

Notice of the 95th Ordinary General Meeting of Shareholders



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June 8, 2022

Dear Shareholders with Voting Rights

Masashi Fujii
President and Representative Director
Mitsubishi Gas Chemical Company, Inc.
Mitsubishi Building,
5-2 Marunouchi 2-chome, Chiyoda-ku,
Tokyo, Japan

Notice of the 95th Ordinary General Meeting of Shareholders

Please refer to the below for information about the upcoming the 95th Ordinary General Meeting of Shareholders of Mitsubishi Gas Chemical Company, Inc. (hereinafter "MGC") to be held as described below.

You may exercise your voting rights by 5:30 p.m. of June 27, 2022, as it is possible to exercise your voting rights by mail or via the Internet.

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m.
2. Place: MGC Head Office (6th Floor, Mitsubishi Building)
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

3. Agenda for the Meeting:

- Matters to be reported:** (1) Report on the Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the independent Auditor and the Audit & Supervisory Board for the 95th Business Term (from April 1, 2021 to March 31, 2022)
(2) Report on the Non-Consolidated Financial Statements for the 95th Business Term (from April 1, 2021 to March 31, 2022)

Matters for Resolution:

- Proposal No. 1:** Partial Amendment to the Articles of Incorporation
Proposal No. 2: Election of Twelve Directors
Proposal No. 3: Election of One Audit & Supervisory Board Member

4. Disclosure on the internet

- Among the documents that should be attached to this convocation notice, in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of MGC, the following documents are posted on MGC's website and are not included in this convocation notice.
 - (i) Stock Acquisition Rights
 - (ii) Consolidated Statement of Changes in Net Assets
 - (iii) Notes to Consolidated Financial Statements
 - (iv) Non-Consolidated Statement of Changes in Net Assets
 - (v) Notes to Non-consolidated Financial Statements
- Please be advised that if minor amendments are required to matters contained in the Reference Documents for General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, or the Consolidated Financial Statements, MGC will post revisions on its website.

(Translation)

MGC's website : <https://www.mgc.co.jp/ir/stockinfo/meeting.html>

- ◇ This year you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aims of avoiding the risks of COVID-19 infection for shareholders. However, if you prefer to attend in person, it is requested that you bring the enclosed Voting Form to the reception desk.

Information on Exercising Voting Rights

● Attending the General Meeting of Shareholders

This year you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aim of avoiding the risks of COVID-19 infection for shareholders. However, if you prefer to attend in person, it is requested that you submit the enclosed Voting Form to the reception desk at the venue. (You do not need to put your seal on it).

Date and Time of the General Meeting of Shareholders: June 28th 2022 (Tue) 10:00 a.m. (Japan Time)

Place: MGC Head Office (6th Floor, Mitsubishi Building)

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

● Postal Mail

Please indicate your approval or disapproval of agenda items on the Voting Form and return it by mail. Voting forms must arrive no later than 5:30 p.m. on Monday, June 27th 2022 (Japan Time).

● Internet

Please access the voting website (<https://evote.tr.mufg.jp/>) from your computer or smartphone, and enter your approval or disapproval of the proposals. Exercise deadline: Until 5:30 p.m. on Monday, June 27th 2022 (Japan Time).

■ Multiple Exercise of Voting Rights

In the event voting rights are exercised multiple times via the mailing of the Voting Form and via Internet, votes submitted via Internet will be deemed valid.

In the event that voting rights are exercised multiple times via Internet, the last set of votes cast will be deemed valid.

<To Institutional Investors>

The "Electronic Proxy Voting Platform" operated by ICJ, Inc. is available for exercising voting rights for MGC's General Meeting of Shareholders.

(Translation)

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Partial Amendment to the Articles of Incorporation

1. Reasons for amendment

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and a system for electronic provision of materials for general meetings of shareholders will be introduced. In order to prepare for this, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 15, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="169 1104 708 1196"><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="169 1205 783 1576"><u>Article 15 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="363 1621 587 1648">(Newly established)</p>	<p data-bbox="1066 1104 1174 1131">(Deleted)</p> <p data-bbox="810 1585 1276 1612"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="810 1621 1401 1787"><u>Article 15 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="817 1796 1430 1995"><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

(Translation)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p style="text-align: center;"><u>Supplementary provisions</u></p> <ol style="list-style-type: none"><li data-bbox="810 286 1433 734">1. <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendment and the establishment of Article 15 (Measures for Electronic Provision, Etc.) of the amended Articles of Incorporation shall come into effect on September 1, 2022 (the “Effective Date”), which is the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u><li data-bbox="810 736 1433 1010">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendment shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u><li data-bbox="810 1012 1433 1182">3. <u>These supplementary provisions shall be deleted upon the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>

(Translation)

Proposal No. 2: Election of Twelve Directors

The term of office of all twelve current Directors will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that twelve Directors, including 4 Outside Directors, be elected.

