

Governance Section

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Members of the Board of Directors and Audit & Supervisory Board

(As of June 30, 2024)

Directors



Toshikiyo Kurai

Representative Director, Chairman

Attendance of Board of Directors Meetings: 13/13 (FY2023)

April 1975 Joined MGC
 June 2009 Director, Managing Executive Officer, and President of Specialty Chemicals Company
 June 2012 Representative Director, Senior Managing Executive Officer, Assistant to President, and President of Specialty Chemicals Company
 June 2013 President and Representative Director
 April 2019 Chairman and Representative Director (to present)

Expertise and experience: Following his service in important positions, mainly in the Specialty Chemicals Department, and his presiding over R&D, manufacturing and general business in the Inorganic Chemicals Division and the Engineering Plastics Division, he was appointed as Director in June 2009, and served from June 2013 to March 2019 as President and Representative Director, has served from April 2019 as Chairman and Representative Director, and has abundant experience and knowledge of MGC's business and management control as a whole.



Masashi Fujii

Representative Director, President

Attendance of Board of Directors Meetings: 13/13 (FY2023)

April 1981 Joined MGC
 April 2015 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
 June 2015 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
 April 2019 President and Representative Director (to present)

Expertise and experience: Following his service in important positions in the Administrative & Personnel and Natural Gas Chemicals Departments, he was appointed as Director in June 2015 and presided over the Natural Gas Chemicals Department, has served from April 2019 as President and Representative Director, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Nobuhisa Ariyoshi

In charge of Internal Control & Risk Management, responsible for Administrative & Personnel Division, in charge of Finance & Accounting Division and Information Systems Division

Attendance of Board of Directors Meetings: 13/13 (FY2023)

April 1984 Joined MGC
 April 2016 Executive Officer, General Manager, Electronics Materials Division, Information & Advanced Materials Company
 June 2018 Director, Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center
 April 2019 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, in charge of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division, General Manager of Tokyo Techno Park
 April 2020 Director, Managing Executive Officer, in charge of Internal Control & Risk Management and Corporate Management Sector
 April 2022 Representative Director, Senior Managing Executive Officer (to present)

Expertise and experience: Following his engagement mainly in the Information & Advanced Materials and Specialty Chemicals Departments, he served in important positions in the Administrative & Personnel and Information & Advanced Materials Departments, was appointed as Director in June 2018, was in charge of the Corporate Management Sector and Compliance, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Motoyasu Kitagawa

Director, Managing Executive Officer

In charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division and CSR & IR Division

Attendance of Board of Directors Meetings: 13/13 (FY2023)

April 1986 Joined MGC
 April 2019 Executive Officer, General Manager, Organic Chemicals Division, Natural Gas Chemicals Company
 June 2019 Executive Officer, Manager, Corporate Planning Division
 April 2021 Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division and CSR & IR Division (to present)
 June 2021 Director (to present)

Expertise and experience: Following his engagement mainly in the Administrative & Personnel Department and Corporate Planning Division, he served in important positions in the Natural Gas Chemicals Department and Corporate Planning Division, was appointed as Director in June 2021, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Ryoza Yamaguchi

Director, Managing Executive Officer

In charge of Specialty Chemicals Business Sector

Attendance of Board of Directors Meetings: 13/13 (FY2023)

April 1988 Joined MGC
 April 2020 Executive Officer, Manager, Administrative & Personnel Division, Corporate Management Sector
 April 2021 Executive Officer, in charge of Administrative & Personnel Division
 April 2022 Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to present)
 June 2022 Director (to present)

Expertise and experience: Following his engagement mainly in the Specialty Chemicals and Administrative & Personnel Departments, he served in important positions in the Administrative & Personnel Department, was appointed as Director in June 2022, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Ko Kedo

Director, Managing Executive Officer

Responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division

Attendance of Board of Directors Meetings: 10/10 (FY2023)

April 1988 Joined MGC
 April 2015 Manager, Planning & Development Division, Natural Gas Chemicals Company
 June 2018 Manager, Planning & Development Division, Natural Gas Chemicals Company, and Manager, Life Science Division, Natural Gas Chemicals Company
 April 2019 Executive Officer, Plant Manager, Mizushima Plant, Aromatic Chemicals Company
 April 2020 Executive Officer, Plant Manager, Mizushima Plant, Basic Chemicals Business Sector
 April 2021 Executive Officer, in charge of Research & Development
 April 2023 Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division (to present)
 June 2023 Director (to present)
 April 2024 In charge of Purchasing & Logistics Division (to present)

Expertise and experience: Following his engagement mainly in R&D of Aromatic Chemicals, he served in important positions in the Natural Gas Chemicals and Aromatic Chemicals Departments, was appointed as director in June 2023 and has abundant experience and knowledge of MGC's R&D and business management, etc.



Yoshinori Isahaya

Director, Managing Executive Officer
Responsible for Research & Development,
in charge of Intellectual Infrastructure

Attendance of Board of Directors Meetings: 10/10 (FY2023)

- April 1991 Joined MGC
- April 2019 General Manager, Tokyo Research Laboratory, Specialty Chemicals Company
- April 2020 Executive Officer, Vice Manager, Corporate Planning Division
- April 2021 Executive Officer, in charge of Corporate Planning
- April 2023 Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure (to present)
- June 2023 Director (to present)

Expertise and experience: Following his engagement in R&D of Specialty Chemicals, he served in important positions in the Specialty Chemicals Department and Corporate Planning Division, was appointed as director in June 2023, and has abundant experience and knowledge of MGC's R&D and business management, etc.



