

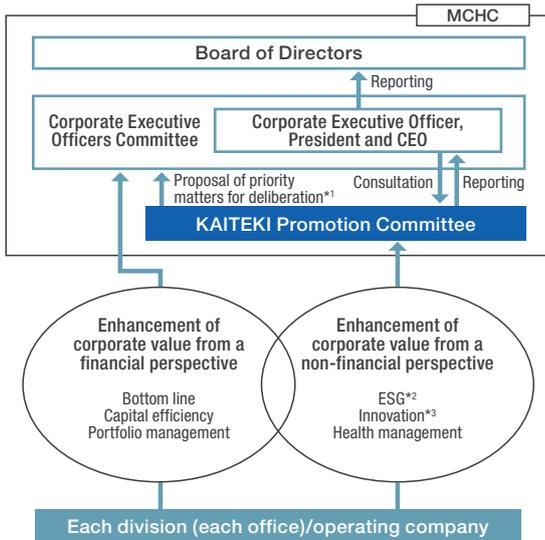
Message from the CSO

With a focus on pursuit of sustainability, we will maximize KAITEKI value and aim for sustainable corporate growth

Yoshihiro Ikegawa

Managing Corporate Executive Officer
Chief Sustainability Officer

The MCHC Group's value creation approach structure



*1 Where necessary *2 Governance issues are mainly addressed by committees such as the Nominating Committee. *3 Determination of the direction of technologies, etc.

Environmental and social issues have been widely recognized in recent years. With developments of such as the adoption of the UN Sustainable Development Goals (SDGs) and the entry into force of the Paris Agreement, the goal to solve global agendas together cohesively in the entire earth has come to be shared, and there has been growing demand for corporate stance and corporate activities to address these issues. Since 2007, the MCHC Group has adopted the concept of KAITEKI and defined its corporate value (KAITEKI value) as to continue to provide solutions for the issues of future society. Furthermore, the group aims to realize the sustainable well-being of people, society, and our planet Earth through its corporate activities. This forward-looking approach is consistent with the movement of the international communities as described above and we are committed to further developing Management of Sustainability (MOS) to maximize KAITEKI value.

The MCHC Group has established MOS Indices to steadily promote initiatives aimed at improving sustainability. For example, we have adopted goals such as the reduction of environmental impact, promotion of energy conservation, promotion of renewable energy use, and expansion of product lines contributing to reduction of GHG emissions as MOS Indices to address environmental issues, and we will continue to work on achieving these goals. Meanwhile, we will tackle issues related to the company and its organizational structure to earn greater trust from society. We will maintain stable production and stable supply by preventing accidents and injuries, and we will also strengthen engagement through communication, enabling us to



work with our business partners to solve various issues (see pages 69 to 72).

In addition, the MCHC Group considers “people” to be both the driving force for sustainable growth of society and companies and one of its most important management resources, and we have launched KAITEKI Health and Productivity Management (see pages 73 and 74).

In FY2017, we were highly recognized for our efforts, including being selected as a member of the global Dow Jones Sustainability World Index and as one of the excellent companies in the Nikkei Smart Work Management Survey. I believe these evaluations reflect public understanding of the fact that our initiatives over the past 10 years and the fruits of our efforts are indispensable to a society which is facing a myriad of issues. The MCHC Group recently reorganized its philosophy system including its mission to further strengthen the KAITEKI approach both in Japan and on a global level (see page 10). We also began examining formulating a medium-to long-term vision for 2050, with contribution to the sustainability for people, society and our planet Earth as the central theme. This medium- to long-term vision will clarify our 2030 sustainability targets and indices, and we plan to reflect these in our next medium-term management plan and subsequent medium-term management plans.

Moving forward, we will continue orchestrating with our stakeholders to accelerate the cycle for enhancing corporate value (see pages 9 and 10, The MCHC Group's Value Creation Approach) and make steady progress towards the realization of KAITEKI.