The candidates are as follows:

Number	Name	Position	Responsibilities at MGC	
1	Toshikiyo Kurai	Representative Director Chairman	—	Renomination
2	Masashi Fujii	Representative Director President	—	Renomination
3	Masato Inari	Representative Director, Senior Managing Executive Officer	Responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division	Renomination
4	Nobuhisa Ariyoshi	Representative Director, Senior Managing Executive Officer	In charge of internal control & risk management, responsible for Finance & Accounting, in charge of Administrative & Personnel Division, and Information Systems Division	Renomination
5	Kenji Kato	Director, Managing Executive Officer	Responsible for Research & Development, in charge of Intellectual Infrastructure Center	Renomination
6	Naruyuki Nagaoka	Director, Managing Executive Officer	In charge of Basic Chemicals Business Sector	Renomination
7	Motoyasu Kitagawa	Director, Managing Executive Officer	In charge of compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR&IR Division	Renomination
8	Ryozo Yamaguchi	Managing Executive Officer	In charge of Specialty Chemicals Business Sector	New Nomination
9	Tsugio Sato	Director	—	Renomination Outside Director Independent Director
10	Haruko Hirose	Director	—	Renomination Outside Director Independent Director
11	Toru Suzuki	Director	—	Renomination Outside Director Independent Director
12	Yasushi Manabe	Director	—	Renomination Outside Director Independent Director

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
1	<p data-bbox="268 477 432 510"><u>Renomination</u></p> <p data-bbox="252 526 448 589">Toshikiyo Kurai (January 9, 1952)</p>  <p data-bbox="220 981 486 1137">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p data-bbox="502 275 1268 947">April 1975 Joined MGC. June 2003 General Manager, Inorganic Chemicals Division, Specialty Chemicals Company June 2006 Executive Officer, and General Manager, Inorganic Chemicals Division, Specialty Chemicals Company June 2008 Executive Officer, and President of Specialty Chemicals Company June 2009 Director, Managing Executive Officer, and President of Specialty Chemicals Company June 2010 Director, Managing Executive Officer, President of Specialty Chemicals Company, and General Manager, Engineering Plastics Division October 2011 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 the present)</p> <p data-bbox="502 981 1268 1317">■ Reason for nomination as candidate Mr. Toshikiyo Kurai, following his service in important positions mainly in Specialty Chemicals department and his presiding over R&D, manufacture and whole business of Inorganic Chemicals division and Engineering Plastics division, was appointed to be a Director in June 2009, and served from June 2013 to March 2019 as President and Representative Director, and has served from April 2019 as Chairman and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	52,932

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
2	<p style="text-align: center;">Renomination</p> <p style="text-align: center;">Masashi Fujii (March 10, 1959)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>April 1981 Joined MGC.</p> <p>June 2010 General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2012 Executive Officer, and General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2014 Executive Officer, and General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2015 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>June 2015 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>April 2018 Outside Director, Co-op Chemical Co., Ltd (currently Katakura & Co-op Agri Corporation) Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>October 2018 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>April 2019 President and Representative Director (to the present)</p> <p>■ Reason for nomination as candidate Mr. Masashi Fujii, following his service in important positions in Administrative & Personnel, Natural Gas Chemicals department, was appointed to be a Director in June 2015 and presided over Natural Gas Chemicals department, and has served from April 2019 as President and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	30,800

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
3	<p>Renomination</p> <p>Masato Inari (January 23, 1961)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>April 1985 Joined MGC.</p> <p>June 2011 Plant Manager, Niigata Plant, Natural Gas Chemicals Company</p> <p>June 2014 Executive Officer, Plant Manager, Niigata Plant, Natural Gas Chemicals Company</p> <p>April 2016 Executive Officer, President of Aromatic Chemicals Company</p> <p>June 2016 Director, JSP Corporation</p> <p>April 2017 Managing Executive Officer, President of Aromatic Chemicals Company</p> <p>June 2017 Director, Managing Executive Officer, President of Aromatic Chemicals Company</p> <p>April 2019 Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety and Quality Assurance Division</p> <p>June 2019 Outside Director, Katakura & Co-op Agri Corporation</p> <p>April 2020 Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector</p> <p>April 2021 Director, Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division</p> <p>April 2022 Representative Director, Senior Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division</p> <p style="text-align: right;">(to the present)</p> <p>■ Reason for nomination as candidate Mr. Masato Inari, following his engagement mainly in R&D of Aromatic Chemicals department, served in important positions in Natural Gas Chemicals and Aromatic Chemicals department, presided over Aromatic Chemicals department, and was appointed to be a Director in June 2017. With his abundant experience and knowledge of R&D and business management, etc., he has once again been nominated as a candidate for Director.</p>	19,303