Hideaki Akase

Director, Managing Executive Officer
In charge of Green Energy & Chemicals Business Sector

- April 1989 Joined MGC
- October 2016 Manager, Administrative Division, Aromatic Chemicals Company
- April 2020 Manager, Business Administrative Division, Basic Chemicals Business Sector
- April 2021 Executive Officer, General Manager, Basic Chemicals Division II, Basic Chemicals Business Sector
- April 2024 Managing Executive Officer, in charge of Green Energy & Chemicals Business Sector (to present)
- June 2024 Director (to present)

Expertise and experience: Following his engagement mainly in the Aromatic Chemicals and Basic Chemicals Departments, he served in important positions in the Basic Chemicals Department, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Haruko Hirose

Outside Director Independent

Attendance of Board of Directors Meetings: 13/13 (FY2023)

- December 1968 Appointed to the National Personnel Authority of Japan
- January 1992 Director, Bureau of Human Resources Management of Headquarters (Paris), United Nations Educational, Scientific and Cultural Organization (UNESCO)
- September 2002 Deputy to the Director General and Managing Director of Field Operations Division of Headquarters (Vienna), United Nations Industrial Development Organization (UNIDO)
- November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco
- April 2013 Specially Appointed Professor, Academy for Global Leadership, Tokyo Institute of Technology
- May 2014 President, Japan Morocco Association (to present)
- June 2016 Outside Director, S&B Foods Inc.
- March 2018 Outside Director, Nikkiso Co., Ltd. (to present)
- June 2020 Outside Director, MGC (to present)

Expertise and experience: She has many years of experience overseas and insight as a director at international organizations on a global scale. She has served in important positions at international organizations, etc., and it is deemed that she would perform her duties as Outside Director appropriately.



Toru Suzuki

Outside Director Independent

Attendance of Board of Directors Meetings: 13/13 (FY2023)

- April 1979 Joined Mitsui & Co., Ltd.
- April 2011 Managing Officer, Performance Chemicals Business Unit, Mitsui & Co., Ltd.
- April 2014 Managing Officer, Mitsui & Co., Ltd. and President of Mitsui & Co. Vietnam Ltd.
- April 2015 Executive Managing Officer, Mitsui & Co., Ltd. and President of Mitsui & Co. Vietnam Ltd.
- June 2015 Executive Managing Officer, Chief Regional Representative of Southwest Asia, Mitsui & Co., Ltd., and President of Mitsui & Co. India Pvt Ltd.
- June 2017 Outside Audit & Supervisory Board Member, Mitsui Sugar Co., Ltd. (currently, Mitsui DM Sugar Holdings Co., Ltd.)
- December 2018 Audit & Supervisory Board Member, Nutri Co., Ltd.
- June 2020 Outside Director, MGC (to present)

Expertise and experience: He has many years of experience overseas and insight as a manager at a company operating on a global scale.



Yasushi Manabe

Outside Director Independent

Attendance of Board of Directors Meetings: 13/13 (FY2023)

- April 1979 Joined Hitachi, Ltd.
- April 2012 General Manager, Sales Division Infra System Group Infra System, Hitachi, Ltd.
- April 2013 Executive Officer, General Manager Kansai Area Operation, Hitachi, Ltd.
- June 2013 Outside Audit & Supervisory Board Member, ShinMaywa Industries, Ltd.
- April 2016 Executive General Manager, Deputy Director, General Corporate Sales & Marketing Group, CMO of Industry & Distribution, Water & Urban Business Unit, Hitachi, Ltd.
- April 2017 Vice President and Executive Officer, Deputy Director, General Corporate Sales & Marketing Group, CMO of Industry & Distribution Business, Water & Urban Business, Hitachi, Ltd.
- April 2021 Executive Advisor, Yashima Denki Co., Ltd.
- June 2021 Outside Director, MGC (to present)

Expertise and experience: He has many years of experience and insight as a manager at a company operating on a global scale.



Kazue Kurihara

Outside Director Independent

Attendance of Board of Directors Meetings: 10/10 (FY2023)

- October 1992 Associate Professor, Department of Applied Physics, Faculty of Engineering, Nagoya University
- April 1997 Professor, Institute for Chemical Reaction Science (currently, Institute of Multidisciplinary Research for Advanced Materials), Tohoku University
- April 2010 Professor, Advanced Institute for Materials Research and Institute of Multidisciplinary Research for Advanced Materials, Tohoku University
- April 2016 Professor Emeritus, Tohoku University (to present)
- April 2017 Professor, New Industry Creation Hatchery Center, Tohoku University (to present)
- December 2020 Outside Director, Hamamatsu Photonics K.K. (to present)
- April 2021 Research Professor, Tohoku University (to present)
- January 2022 Director, SMLEco Measurement Co., Ltd. (to present)
- June 2023 Outside Director, MGC (to present)

Expertise and experience: She has highly advanced expertise in wide fields of study in chemicals, and it is deemed that she would provide appropriate supervision and advice to MGC's management from such a perspective.

Audit & Supervisory Board Members



Masamichi Mizukami

Audit & Supervisory Board Member

Attendance of Audit & Supervisory Board Meetings: 14/14 (FY2023)

April 1983

Joined MGC

June 2016

Director, Managing Executive Officer, Chairman of Committee on Future R&D, in charge of Research & Development Division and Advanced Business Development Division

June 2019

Representative Director, Senior Managing Executive Officer, Chairperson of Internal Control Promotion Committee, in charge of Internal Audit Division, Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager of QOL Innovation Center Shirakawa

June 2020

Audit & Supervisory Board Member (to present)

Expertise and experience: He has served in important positions in Specialty Chemicals, Research & Development, Internal Control, etc., and has abundant experience with MGC's business and corporate management.



Masato Inari

Audit & Supervisory Board Member

Attendance of Audit & Supervisory Board Meetings: 9/9 (FY2023)

April 1985

Joined MGC

June 2017

Director, Managing Executive Officer, President of Aromatic Chemicals Company

April 2019

Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety & Quality Assurance Division

April 2020

Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector

April 2022

Representative Director, Senior Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division, Purchasing & Logistics Division

June 2023

Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as Director in June 2017, he served in important positions in the Aromatic Chemicals, Production Technology, and Environment Safety & Quality Assurance Departments, among others, and possesses abundant experience in MGC's business and corporate management.



Go Watanabe

Outside Audit & Supervisory Board Member

Independent

Attendance of Audit & Supervisory Board Meetings: 14/14 (FY2023)

April 1982

Joined The Mitsubishi Bank, Ltd.

June 2009

Executive Officer, Manager of Shanghai Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)

May 2012

Managing Executive Officer, Group Head, Nagoya Corporate Banking Group, BTMU

June 2013

Managing Executive Officer, Chief Executive Officer for Asia and Oceania, BTMU

July 2016

First Senior Vice President, Nidec Corporation

August 2018

Senior Managing Executive Officer, Chief Administrative Office, Nidec Corporation

September 2020

Chairman and Representative Director, MST Insurance Service Co., Ltd.

