

Outline of Results of the Evaluation on the Effectiveness of the Board of Directors  
in Fiscal Year 2022

1. Evaluating the effectiveness of the Board of Directors

Under the Mitsubishi Chemical Group Corporate Governance Guidelines, the Board of Directors is required to evaluate its effectiveness and disclose the summary of evaluation results every year. The methods and findings of the effectiveness evaluation conducted in fiscal year 2022 are summarized below.

2. Evaluation methods and processes

In fiscal year 2022, the effectiveness of the Board of Directors was evaluated by the following methods and processes.

- i) The FY 2022 evaluation was conducted by an independent external review organization (Board Advisors Japan, Inc.) in March to April 2023. The methods used for the evaluation are as follows: collecting responses from all directors through a questionnaire covering the questions listed below (answers using a 5-point scale (with some exceptions) and written comments), conducting one-hour interviews with each director, and providing an evaluation based on the reviewer's professional knowledge.
  - Overall assessment
  - Composition of the Board of Directors
  - Preparations before the Board of Directors' meetings
  - Operation of the Board of Directors' meetings
  - Discussions at the Board of Directors' meetings
  - The way each committee ought to be
  - Supervision system of business execution
  - Analysis on the importance of agenda items/topics and the actual amount of discussion  
(Evaluate the importance and amount of discussion on a scale of one to ten, and analyze the gap.)
- ii) The Board discussed the current status of the Board of Directors and the policy for further improvement based on the results of the effectiveness evaluation, comparing the results with those from the previous year's evaluation and assessing the progress made in addressing existing issues. (June 2023)
- iii) Regarding future challenges, the chairperson of the Board reported the issues to be

addressed to the Board of Directors based on the Board's discussions (June 2023).

### 3. Outline of the evaluation findings and future challenges

#### (1) Outline of the evaluation findings

The findings from the evaluation of the Board of Directors' effectiveness conducted by the independent review organization are summarized as follows.

- While the Company pushes forward with management reforms, the Board of Directors as a company with Nominating Committee, etc., is making proper progress in delegating authority to the management, and the effectiveness of the Board is steadily improving.
- Among the challenges highlighted in the fiscal year 2022 Board Effectiveness Review, a certain degree of improvement was confirmed in the following areas.
  - Clarified understanding of the roles as a Monitoring Board
  - Enriched communication opportunities among the Directors
  - Strengthened the function of the Audit Committee to establish an organizational audit system
- The current CEO, who was appointed to accomplish structural reforms and bold growth strategies, is entering his third year in office. In order to enhance corporate value and achieve sustainable growth, the Board of Directors should address the following key challenges.
  - Strengthening the monitoring functions
  - Enriching discussions on strategy
  - Improving the effectiveness of the Nominating Committee

#### (2) Future challenges

As the maturity of discussions at the Board of Directors increases, the expectations of each director regarding effectiveness will also increase. Based on the evaluation findings described above and ensuing discussions by the Board of Directors in response thereto, the Company is going to take the following actions. In addition, the Board of Directors will confirm the progress of these initiatives in this fiscal year.

- Strengthening the monitoring functions
  - Enriching discussions regarding the business portfolio and monitoring of the progress of the mid-term management plan
  - Holding a discussion on individual important issues from an early stage and confirming their progress
  - Reducing information asymmetry among board members

- Enriching discussions on strategy
  - Determining important topics for deliberation and clarifying the deliberation schedule
  - Securing time for deliberations through off-site meetings and other means.
- Improving the effectiveness of the Nominating Committee
  - Setting CEO's annual goal and conducting a performance review, and enriching discussion on them
  - Ensuring diversity of the Board of Directors and considering optimization of the number of outside directors
  - Establishing a succession plan for the management members including CEO
  - Deepening information sharing with the Board of Directors

#### 4. Efforts promoted based on the previous effectiveness evaluation

Based on the findings from the effectiveness evaluation conducted and directors' suggestions provided in fiscal year 2021, the Company implemented the following measures.

- Further redefining the supervisory function of the Board of Directors and setting agenda to realize this function. Continuing discussions on the skills matrix and attributes of board members based on this function
  - Expanded reporting of the status of business execution by corporate executive officers to the Board of Directors.
  - Discussed the composition of the Board members, considering medium- and long-term perspectives, and revised the skills matrix in June of this year by the Nominating Committee.
- Promoting communication and fostering mutual trust between corporate executive officers and outside directors to deepen the understanding of outside directors toward the Group
  - Resumed inspections of business sites and laboratories by outside directors, and held dialogues with employees involved in manufacturing and research, among others.
  - Increased opportunities for direct discussions with directors by providing occasions for presentations to corporate executive officers at the Directors Liaison Meeting and Outside Directors Liaison Meeting.
- Further strengthening cooperation between the Board of Directors and each committee (e.g., expanding reports to the Board of Directors, etc.)
  - Increased opportunities for information sharing and discussion at Board of Directors meetings by making reports by each committee a regular agenda.
- Centralizing the Group's internal audit division in the company and conducting

appropriate and more efficient organizational audits based on the expansion of the Audit Committee secretariat function

- Strengthening the audit function by continuing to hold hearings with the executive divisions by the Audit Committee members, while establishing the organizational audit system in cooperation with the internal audit department.
- Partially reviewed the operation of the Audit Committee from the perspective of appropriate and efficient organizational auditing.

Mitsubishi Chemical Group Corporation will continue to work toward building a more effective Board of Directors, fully considering the findings from the evaluation of the Board effectiveness and incorporating various suggestions from the directors.