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
4	<p style="text-align: center;">Renomination</p> <p style="text-align: center;">Nobuhisa Ariyoshi (November 26, 1961)</p>  <p style="text-align: center;">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>April 1984 Joined MGC.</p> <p>June 2012 General Manager, Administrative & Personnel Center</p> <p>April 2016 Executive Officer, General Manager, Electronic Materials Division, Information & Advanced Materials Company</p> <p>April 2018 Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center</p> <p>June 2018 Director, Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center</p> <p>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 Tokyo Techno Park</p> <p>June 2019 Director, Managing Executive Officer, in charge of Compliance, Risk Management, Finance & Accounting Center, Information Systems Division, Administrative & Personnel Center and Corporate Communications Division, General Manager Tokyo Techno Park</p> <p>April 2020 Director, Managing Executive Officer, in charge of internal control & risk management, Corporate Management Sector</p> <p>April 2021 Director, Managing Executive Officer, in charge of internal control & risk management, responsible for Administrative & Personnel, Finance & Accounting, in charge of Information Systems Division</p> <p>April 2022 Representative Director, Senior Managing Executive Officer, in charge of internal control & risk management, responsible for Finance & Accounting, in charge of Administrative & Personnel Division and Information Systems Division</p> <p style="text-align: right;">(to the present)</p> <p>■ Reason for nomination as candidate Mr. Nobuhisa Ariyoshi, following his engagement mainly in Information & Advanced Materials and Specialty Chemicals department, served in important positions in Administrative & Personnel and Information & Advanced Materials department, and was appointed to be a Director in June 2018, and was in charge of Corporate Management Sector and Compliance. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	18,600

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
5	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Kenji Kato (June 2, 1962)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>April 1987 Joined MGC.</p> <p>June 2013 General Manager, Tokyo Research Laboratory, Specialty Chemicals Company</p> <p>April 2016 Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company</p> <p>April 2018 Executive Officer, General Manager, Electronic Materials Division, Information & Advanced Materials Company</p> <p>April 2019 Managing Executive Officer, President of Information & Advanced Materials Company</p> <p>June 2019 Director, Managing Executive Officer, President of Information & Advanced Materials Company</p> <p>April 2020 Director, Managing Executive Officer, in charge of Research & Development Sector</p> <p>April 2021 Director, Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure Center (to the present)</p> <p>■ Reason for nomination as candidate Mr. Kenji Kato, following his engagement in R&D of Specialty Chemicals, served in important positions in Specialty Chemicals and Information & Advanced Materials department, was appointed to be a Director in June 2019 and presided over Information & Advanced Materials department. With his abundant experience and knowledge of R&D and business management, etc., he has once again been nominated as a candidate for Director.</p>	19,600
6	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Naruyuki Nagaoka (November 20, 1962)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>April 1985 Joined MGC.</p> <p>June 2011 Manager, Administrative, Natural Gas Chemicals Company</p> <p>April 2016 Manager, Corporate Planning Division</p> <p>June 2016 Audit & Supervisory Board Member of JSP Corporation</p> <p>April 2017 Executive Officer, Manager, Corporate Planning Division</p> <p>June 2019 Managing Executive Officer, in charge of Corporate Planning and Purchasing & Logistic Center</p> <p>April 2020 Managing Executive Officer, in charge of Compliance and Corporate planning Sector</p> <p>June 2020 Director, Managing Executive Officer, in charge of Compliance and Corporate planning Sector</p> <p>April 2021 Director, Managing Executive Officer, in charge of Basic Chemicals Business Sector (to the present)</p> <p>■ Reason for nomination as candidate Mr. Naruyuki Nagaoka, following his engagement mainly in Natural Gas Chemicals department and Administrative & Personnel, served in important positions in Natural Gas Chemicals department and Corporate planning Division, and was appointed to be a Director in June 2020. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	14,588