June 2021

Outside Director, Mitsubishi HC Capital Inc.

June 2022

Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has abundant experience and insight as a manager at a financial institution and in the manufacturing industry, etc., both in Japan and overseas.



Tsuneaki Teshima

Outside Audit & Supervisory Board Member, Part-time

Independent

April 1983

Joined Nippon Life Insurance Company (Nissay)

March 2010

Executive Officer, Nissay

July 2014

Director, Managing Executive Officer, Nissay

March 2018

Director, Nissay
Director, NLI Research Institute

April 2018

Representative Director, NLI Research Institute (to present)

June 2018

Outside Audit & Supervisory Board Member, Nitta Corporation

June 2021

Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (to present)

June 2024

Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has many years of experience and insight as a manager at a financial institute and possesses considerable knowledge of finance and accounting.

Independent: Independent officer as stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange

Expertise and Experience Sought in Directors and Audit & Supervisory Board Members

	Corporate management Industry expertise	Production technology R&D Environment safety	Business strategy Sales Market development	Finance Accounting Management planning	Legal Compliance Risk management	HR Labor Talent development	Global Diversity Experience in other sectors
Directors							
Toshikiyo Kurai	●	●	●				●
Masashi Fujii	●		●		●	●	
Nobuhisa Ariyoshi	●			●	●	●	
Motoyasu Kitagawa	●			●		●	●
Ryozo Yamaguchi	●				●	●	●
Ko Kedo	●	●	●		●		
Yoshinori Isahaya	●	●	●	●			
Hideaki Akase	●		●	●			●
Haruko Hirose					●	●	●
Toru Suzuki	●		●				●
Yasushi Manabe	●		●				●
Kazue Kurihara	●	●					●
Audit & Supervisory Board Members							
Masamichi Mizukami	●	●	●	●			
Masato Inari	●	●	●		●		
Go Watanabe	●			●	●		●
Tsuneaki Teshima	●			●			●

We work to win higher evaluations from capital markets and help create medium- and long-term value while raising the effectiveness of the Board of Directors

The MGC Group is steadily improving its corporate governance with the aim of executing management practices focused on sustainable growth of corporate value. As part of that effort, we put high value on our outside directors as they interject the viewpoints of shareholders and other stakeholders while overseeing and advising. We asked our four outside directors to participate in a roundtable discussion and speak from their own perspectives on topics from Board of Directors meetings such as the process for formulating the new Medium-Term Management Plan, improving PBR and major points of sustainability management.

Are Board Discussions Becoming More Lively?

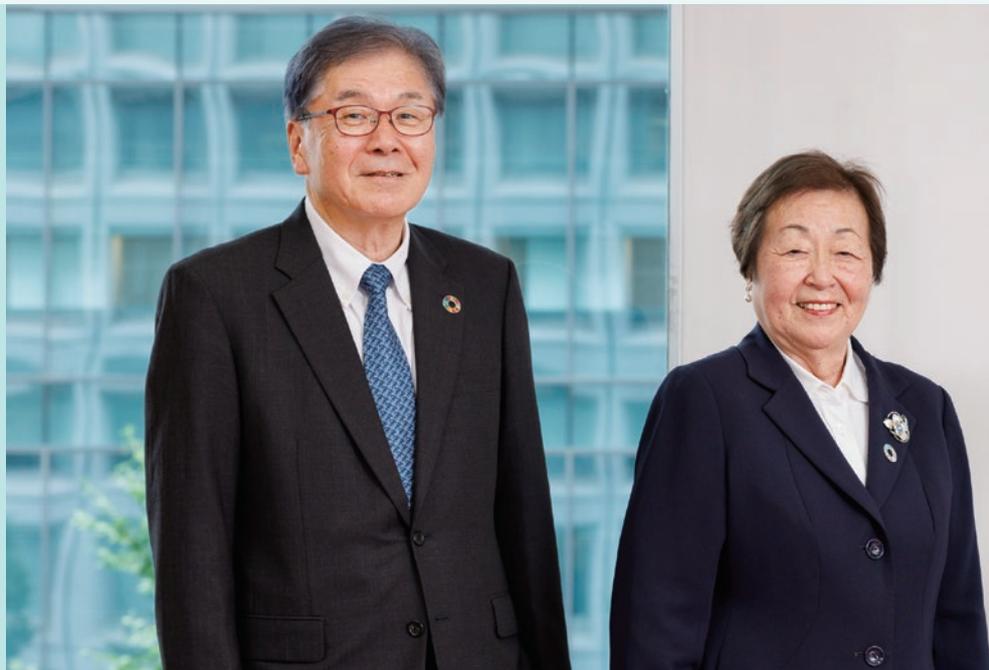
MC: First, let's look back on the board meetings of fiscal 2023 and hear your takes on how discussion evolved and the progress you made.

Suzuki: I feel that board discussions made steady qualitative progress in fiscal 2023 because we were talking more actively than ever. We outside directors speak pretty frankly, without holding back in front of the management team members.

Hirose: Certainly. Compared with 2020, when I joined the board, we outside directors have an easier time providing strong judgments, without hesitation. On the other hand, it appears to me that internal directors are speaking less

in board meetings because they've already given input in meetings of the Management Council and Operations Council, which are usually held in advance. This is a personal opinion, but I think all directors feel they can speak more frankly if given opportunities other than board meetings, when the agenda requires in-depth talks.

Manabe: We outside directors and Audit & Supervisory Board members ordinarily ask questions and make requests from a range of standpoints to fulfill our oversight roles and help maintain good managerial health. Internal directors are executive officers as well, so they put a lot of effort into answering our questions and requests, and preparing reference materials ahead of board meetings. I see their enthusiasm for making board meetings occasions for real and productive exchanges of views. I think the



awareness of internal directors has been changing for the better over the past couple of years in particular.

Suzuki: MGC assesses the effectiveness of the board annually, but in fiscal 2023, an outside organization was commissioned to prepare the questionnaire for directors and Audit & Supervisory Board members for the first time and the results were shared. The answers to such questionnaires tend to be guarded and overly conforming, but there were extremely apt responses in the free-form comments section, and some drew negative assessments. This illustrates that board members do not see the assessment method as a mere formality. That said, a simple announcement that MGC conducted a third-party board assessment alone is meaningless. We have to clearly broadcast that we are doing real work to raise the effectiveness of our Board of Directors.

