

Message from the Chairperson



Aiming for realization of sustainable society and enhancement of corporate value

Yoshimitsu Kobayashi
Chairperson

1. Review of Fiscal 2016

MCHC transitioned to a company with a nominating committee, etc., in June 2015. Recognizing supervision of management as the central function of the Board of Directors, MCHC has invited outside directors with extensive experience and high level of expertise in different fields to bring their independent and diverse viewpoints to the Board of Directors so as to improve its effectiveness.

In fiscal 2016, Mr. Takayuki Hashimoto, who had served as the President and the Chairperson at IBM Japan, Ltd. (now Honorary Executive Advisor of IBM Japan, Ltd.) was newly appointed as an outside director of the Board of MCHC. With the addition of Mr. Hashimoto, it seems that discussions at the Board of Directors have been further activated and that it has created a stronger sense of tension on the management execution side.

In this situation, the Board of Directors met 10 times in fiscal 2016, holding lively discussions on issues such as withdrawal from unprofitable businesses and investment in growth overseas.

2. Initiatives for Further Improvement

As a general rule, a company with a nominating committee, etc. delegates decisions on individual business execution to the management execution side to a large extent while the Board of Directors will discuss corporate strategies for the sustainable enhancement of corporate value. For MCHC's Board of Directors, how to improve discussions on the medium- to long-term direction of management was an important issue together with strengthening the management supervision function. Regarding this issue, the Board of Directors repeatedly discussed with the management execution side and in April 2017, MCHC changed the decision-making process for the execution of important businesses. We newly established a decision-making body based on the consensus of the Corporate Executive Officers (Corporate Executive Officers Committee), and by seeking to strengthen the Corporate Strategy Division, MCHC also developed a structure for examining medium- to long-term business strategies from a holding company perspective. The Board of Directors also partially reviewed its structure and in June welcomed new Corporate Executive Officers in charge of corporate strategy, corporate management & finance, and compliance & governance. As a result of these initiatives, discussions at the Board of Directors are now livelier and more in-depth, also covering the proceedings and results of discussions at the Corporate Executive Officers Committee, and information asymmetry is also starting to improve.

Moving forward, we will examine efficient and effective operation of the Board of Directors, including utilizing ICT and holding discussions based on quantified information, to further enhance the timely provision of appropriate information especially to outside directors.

3. Aiming for Realization of *KAITEKI*

In the future, the MCHC Group will also need to utilize technical innovations such as the IoT and AI in our manufacturing technology, and we need to establish business strategies for the realization of a new sustainable society with a speed and impact never seen before.

The Board of Directors will continue to hold thoroughgoing discussions with President Ochi and others on the management execution side, and will support decisive decision-making by senior management to achieve further enhancement of corporate value.