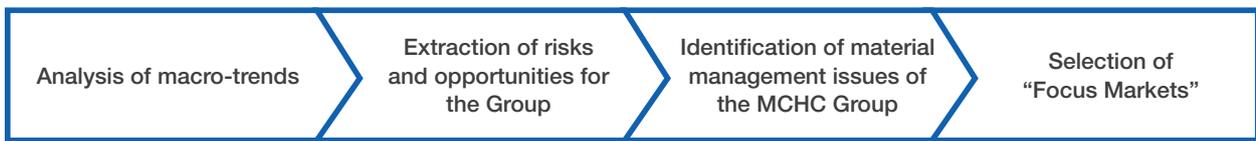


The MCHC Group’s Material Issues and Selection Process of “Focus Markets”

Mitsubishi Chemical Holdings Corporation (MCHC) began fully implementing KAITEKI Management from the previous medium-term management plan, *APTSIS 15* (FY2011 to FY2015). Setting Sustainability, Health, and Comfort as our core values, the Group considers the provision of solutions to the issues facing people, society and our planet Earth through its business activities to be its management priority. Under the current medium-term management plan *APTSIS 20* covering the period of FY2016 to FY2020, MCHC identified priorities for KAITEKI Management through materiality assessment based on global macro-trends, including environmental and energy issues such as climate change and the depletion of resources, industrial and economic trends such

as the acceleration of IT use and the rise of emerging economies, and medical and health issues (see page 67). To address those issues considered to be the most important, MCHC selected “Focus Markets” as markets in which the MCHC Group would focus its efforts on providing solutions, with the aim of helping solve social issues through its business activities while at the same time achieving corporate growth. Moreover, through initiatives to address the material management issues of the MCHC Group, the Group will steadily develop the businesses to contribute to the 17 Sustainable Development Goals (SDGs) adopted at the United Nations in 2015.



Macro-trends		
Increasing climate change	Pollution and shortage of water resources	Advancing globalization and development of emerging economies
Expansion of regional economic zones	Digitization, modularization, ICT introduction in the industries	Increasing global population
Ageing population	Increasing medical costs	Progress of regenerative medicine and personalized medicine



Risks	Opportunities	Material Issues Related to Global Environment and Social Systems
Depletion of fossil resources and other natural resources such as rare metals	Transformation and diversification of resources and energy supply sources Practical application of renewable energy and accelerated technological development	Energy and resources
Increasing risk of extreme weather events and natural disasters associated with climate change Formation of international consensus and effectiveness of measures to prevent global warming	Expansion of products and businesses to adapt to and mitigate climate change	Climate change
Expanding water stress due to higher demand, climate change and other factors Increasing health risk due to shortages of hygienic water	Expansion of businesses such as water purification and recycling	Water
Increasing incidence rate for adult-onset diseases and rising mortality Increasing risk of health insurance system failure	Expansion of health information service market (shift from treatment to prevention)	Health and wellness
Growing forays into the medical and healthcare fields from other industries (intensification of competition)	Manifestation of unmet medical needs Advancing digitization of data on medical treatment and health information through ICT	Medical care
Worsening food issues due to population growth and increasing urban lifestyles	Increasing shift to factory-produced foods	Food and agriculture

Focus Markets

Better contributions to the SDGs below

■ Automobiles, Aircraft (Mobility)

Contribute to the efficient use of resources and energy and the mitigation of climate change by reducing the weight of automobiles and aircraft, promoting electric vehicles, and offering environmentally friendly products (switching to renewable raw materials and materials).



■ Healthcare

Contribute to people's lives and health by developing ethical pharmaceuticals and regenerative medicines to meet unmet medical needs and by offering health management-related services.



■ IT, Electronics, Displays

Contribute to a smart society and more comfortable lifestyles by providing high performance materials for liquid crystal displays and OLED and semiconductor materials, etc.



■ Environment, Energy

Contribute to energy conservation, the effective use of water resources, improvement of productivity in the agricultural, fishery, and livestock industries and adaptation to climate change by providing lithium-ion battery materials, water treatment-related products, plant factories and disaster prevention and mitigation products, etc.



■ Medical, Food, Bio Products

Contribute to solving medical issues and promoting health maintenance by providing high performance medical-related products, pharmaceutical materials and functional food ingredients, etc.



■ Packaging, Labels, Films

Contribute to the safe storage and distribution of food and the reduction of food loss, etc. by providing high gas barrier films for food and medical packaging that prolong shelf life and enable long-term storage.



Take urgent action to combat climate change and its impacts



Ensure access to affordable, reliable, sustainable and modern energy for all



Ensure healthy lives and promote well-being for all at all ages



Ensure sustainable consumption and production patterns



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development