Kurihara: I came in as an outside director in June 2023. My impression of the MGC board is that it's open to diverse opinions and serious about applying our outside comments in making change. I have specifically noticed the board members' approach to getting at the basics when stating opinions. To correctly judge, I think it's important to put ideas into objective language. We practice this in MGC board meetings, and through the presentation of questions and opinions by the members based on the essence of good management and business practice I felt a sense of empathy.

Manabe: I think that what you just said has a lot to do with the increasing opportunities for explanations to outside directors ahead of board meetings that have come about since fiscal 2023. We had plenty of time to read reference

materials and make preparations to discuss the new Medium-Term Management Plan and businesses requiring intensive management, for example, and divisions in charge also explained the important points of the agenda items in advance. At these briefings, specific items are checked and discussions are held, making it possible for us to attend board meetings.

Hirose: For the purpose of sharing information, twice a week we outside directors receive reference materials from the morning meetings* of the internal directors. It's a lot of reading, but these materials keep me updated on the progress of each strategy and initiative and deepen my understanding of MGC.

Suzuki: Recently, there was an informal opportunity for communication among us outside directors and Audit & Supervisory Board members. We talked about our positions independent of the management team, and our resolve to fulfill our responsibility to say with greater candor that which the insiders might find difficult to express. I also felt our common desire to contribute to the Company's prosperity.

Kurihara: In fiscal 2024, I visited the production base in Shirakawa for direct talks with floor personnel. It was a good opportunity for me to talk with the manager of a new business, see the production process in person, and through that gain a better understanding of MGC's serious, hardworking corporate culture.

* Meetings in which segment representatives explain to the management team current trends, management circumstances at Group firms, etc.



(From left)

Toru Suzuki, Outside Director

Haruko Hirose, Outside Director

Kazue Kurihara, Outside Director

Yasushi Manabe, Outside Director



Responsibilities in the Process of Writing the New Medium-Term Management Plan

MC: In the process of writing the Medium-Term Management Plan, which themes were most important to you, and what advice did you give about taking appropriate risk and promoting internal reform?

Manabe: A basic purpose of the plan is to improve our understanding of the gaps between our numeric targets for fiscal 2026 and MGC now, and implement measures to bridge those gaps so we can achieve the resilient portfolio we foresee three years from now. I first looked into and questioned the grounds for each measure and investment plan expected to come to an intended result in three years. As for rebuilding businesses that need intensive management, I've spoken of specific products and made relatively tough remarks on the value of continuing their production. The new Medium-Term Management Plan puts awareness of capital cost on the top tier of our management principles. I also asked again that we break ROIC down into the operating profit margin and invested capital turnover rate, make KPIs specific to each business segment, reduce inventory assets, and ensure these measures are implemented down to the field level.

Hirose: The numeric targets are higher than actual results at the moment, and setting a clear course within the Company will promote risk-taking as well. Beyond working consistently and seriously, as MGC ordinarily does, achieving the goals requires that each employee embrace challenges with an understanding of the risks.

Kurihara: I've said that the key to success is sharing with employees the thought processes and aims behind the new plan's challenging principles and goals. This overlaps somewhat with Mr. Manabe's suggestion, but I think it's necessary to set goals that are easy for employees to understand and implement initiatives to define a detailed mission for each business segment. As with the focused strategy concerning U&P businesses, I have high hopes for Carbopath™, a circular carbon platform, where we are a forerunner in commercial application.

Suzuki: To help create future U&P businesses, we've been exchanging views regarding measures to precisely distribute budgets among our defined R&D themes and projects.

What Do We Need to Improve PBR?

MC: Let's hear your thoughts about what MGC needs to improve capital efficiency, achieve a PBR above 1, and win positive evaluations in the capital markets.

Suzuki: We have to put new businesses capable of creating great value in the near future — something that would attract the attention of investors — on paths to growth. A starter example would be the CO₂ capture-and-storage (CCS) business, in which we should establish a pioneering position and achieve social implementation of the technology as quickly as possible. As Ms. Kurihara mentioned, we should accelerate our initiative to build business from the Carbopath™ concept to become an essential player in the shift to a more recycling-oriented society, and in that way, encourage investor confidence in MGC's growth potential and profitability. That's a desirable scenario.

Manabe: More robust shareholder returns is another important measure, and with the current Medium-Term Management Plan, we introduced a progressive dividend and raised our total payout ratio. From the standpoint of the Company's sustainability, we should not be extravagant about buying back our own shares in hopes of short-term value gains, but instead put our profits into growth-oriented investment or hold substantial surplus funds to maintain good financial health. The high road to achieving a PBR above 1 is increasing our operating profit margin and growth power, and winning positive evaluations in the capital markets that way. In our latest results, our operating profit margin hasn't reached a desirable level. There's no silver bullet for resolving all our issues at once. Doggedly following through on the six strategies of the current Medium-Term Management Plan, I think, is the

best way forward. To let people know that there is enough room for MGC to grow, we also need more ingenious PR and out-facing communication.

Hirose: MGC provides many products that contribute directly and indirectly to addressing social issues related to the SDGs, and we should be better able to communicate factors like these. The current plan takes a new initiative in naming three growth drivers — electronics materials, EL chemicals, and optical materials (collectively, the “three ICT businesses”) — highlighting our strategic focus. This kind of easy-to-understand language is also important. As a manufacturer that develops and sells products, we have to show clear direction based on consistent policy, which will help us discuss effectively the phases of our businesses — growth, maturity, and decline.

Kurihara: MGC holds leading shares of several markets worldwide and offers many high-quality products, but the Company is still not well known. As Ms. Hirose mentioned, I think there is a lot of room for PR. The business of producing chemical products from natural gas is consonant with the way society wants to go. We'll generate more appeal as an attractive chemical company by telling the stories only we can tell.

Promoting Business Growth and Sustainability Management

MC: To promote sustainability management, what are the themes you focus on in your oversight, and what points do you think should be addressed to resolve related issues?