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
8	<p><u>New Nomination</u> Ryozo Yamaguchi (August 24, 1965)</p> 	<p>April 1988 Joined MGC. April 2008 General Manager, Mitsubishi Gas Chemical Shanghai Commerce Ltd., and General Manager, Shanghai Office, Administrative & Personnel Center June 2011 Manager, General Affairs Department, Administrative & Personnel Center June 2014 Manager, Personnel Department, Administrative & Personnel Center April 2016 Manager, Administrative & Personnel Center April 2020 Executive Officer, Manager, Administrative & Personnel Division, Corporate Management Sector April 2021 Executive Officer, in charge of Administrative & Personnel Division, Manager, Administrative & Personnel Division April 2022 Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to the present)</p> <p>■ Reason for nomination as candidate Mr. Ryozo Yamaguchi, following his engagement mainly in Specialty Chemicals department and Administrative & Personnel department, served in important positions in Administrative & Personnel department. With his abundant experience and knowledge of MGC's business and administration of management, etc., he is deemed to be able to sufficiently carry out his roles as Director in MGC's decision making and supervision of management executives and for this reason he has been nominated as a candidate for Director.</p>	6,515

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
9	<p style="text-align: center;"> Renomination Outside Director Independent Director Tsugio Sato (February 20, 1951) </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p> April 1975 Assistant, Applied Chemistry, Faculty of Engineering, Tohoku University February 1989 Associate Professor, Molecular Chemistry and Engineering, Faculty of Engineering, Tohoku University April 1994 Professor, Institute for Chemical Reaction Science, Tohoku University April 2001 Professor, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University April 2010 Deputy Director, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University April 2013 Director, Center for Exploration of New Inorganic Materials, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University August 2013 Director, The Foundation for Japanese Chemical Research April 2016 Professor Emeritus, Tohoku University (to the present) June 2017 Outside Director, MGC (to the present) </p> <p> ■ Reason for nomination as candidate Dr. Tsugio Sato has highly advanced expertise in wide fields of study in chemicals such as inorganic materials chemistry, and provides appropriate supervision and advice to MGC's management, so he has once again been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Although he has not been directly involved in corporate management, other than as Outside Director of MGC, he has served in important positions at university research institutions, and it is deemed that he would continue to perform his duties as Outside Director appropriately. Additionally, while there are transactional relationships between MGC and Tohoku University, where he serves as Professor Emeritus, including payment of consideration for joint research, the amount during FY2021 was insignificant, totaling ¥7 million. </p>	0

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
10	<div style="text-align: center;"> <p><u>Renomination</u></p> <p><u>Outside Director</u></p> <p><u>Independent Director</u></p> <p>Haruko Hirose (September 23, 1945)</p>  </div> <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p>December 1968 Appointed to the National Personnel Authority of Japan</p> <p>January 1992 Director, Bureau of Human Resources Management of Headquarters(Paris), United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p>September 2002 Deputy to the Director General and Managing Director of Field Operations Division of Headquarters(Vienna), United Nations Industrial Development Organization (UNIDO)</p> <p>November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco</p> <p>April 2013 Specially Appointed Professor, Academy for Global Leadership Tokyo Institute of Technology</p> <p>May 2014 President, Japan Morocco Association (to the present)</p> <p>June 2016 Outside Director, S&B Foods Inc. (to the present)</p> <p>April 2017 Director, Ochanomizu University</p> <p>March 2018 Outside Director, Nikkiso Co., Ltd. (to the present)</p> <p>June 2020 Outside Director, MGC (to the present)</p> <p>■ Reason for nomination as candidate Ms. Haruko Hirose has many years of experience overseas and insight as director at international organizations on a global scale, and provides appropriate supervision and advice to MGC's management, so she has once again been nominated as a candidate for Outside Director. After her election, she is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Although she has not been directly involved in corporate management, other than as Outside Director, since she has served in important positions at an international organization, etc., it is deemed that she would contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Additionally, while there are transactional relationships between MGC and S&B Foods Inc. where she serves as an outside director, including the sale of products, the amount was less than 1% of consolidated net sales for FY2021. While there are transactional relationships between MGC and Nikkiso Co., Ltd. where she serves as an outside director, including the purchase of equipment, the amount was less than 1% of consolidated net sales of said company for FY2021.</p>	0

