



**Message from  
an Outside Director of the Board**

**The focus of my mission is to  
create a business group  
where employees can engage  
in rewarding activities while  
maximizing both profits  
and social well-being**

**Chikatomo Hodo**

Outside Director of the Board

**Q1** **It's been a year since your appointment  
as an outside director. Has your view of  
the overall operation of the MCHC Group  
changed over the past year?**

I look at the Group's various innovative businesses and I have a positive outlook for our future society.

As a business consultant who had been involved with the operation of various enterprises, including the competitors and clients of Mitsubishi Chemical Holdings Corporation, I was aware of the diverse nature of our Group's businesses. Now, being a part of it has made me understand its true diversity and the potential of its products and services within society. This ranges from the materials it produces for essential industrial and social infrastructure, to its innovation in the field of science, with its outstanding research and production of performance chemicals, pharmaceuticals, and healthcare solutions.

**Q2** **What do you think of your role and  
expected responsibilities as  
an outside director?**

With KAITEKI guiding us, our task is to support portfolio transformation and ESG activities.

With a view to enhance the medium- to long-term corporate value, I believe my role is to monitor the operation as objectively as possible, and to keep Mitsubishi Chemical Holdings' stakeholders and shareholders engaged. By drawing on my wealth of experience, I will outline two ways they can do this.

Firstly, Mitsubishi Chemical Holdings should further accelerate its portfolio transformation which is an important role of a holding company. It has already focused on creating synergy between businesses based on its original concept called KAITEKI. The medium- to long-term basic management strategy KAITEKI Vision 30 (KV30) is expected to spearhead their efforts to address challenges faced by the international community, and enable portfolio transformation that can help create sustainability. While these long-term transformation objectives should be encouraged, there is a tendency for investors to view businesses that are too diversified in a negative light. This is called conglomerate discount. I am therefore determined to turn this mindset into a conglomerate premium. Mitsubishi Chemical Holdings is a business group whose operations have brought significant benefits to society. My role is to maximize the potential of the Group and continue its valuable contribution into the future. It is a challenging but extremely rewarding job.

During my 30-year professional career as a consultant, I have not only been involved in a range of transformations at businesses and government organizations but have also given lectures at universities. By leveraging this prior knowledge, as well as my experience interacting with influential leaders in and outside of Japan, I aim to offer multifaceted support to help create a mechanism of open innovation and develop an ecosystem. I will also leverage my global networks to facilitate the utilization of digital technologies that are essential for a successful transformation.

Secondly, Mitsubishi Chemical Holdings should strive to achieve ESG goals, an important index to evaluate companies in recent years, and also to strengthen measures for profitability. It has become one of the first companies to adopt a company with a nominating committee, etc., and is focused on businesses that contribute to environmental and social objectives through KAITEKI Management. In fact, with KV30 recognizing the importance of achieving a circular economy as one of its pillars, the Group holds a leadership position in ESG. However, while many Japanese companies traditionally consider the needs of diverse stakeholders, my concern is that they are less vigorous in improving profitability such as ROI and ROIC. Without earnings, there would be no investment in human resources and technologies that are essential for future environmental and social performance. On the other hand, COVID-19 has made employee retention and supply chain collaboration more important than ever. What the current situation indicates is that priorities differ in both ESG and revenue terms, depending on which time scale is considered, and that there is no clear answer. My mission as a member of the MCHC Group is to identify the best possible investment balance and help it achieve growth by addressing social challenges.

**Q3** **How effective do you think Board  
meetings are in ensuring your  
supervisory responsibility?**

With the provision of information before meetings, the Board is well informed and active in discussions.

I feel that sufficient information is provided regularly from the Corporate Strategy Division to outside directors in advance of Board meetings. At these meetings, we have made important decisions, including the one to acquire 100% ownership of Mitsubishi Tanabe Pharma Corporation last year. The officer in charge and the Corporate Strategy Division shared the information prior to Board discussions. Even when there are differences in opinions, I believe that the Board has managed to arrive at conclusions through a professional and healthy process of discussion. One thing I would desire is the opportunity for outside directors to meet exclusively to discuss certain preselected topics, even though a liaison meeting led by outside directors is held every month. I believe this would allow us to

express deeper and more objective thoughts, and I am going to propose such meetings to be arranged in the near future.

**Q4** **What challenges do you think  
the MCHC Group will face in the future?**

We encourage the Group to further disseminate information that contributes to improving global sustainability.

In the short term, it will face the consequences of COVID-19. The pandemic has already affected the Group's performance, while their market and industry structures are also likely to change in the longer term, requiring wide-ranging discussions about its impact.

Since my appointment, I have felt the MCHC Group has relatively low social recognition. While many people expect businesses to address global social challenges such as the SDGs, the Group, unfortunately, is not one of the first companies that potential recruits think of when it comes to this issue. This will cause the degradation of human resources and R&D skills, leading to a loss of opportunities. To prevent this from happening, it is imperative to ensure a thorough implementation of the human resources system reforms and global management as set out in KV30.

During my previous employment, I took part in various activities to improve employees' engagement. I am now planning to improve the MCHC Group's human resources systems and processes, while understanding the motivation of its approximately 70,000 employees throughout the world. At the same time, I would like to encourage the Group to disseminate information on how excited they are to provide new innovative solutions for social issues.