Suzuki: MGC is currently putting high priority on initiatives to achieve carbon neutrality. With numeric targets to meet by 2026 in mind, we will monitor progress in businesses and technologies that help us reduce greenhouse emissions. Another important factor is hiring and training people, especially helping women be more actively involved in business and management.

Hirose: Our progress in empowering women employees would be a lot faster if we set numeric targets. This is evident in the effects of the measures that European nations are taking, like the quota system introduced in Germany.

Suzuki: We have included the number of women managers in our materiality KPIs for fiscal 2030. Rather than insist on training our own employees, I think we'd do better with a parallel policy of increasing women managers by headhunting experienced people from outside.



MC: Finally, how would you like to contribute to the management of MGC?

Kurihara: I'd like to raise a range of questions as a researcher in the field of functional chemicals and high polymers. For example, I would ask if the “technical limits” our people in the R&D departments see are truly limits, or whether there is still room to stretch. If my questions result in more product applications and higher profitability, that would be a great pleasure to me.

Manabe: I'd like to keep an eye on R&D to help address climate change issues, and would like to see how it can develop into U&P businesses. I will continue supporting appropriate risk-taking and investment.

Hirose: Overseas operations will be more important than ever. AI translators and online conference tools have spread rapidly recently, but traveling abroad for in-person meetings and understanding the mentalities and emotional perceptions of people in other cultures is important, and I'd like to be able to communicate them from my own experience.

Suzuki: Despite our high percentage of overseas sales, I sometimes feel MGC lacks sophistication in doing business abroad. Going forward, we'll have to organize programs and systems for training local personnel to eventually assume management posts in overseas subsidiaries. I hope we outside directors will be of help in that.

Corporate Governance

Basic Approach

The Company believes that meeting the expectations of all stakeholders, beginning with our shareholders, means working to increase corporate value through business activities and contributing to the realization of a sustainable society, with the aim of achieving both social and economic value under its Mission of “creating value to share with society.” To this end, the Company strives to operate effective corporate governance systems, and continuously reinforce and enhance those systems.

Basic Policies

- (1) Ensure the rights of, and equality among, shareholders.
- (2) Engage in appropriate collaboration with shareholders other than stakeholders.
- (3) Conduct appropriate information disclosures and maintain transparency.
- (4) Properly carry out the responsibilities of the Board of Directors and other bodies.
- (5) Engage in constructive dialogue with shareholders.

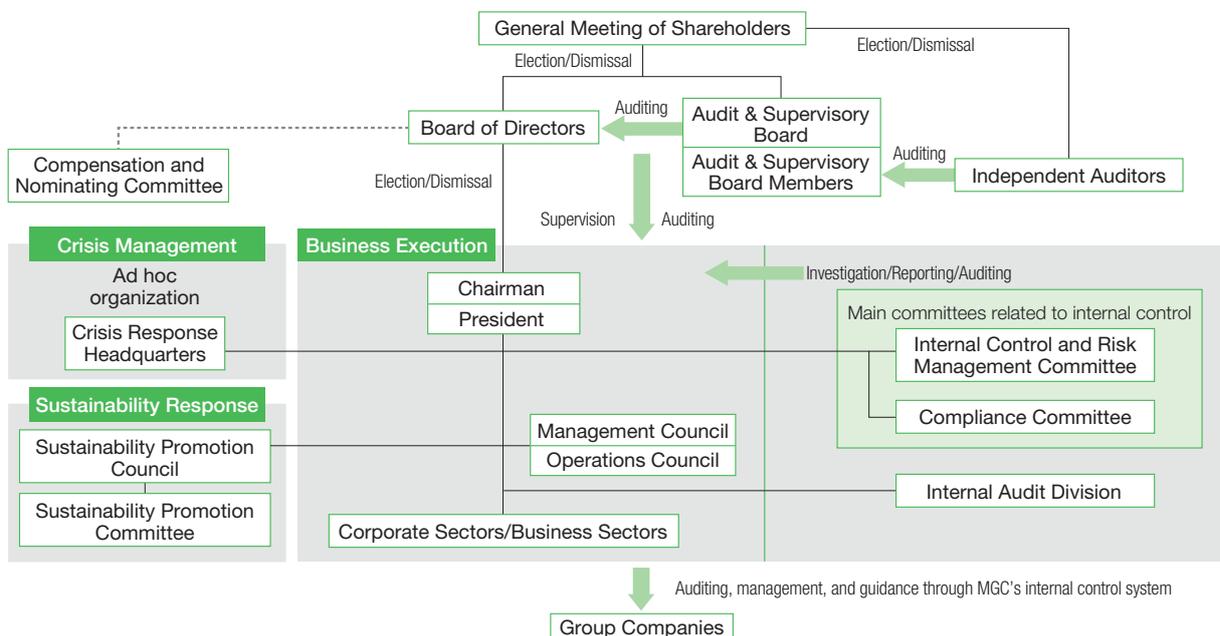
Corporate Governance System

As a company with an Audit & Supervisory Board, MGC has, for the purpose of business execution, established an executive officer system that clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides basic management policies, matters relating to items stipulated by law and the Company’s Articles of Incorporation, and other important management matters. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs. For matters arising in the course of business execution that may have a significant effect on the Company, the Board of Directors makes its decisions on the basis of multifaceted deliberations, including deliberations on management

policies by the Management Council and deliberations on plans for executing specific policies by the Operations Council. The Board of Directors receives advice from attorneys and other experts when necessary in the course of its decision making and supervision of business execution.

The Audit & Supervisory Board members also attend important meetings, such as those held by the Board of Directors and the Operations Council, conduct audits of each division and surveys of subsidiaries, and audit the execution of business. The members also monitor important decision-making processes and business execution in order to ensure reasonable decision making and compliance with laws and corporate norms.

Corporate Governance, Risk and Sustainability Management Organization Chart



Activities of Meeting Bodies and Committees

Board of Directors [Meetings held in fiscal 2023: 13 Chair: Toshikiyo Kurai]

The Board of Directors decides important matters pertaining to management policies, business, and management based on laws, regulations, the Company's Articles of Incorporation, and the regulations of the Board. It also receives reports from each director and others on the status of execution of duties, management performance, etc., and supervises the execution of duties by directors. Candidates for director are nominated by the Board of Directors following consultation with the Compensation and Nominating Committee, and directors are elected at the annual General Meeting of Shareholders.

