

KAITEKI REPORT 2017

“Pursue Growth and Continuous Reforms”

Value Creation

03-12 Toward Realizing KAITEKI

- 03 Numeric data for the MCHC Group
- 04 Review of Fiscal 2016 for the MCHC Group
- 05 Transition of Portfolio Transformation
- 07 Value Creation Approach
- 09 Expanding KAITEKI Value

Strategy

13-28 Continue to propose solutions capitalizing on Group’s comprehensive capabilities and transform into growing organization on our own strength

- 13 Message from the President
- 17 Dialog between the President and Investor
- 21 Message from the CFO
- 25 Special Feature New-Mitsubishi Chemical Corporation
- 27 Message from the CIO
- 28 Message from the CSO

Management

29-34 Transforming into Management Structure that Enhances Sustained Growth

- 29 Management Structure
- 30 Message from the Chairperson
- 31 Directors
- 33 Message from Outside Director

Performance - Business

- 35 Financial Summary
- 37 Financial/Non-Financial Highlights
- 41 Shareholder Information
- 43 Overview of Business Domains
- 45 Fiscal 2016 Results by Domain
- 47 Performance Products Domain
- 51 Industrial Materials Domain
- 55 Health Care Domain

Performance - Innovation & ESG

- 59 Innovation
- 63 Sustainability
- 73 Corporate Governance
- 77 Risk Management
- 79 Compliance

Financial Information

- 80 Financial Information
- 80 Consolidated Financial Summary
- 82 Segment Information
- 84 Management’s Discussion and Analysis
- 88 Business Risks
- 91 Consolidated Statement of Income
- 92 Consolidated Statement of Comprehensive Income
- 93 Consolidated Statement of Financial Position
- 95 Consolidated Statement of Changes in Equity
- 97 Consolidated Statement of Cash Flows
- 99 Notes to Consolidated Financial Statements
- 173 Independent Auditor’s Report

Corporate Information

- 174 Corporate Data
- 175 Main Subsidiaries and Affiliates
- 176 Main Businesses
- 177 Global Network

Editorial Policy

In addition to reporting on financial results, the Mitsubishi Chemical Holdings (MCHC) Group publishes the KAITEKI Report. With a particular focus on our progress and outlook for corporate activities aimed at the realization of KAITEKI\*, this report summarizes items to be shared with our stakeholders as well as what we determine to be highly pertinent to our criteria for decision making and results of materiality assessments for corporate activities. In preparing this report, we referred to the International Integrated Reporting Framework promoted by the International Integrated Reporting Council. This report can be perused in conjunction with more detailed information available on MCHC’s website. For detailed financial information, please refer to our securities reports filed with the Financial Services Agency. For detailed governance information, please refer to our corporate governance report to the Tokyo Stock Exchange.

**Period Covered by the Report** Fiscal 2016 (April 2016–March 2017). Some information from fiscal 2017 is included.

**Reporting Boundary** This report covers information relating to MCHC and the MCHC Group. For matters with a different reporting scope, we clearly specify the covered reporting scope.

**Accounting Standards** MCHC has decided to adopt International Financial Reporting Standards (IFRS), effective from the first quarter of fiscal 2016, the financial year ended March 31, 2017. In this report, consolidated results for the fiscal year ended March 31, 2017 and medium-term targets of management indicators after the fiscal year ended March 31, 2018 are based on IFRS. However, other figures are based on J-GAAP unless otherwise noted.

■ **Securities Reports**  
[http://www.mitsubishichem-hd.co.jp/ir/library/stock\\_securities\\_report.html](http://www.mitsubishichem-hd.co.jp/ir/library/stock_securities_report.html)

■ **Corporate Governance Reports**  
<http://www.mitsubishichem-hd.co.jp/english/pdf/governance.pdf>

\* KAITEKI means “a sustainable condition which is comfortable for people, society and the Earth, transcending time and generations.” MCHC aims to contribute to the sustainable development of society while sharing its values with stakeholders through our corporate activities.



Message

It is because we are in these times of uncertainty that we will continue to leverage our combined strength to propose solutions to the issues facing people, society and the Earth, and to grow under our own strength.

*Futoshi Ochi*

Representative Corporate Executive Officer, President and CEO

The Mitsubishi Chemical Holdings (MCHC) Group is a corporate group striving to become THE KAITEKI COMPANY with global recognition throughout the industry. To that end, from a foundation in chemicals we contribute to sustained worldwide development and achieve our own continued growth by offering solutions to the key issues facing people, society and the Earth across the three business domains of performance products, industrial materials and healthcare. To facilitate understanding of our efforts in this regard, this report highlights our achievements with a focus on business activities in fiscal 2016, and also shares our vision for the future.

Looking back on fiscal 2016, we saw rising protectionism and resistance to globalization around the world. Rising geopolitical risks also became evident through disarray in the Middle East and Asia. Under such an uncertain global political climate, it will continue to be difficult to gauge the direction of the global economy. Moreover, with the issues of climate change and weather disasters attributed to global warming and social issues such as escalation of medical costs due to the aging population, the sustainability of our daily lives is also at risk.

Meanwhile, in the fields of information and communication technology (ICT), artificial intelligence

(AI), robotics, mobility, medical and healthcare and so on, advances in science and technology have brought about accelerated change. These areas will potentially lead to profound innovations in the years ahead, and hint at the possibility of reorganizing the power relationships that have persisted to date.

It is during these times of uncertainty that we, the MCHC Group, seek to marshal our combined strength and embrace the basic approach of continually offering solutions to the issues faced by people, society and the Earth. To that end, we believe it is crucial that we steadily implement the action plan laid out in our medium-term management plan APTSIS 20 and seize opportunities for growth. In fiscal 2016, we largely developed our roadmap for structural reforms of the petrochemical business and other areas. And in fiscal 2017, we find ourselves at the start line of the “high growth, high profit” target of APTSIS 20. Moving forward, we will mobilize all manner of measures without ever dropping our guard, seize growth opportunities with our own hands, and faithfully discharge our responsibilities to shareholders and all stakeholders.

We hope you understand the concept of the MCHC Group’s value creation and thank you for your continued support and cooperation.