 compared to fiscal 2019, we reduced these emissions by approximately 14% in fiscal 2022.

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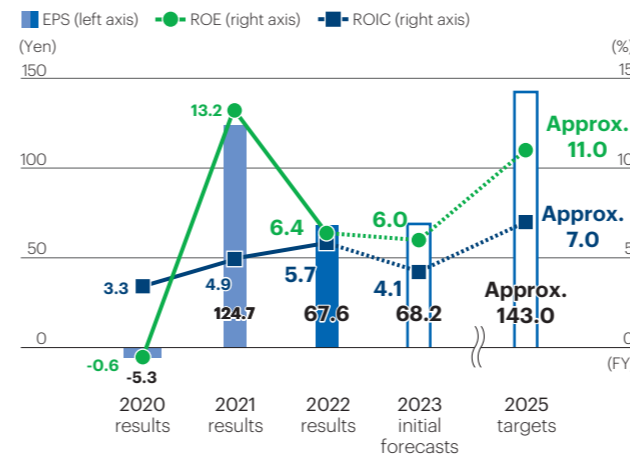
MOT indices are used to visualize and assess our technological and innovative capabilities. Achieving a solid performance level of approximately 80% of target, we exceeded the previous fiscal year's performance. We continue our discussions of management methods to achieve further improvements and value maximization.

Continuing Focus on Improvement of ROIC and Strengthening Financial Position

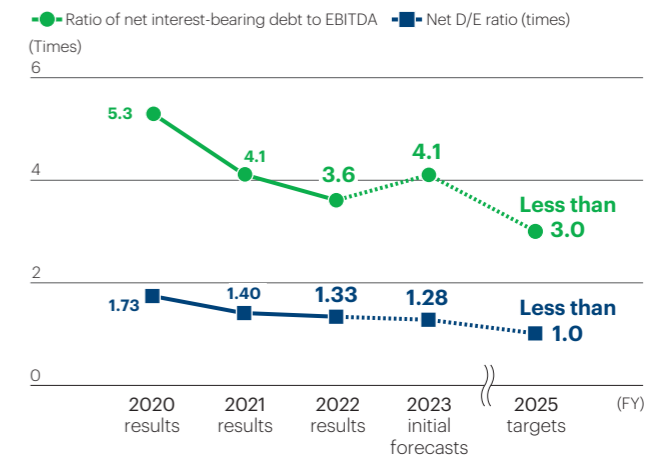
ROIC reached 5.7%, while net D/E ratio showed a 0.07-point improvement to 1.33 from 1.40 at the end of the previous fiscal year.

In addition to working to achieve our financial targets through cost reductions and the steady implementation of restructuring and other key measures, we will continue with the initiatives set out in our roadmap to carbon neutrality.

ROE, ROIC, and EPS



Ratio of net interest-bearing debt to EBITDA / Net D/E ratio



Updates to implementation plan for new management policy "Forging the future" and associated financial targets

Announcement of new Group Concept (Purpose, Slogan, Our Way)

Main business activities in fiscal 2022

1Q	2Q	3Q	4Q
<h4>Growth strategies</h4>			
<p>Health Care</p> <p>Launch of RADICAVA ORS in the United States We launched RADICAVA ORS, an oral suspension formulation of edaravone (U.S. product name: RADICAVA) for the treatment of amyotrophic lateral sclerosis (ALS).</p>		<p>Performance Products</p> <p>Decision to increase production capacity of ethylene vinyl alcohol copolymer resin Soarnol To meet expanding global demand for food packaging materials, we decided to increase production capacity at our U.K. plant (target operational start: fall 2025; production capacity: increased from 18,000 to 39,000 tons/year).</p>	
<p>Performance Products</p> <p>Decision to increase China production capacity of natural anode material To meet strong demand for LiB anode material, we decided to increase production capacity at our China base. The expansion is due to be completed in the first half of fiscal 2023 and will boost production capacity in China from 2,000 to 12,000 tons a year.</p>		<p>Industrial Gases</p> <p>Contract secured for U.S. HyCO project</p>	
<p>Industrial Gases</p> <p>Contract for HyCO project secured in Peru (South America)</p>		<p>Industrial Gases</p> <p>Following similar successes in South America and the United States, we secured the contract for a HyCO project in India, expanding our hydrogen production capacity on a global basis</p>	
<h4>Restructuring</h4>			
<p>Performance Products</p> <p>Decision to withdraw from the acrylic fiber business We decided to withdraw from the Vonnel and Vonnel M.V.P acrylic fiber business. Sales of the products, manufactured at our Hiroshima Plant, are due to be discontinued by the end of 2023.</p>		<p>Health Care</p> <p>Decision to discontinue development of regenerative medicine product CL2020 using Muse cells</p>	
<p>Health Care</p> <p>Decision to liquidate Medicago Inc. We decided to withdraw from all operations of Canada-based Medicago Inc., which included the ongoing development of a plant-based vaccine for indications including prevention of COVID-19 infection, and to proceed with the liquidation of the company.</p>		<p>Chemicals</p> <p>Production of MMA-related products discontinued at U.K. base To enhance the competitiveness of the MMA business and optimize the supply system, we discontinued the production of MMA-related products at our U.K. base in February 2023.</p>	