Main Themes Deliberated in Fiscal 2023

Theme	Main Deliberation Items
Management strategy	<ul style="list-style-type: none"> Formulation of the Medium-Term Management Plan and the vision for MGC in 2030 Business portfolio reform (redefining differentiating businesses, withdrawal from unprofitable businesses, etc.) Sustainability management (measures related to carbon neutrality, review of materiality and KPIs, etc.)
Governance	<ul style="list-style-type: none"> Conversion of JSP into a non-consolidated subsidiary More robust shareholder returns: Adopt a progressive dividend policy, raise the total payout ratio Promotion of reduction of strategic shareholdings

Audit & Supervisory Board [Meetings held in fiscal 2023: 14 Chair: Masamichi Mizukami]

Audit & Supervisory Board members audit management decisions and the status of execution of business from an independent position, such as by attending meetings of the Board of Directors and other important meetings. The Audit & Supervisory Board's topics include formulation of auditing policies and audit plans, internal control systems' implementation/operation status and the reasonableness of the independent auditors' audit methods and findings. Furthermore, the Audit & Supervisory Board endeavors to work with the independent auditors and the Internal Audit Division, and also endeavors to increase the efficiency of audits through such measures as the assignment of dedicated audit staff.

Compensation and Nominating Committee [Meetings held in fiscal 2023: 6 Chair: Toshikiyo Kurai]

The Compensation and Nominating Committee functions both to determine executive officer compensation and to nominate and appoint key members of senior management. The majority of the committee is comprised of independent outside directors. The Board of Directors is responsible for appointing and dismissing key members of management, including the Chairman and President, and for nominating directors and Audit & Supervisory Board members. In making decisions on policies regarding executive officer compensation and total annual amounts, and in determining allocation of those amounts, the Compensation and Nominating Committee is consulted prior to those matters being put before the Board of Directors for discussion. Note that the appointment, dismissal and nomination of said officers are judged in light of certain selection criteria that include whether they have the appropriate internal and external work experience and knowledge for the position; whether they have the dignity and ethical values appropriate to their responsibilities; and whether they have violated any laws, the Articles of Incorporation, or company rules.

Internal Control and Risk Management Committee [Meetings held in fiscal 2023: 3 Chair: Nobuhisa Ariyoshi]

As an organization directly under the President, the Internal Control and Risk Management Committee is a committee chaired by the executive officer in charge of internal control and risk management. It provides direction and supervision for each department and deliberates on problems that require a companywide response. It makes decisions on matters related to risk management system policies, measures and plans; matters related to business and operational risk management, as well as matters related to guidance, direction and oversight incidental thereto; and matters related to guidance, direction and oversight related to business continuity planning.

➤ For details on risk management, please refer to page 39.

Compliance Committee [Meetings held in fiscal 2023: 3 Chair: Motoyasu Kitagawa]

As an organization directly under the President, the committee investigates compliance violations pertaining to the Company and the Group, and formulates, deliberates and recommends corrective measures and preventative measures.

➤ For details on compliance, please refer to page 76.

Management Council [Meetings held in fiscal 2023: 21 Chair: Masashi Fujii]

The Management Council deliberates and determines the Group's Medium-Term Management Plan, management policy, basic policies on key operations, and so forth. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.

Operations Council [Meetings held in fiscal 2023: 25 Chair: Masashi Fujii]

The Operations Council deliberates and determines the Group's specific action plans and so on concerning the execution of serious business matters. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.

Sustainability Promotion Council [Meetings held in fiscal 2023: 3 Chair: Masashi Fujii]

The Sustainability Promotion Council deliberates and determines policies and measures that form the basis for sustainability management such as identification and management of materiality, and receives reports on the implementation thereof from the Sustainability Promotion Committee.

Sustainability Promotion Committee [Meetings held in fiscal 2023: 4 Chair: Yuuichi Sugano]

The Sustainability Promotion Committee confirms the status of implementation of measures in each division, and consults with the Sustainability Promotion Council on the necessary measures through periodic reviews.

Assessing the Effectiveness of the Board of Directors

Every year, we conduct assessments on the effectiveness of the Board of Directors, and as a new approach starting from the assessment for fiscal 2023, we have appointed a third-party organization and utilized its expert knowledge in discussion and collating the survey items, and so forth.

The perspective for the survey were changed from the previous three aspects to five aspects: "Composition and operation of the Board of Directors," "Management strategy and business strategy," "Corporate ethics and risk and crisis management," "Performance monitoring and management team assessment," and "Dialogue with shareholders, etc." In April 2024, we conducted a survey of all directors and Audit & Supervisory Board members, which presented various kinds of questions using a five-point scale, which were revised based on the changed survey aspects, and requested opinions from a free perspective unrestricted by the parameters of the five-point scale. The Board of Directors then held discussions based on the aggregate results and opinions that were received.

In the results of that survey, the average score on the five-point scale for all items was above "4: More effective and appropriate than not." Moreover, the majority of the assessments were positive. As such, the Company recognizes that the Board of Directors has achieved a certain level of effectiveness. In particular, as the scores were relatively high for the items "Increasing corporate value through response to issues related to sustainability," "Free and open discussion," and "Composition of the members of the Board of Directors," and multiple comments offering a positive assessment of them were observed, these items can be considered to be strengths of the Company's Board of Directors.

Meanwhile, based on discussion of the assessment results in the Board of Directors, we will conduct a review primarily with respect to elements such as those for which it was indicated that there exists room for improvement, and aim to ensure a more effective Board of Directors and continue to go about strengthening and improving it as an organization.

Issues and responses in fiscal 2023

- In order to develop deeper discussion in the Board of Directors, we brought forward advance explanation sessions on important resolution items for outside directors and Audit & Supervisory Board members, and shared the content of discussions at the explanation sessions with all directors and Audit & Supervisory Board members.
- We brought up and discussed measures to improve the price-to-book ratio (PBR) as a topic for discussion at Board of Directors meetings.

Issues and responses in fiscal 2024

- Provision of information for the Board of Directors: In addition to our initiatives to date that have achieved a certain level of approval, we will consider measures to prevent the time lag between the recognition of risk on the front line and the reporting of it to the Board of Directors.
- Provision of information for directors and Audit & Supervisory Board members: In addition to continuing to enhance visits to business sites, which we have been promoting since the end of the COVID-19 pandemic, we will also consider holding briefings on the current status of important subsidiaries, etc.
- Strategy monitoring: To further accelerate discussion of strategy in Board of Directors meetings, we will encourage indication of discussion points in a clear and concise manner in reports to the Board of Directors.

Status of Internal Auditing

The Internal Audit Division conducts internal audits of the Company and its Group companies pursuant to fiscal-yearly plans to determine whether their business is being executed properly, ensure the effectiveness of internal controls and improve management efficiency. All internal

audit reports are reported to the representative director and president and the director in charge of the Internal Audit Division, and are also reported at the same time to the full-time Audit & Supervisory Board members. The Board of Directors receives one regular report per year as well as reports from the director in charge of the Internal Audit

Division as necessary. Moreover, the Internal Audit Division also assesses and reports on the effectiveness of internal

controls over financial reporting in accord with the Financial Instruments and Exchange Act.

Introduction of Diverse Perspectives

MGC has developed a global business that ranges widely from basic chemicals to high-performance materials. Because our management decisions require a high degree of expertise, the Board of Directors as a whole strives to maintain a well-balanced diversity of knowledge, experience, and abilities including people from within the Company who are deeply familiar with our business and management, with the addition of multiple independent outside directors who have extensive international experience and management experience along with advanced specialized knowledge, and provide advice and supervision from the perspectives of shareholders and other stakeholders. When appointing outside directors, emphasis is placed on “Global / Diversity / Experience in other sectors,” which is essential for obtaining business opportunities.

MGC currently has 12 directors (of whom four are independent outside directors and half of those are women), which we believe to be generally appropriate in size and effectiveness.

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside directors and Audit & Supervisory Board members, in accordance with criteria set by the Tokyo Stock Exchange regarding independence. MGC appoints only candidates who have no conflict of interest with general shareholders.

The Board of Directors consults with the majority-independent Compensation and Nominating Committee before voting on senior management, director and Audit &

Supervisory Board member candidates.

☞ For details on the criteria regarding independence of outside directors and Audit & Supervisory Board members, please refer to the MGC website.
<https://www.mgc.co.jp/eng/corporate/governance.html>

☞ For details on the expertise and experience sought in directors and Audit & Supervisory Board members, please refer to page 66.

Support for Outside Directors and Audit & Supervisory Board Members

To give part-time outside directors a better understanding of Board of Directors meetings' agenda items, the Company briefs them beforehand. Outside directors also engage in discussions with Audit & Supervisory Board members to share information. Additionally, outside directors and outside Audit & Supervisory Board members hold regular discussions solely amongst themselves to share information.

The Secretarial Group and General Affairs Group, the latter of which functions as the Board of Directors' administrative staff, serve as liaisons between outside directors and the Company. Both have staff whose main role is to communicate and coordinate with outside directors and assist them with their duties. Additionally, one staff member is assigned exclusively to assist Audit & Supervisory Board members, including outside members, with their duties as directed by them. Audit & Supervisory Board members are authorized to engage the services of external experts at the Company's expense.

Compensation of Directors and Audit & Supervisory Board Members

Directors' Compensation

Compensation to directors of MGC (excluding outside directors) consists of annual compensation and restricted stock compensation.

Annual compensation consists of a fixed amount of basic compensation based on the individual's position and responsibilities, and performance-based compensation that takes into account various indicators of the Company's performance. Compensation is divided into monthly installments and paid monthly, and a certain percentage is accumulated annually as a reserved retirement benefit to be paid at the time of retirement. This amount may be subject to reduction based on the individual's performance and other factors. Performance-based compensation is intended to be an incentive for overall Company performance, and is determined using indicators such as ordinary income, based on actual results, level of achievement, and so on. In addition, given the nature of MGC's business, in which each

business reaches profitability through a variety of processes over many years — including research and development, manufacturing process development and market development — annual compensation consists primarily of basic compensation, with a general guideline of about 30% for performance-based compensation.

Restricted stock compensation, on the other hand, is compensation paid to directors once each fiscal year in the form of grants of MGC stock; directors are granted a certain number of shares based on their positions and responsibilities. The purpose of restricting transfers of these shares and having recipients hold them for a certain period of time is to share value with shareholders and provide an incentive for working toward sustained growth of corporate value.

In addition to these forms of compensation, an amount that is considered appropriate may be paid as a bonus upon resolution of the General Meeting of Shareholders.

Note that outside directors, whose position is independent of business execution, are paid only fixed basic compensation.

Annual director compensation is determined by the Board of Directors upon comprehensive consideration of Company performance, common standards, employee salary trends, and so forth, after consultation with the Compensation and Nominating Committee. In addition, allocation of individual compensation is entrusted to the President by the Board of Directors, based on the determination that the President is the most suitable person to evaluate each director while having a high-level view of MGC as a whole. The President makes these decisions based on discussions regarding the allocation

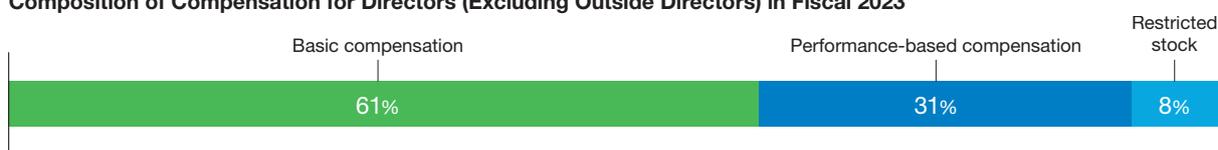
of compensation by the Compensation and Nominating Committee.

The above policies are decided upon by the Board of Directors after consultation with the Compensation and Nominating Committee, comprised of a majority of outside directors.

Compensation to Audit & Supervisory Board Members

Compensation to Audit & Supervisory Board members consists only of a basic compensation amount within a range stipulated by the General Meeting of Shareholders, which is determined through deliberations by the Audit & Supervisory Board members.

Composition of Compensation for Directors (Excluding Outside Directors) in Fiscal 2023



Total Officer Compensation in Fiscal 2023

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of people receiving compensation
		Basic	Performance	Restricted stock	
Directors (excluding outside directors)	483	296	149	37	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	52	52	—	—	3
Outside directors and Audit & Supervisory Board members	75	75	—	—	7
Total	612	425	149	37	20

Note: The amount of restricted stock compensation to directors is that of the provision for restricted stock compensation recorded for the fiscal year under review.

Strategic Shareholdings

MGC owns listed equity holdings that it deems beneficial to Group businesses in pursuit of medium/long-term growth in corporate value.

The Board of Directors annually reassesses the objectives and risks of owning each of these equity holdings, the state of transactions with the investee, and returns accruing from ownership, including returns from actual transactions with the investee, relative to earnings targets with cost of capital factored in. If the Board of Directors deems MGC's equity stake in any investee to be larger than appropriate, MGC opportunistically sells down its equity holdings in the investee.

In fiscal 2023, MGC sold three equity holdings in part and one in its entirety.

When voting its cross-held shares, MGC generally respects the investee's management decisions. Under certain circumstances, however, MGC gives extra scrutiny to management or shareholder proposals before

deciding whether to vote for or against the proposal. Such circumstances include an investee that has incurred losses for three consecutive years and has questionable prospects of a turnaround; an investee that has been involved in a major scandal, has engaged in antisocial conduct or has otherwise fallen into disrepute with questionable prospects of rehabilitating its reputation; and other cases in which MGC deems a vote in favor of a proposal to be adverse to its overall medium/long-term interests, including the objectives of its cross-shareholdings in the investee.

	Number of issues	Total value on balance sheet (millions of yen)
Unlisted shares	56	2,197
Shares other than unlisted shares	35	30,487

Compliance

Basic Approach

The MGC Group has put in place, and is working to strengthen, a system for practicing compliance with the aim of earning the trust and understanding of the community.

The MGC Group takes a broad view of compliance, one that involves not only abiding by laws and Company rules but also conducting fair, transparent, and free business activities in acknowledgment of its responsibilities to society. Based on this understanding, we have summarized the conduct expected of our executives and employees in the MGC Corporate Behavior Principles and the MGC Group Code of Conduct, the contents of which are reviewed and revised from time to time based on developments in society at large.

The MGC Group decides policies, measures, and plans relating to the compliance system in the Internal Control and Risk Management Committee. In addition, the Compliance Committee has been set up as an independent body reporting directly to the President to deal with individual cases of compliance violation. The Compliance Committee comprises the executive officer in charge of compliance (who serves as the chair), a director nominated by the President (vice-chair), and heads of compliance-related departments and others (members).

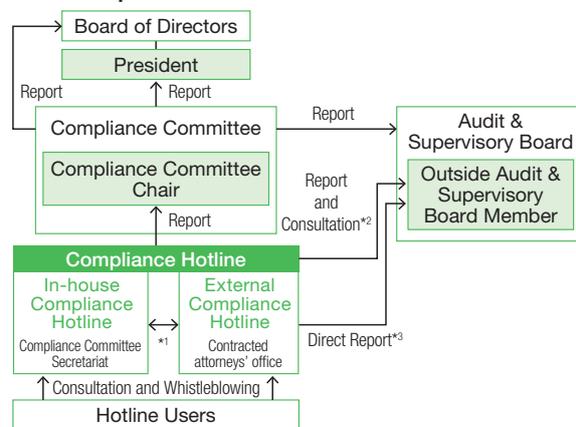
The results of the activities of this committee, which include the investigation and recognition of violations and the formulation, deliberation, and recommendation of corrective and preventive measures, are reported to the President, the Board of Directors, and the Audit & Supervisory Board, with compliance violations being dealt with according to prescribed internal procedures.

Furthermore, the Compliance Hotline has been set up to quickly ascertain and correct compliance violations, and can be used by all the people involved in the MGC Group's business activities, such as officers and employees of the MGC Group including those who have retired in the past year, their family members, or partner companies and customers. Our In-house Compliance Hotline is staffed

by the Compliance Committee Secretariat, while our External Compliance Hotline is available through an office with attorneys specializing in compliance, including female attorneys. These attorneys also provide advice to the Compliance Committee.

Consultations and whistleblowing brought to the attention of the Hotline and deemed to be potential compliance violations are investigated by the Compliance Committee, which takes any required corrective action or measures to prevent a recurrence. The results are also reported back to the party who submitted the original consultation or whistleblowing.

MGC Compliance Consultation Structure



*1 Coordinated response depending on the case

*2 The Outside Audit & Supervisory Board Member is consulted for matters related to MGC officers

*3 If a report received by External Compliance Hotline is deemed to be a serious problem related to MGC's management or management personnel, or if the response by the Compliance Committee, etc. is inadequate and an appropriate response cannot be expected, or if the Hotline user refuses to provide information to the Compliance Committee Secretariat, a direct report can be made to the Outside Audit & Supervisory Board Member.

Compliance Education

MGC designates every October as "Corporate Ethics Month," during which we conduct compliance training for all employees using our intranet and the President sends out a notice to all business sites calling for the renewed promotion of compliance.

Compliance education is also included in grade-specific training, and training is provided using educational materials suited to each position.

Given an increasing need to respond to compliance issues, such as cartel involvement and providing improper benefits to foreign public officials, at MGC Group companies affiliated with our overseas businesses in emerging countries and elsewhere we are working to enhance the quality of compliance training for staff dispatched as officers to overseas affiliates.

Security Export Control Initiatives

The MGC Group Code of Conduct stipulates that exacting export screening procedures are to be followed, in part to ensure adherence with laws and international treaties regarding exports, as well as to ensure appropriate control over the export of cargo and provision of technology that may relate to the development of weapons of mass destruction and conventional arms.

Export control subject to screening includes all products exported by MGC, regardless of whether the transaction involves direct, indirect, or brokered trade, as well as all technology related to the design, manufacturing, and use of those products.

Export screening involves multiple checks by business divisions in charge of products and an independent export control division, which screen all exports to determine if cargo and technology restrictions apply, as well as also checking the final customer, destination, and use.

In addition, we endeavor to maintain and enhance the export control setup by implementing internal audits and grade-specific education annually.