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
11	<p style="text-align: center;"> Renomination Outside Director Independent Director Toru Suzuki (July 14,1955) </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 12 held, 12 attended</p>	<p> 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 Officers, Mitsui & Co., Ltd. and President of Mitsui & Co. Vietnam Ltd. June 2015 Executive Managing Officers, Chief Regional Representative of Southwest Asia, Mitsui & Co., Ltd., and President of Mitsui & Co. India Pvt Ltd. June 2017 Audit & Supervisory Board Member, Mitsui Sugar Co., Ltd. December 2018 Audit & Supervisory Board Member, Nutri Co., Ltd. June 2020 Outside Director, MGC (to the present) </p> <p> ■ Reason for nomination as candidate Mr. Toru Suzuki has many years of experience overseas and insight as a manager at a company operating on a global scale, and provides appropriate supervision and advice to MGC's management, so he has once again been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Additionally, although he was a business execution manager until June 2017 at Mitsui & Co., Ltd., a business partner of MGC, over four years have passed since his retirement. While there are transactional relationships between MGC and said company including the sale of products and materials, the amount was less than 1.3% of consolidated net sales of MGC for FY2021. Also, while there are transactional relationships between MGC and said company including the purchase of materials, the amount was less than 1% of consolidated net sales of said company for FY2021. </p>	800

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
12	<p style="text-align: center;"> Renomination Outside Director Independent Director Yasushi Manabe (December 15, 1956) </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2022) 9 held, 9 attended</p>	<p> April 1979 Joined Hitachi, Ltd. April 2012 General Manager, Sales Division Infra System Group Infra System 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. (to the present) June 2021 Outside Director, MGC (to the present) </p> <p> ■ Reason for nomination as candidate Mr. Yasushi Manabe has many years of experience and insight as a manager at a company operating on a global scale, and provides appropriate supervision and advice to MGC's management, so he has once again been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Additionally, although he was a business execution manager until March 2021 at Hitachi, Ltd., a business partner of MGC. While there are transactional relationships between MGC and said company including the sale of products, the amount was less than 1% of consolidated net sales of MGC for FY2021. Also, while there are transactional relationships between MGC and said company including equipment maintenance, the amount was less than 1% of consolidated net sales of said company for FY2021. Although he is Executive Advisor, Yashima Denki Co., Ltd., a business partner of MGC. While there are transactional relationships between MGC and said company including the purchase of machines, the amount was less than 1% of consolidated net sales of said company for FY2021. </p>	400

- (Notes) 1. No conflict of interest exists between MGC and any of these candidates.
2. Ms. Haruko Hirose is scheduled to resign from her position of Outside Director in S&B Foods Inc. on June, 29, 2022.
3. Ms. Haruko Hirose is listed as above in her preferred name. Her name in the family register is Haruko Makinouchi.
4. Of the candidates, Dr. Tsugio Sato, Ms. Haruko Hirose, Mr. Toru Suzuki and Mr. Yasushi Manabe are nominated as Outside Directors.
5. Dr. Tsugio Sato will have been in office as Outside Director for five years as of the close of this Ordinary General Meeting of Shareholders. Ms. Haruko Hirose and Mr. Toru Suzuki will have been in office as Outside Director for two years as of the close of this Ordinary General Meeting of Shareholders. Mr. Yasushi Manabe will have been in office as Outside Director for one year as of the close of this Ordinary General Meeting of Shareholders.
6. MGC has executed Limitation of Liability Agreements with Dr. Tsugio Sato, Ms. Haruko Hirose, Mr.

(Translation)

Toru Suzuki and Mr. Yasushi Manabe, currently MGC's Outside Directors, limiting their liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the maximum amount stipulated by the Companies Act. Aforementioned Limitation of Liability Agreements will be extended in the event their re-elections are approved.

7. MGC has registered Dr. Tsugio Sato, Ms. Haruko Hirose, Mr. Toru Suzuki and Mr. Yasushi Manabe as independent director at Tokyo Stock Exchange, Inc. and will continue to register them as such in the event their re-elections are approved.
8. MGC has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The content of the insurance agreement is as stated on "3. Information Concerning Corporate Officers" in the Business Report. The respective candidates for Director are to be included as insured parties under the insurance agreement in the event their elections are approved. Furthermore, MGC plans to leave the content of the insurance policy unchanged upon its next renewal.

(Translation)

Proposal No. 3: Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Takashi Kimura will resign from his position as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that one Audit & Supervisory Board Member be elected. Mr. Go Watanabe is intended to succeed to the position of Mr. Takashi Kimura, and the term of his office also dates from the date of his succession to his predecessor according to the Articles of Incorporation of MGC.

The Audit & Supervisory Board has already given consent to this proposal.

The candidate is as follows:

Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Nomination</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Audit & Supervisory Board Member</div>	<p>April 1982 Joined The Mitsubishi Bank, Ltd.</p> <p>June 2009 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.(BTMU), Deputy President, General Manager of Shanghai Branch of The Bank of Tokyo-Mitsubishi UFJ (China), Ltd.</p> <p>July 2011 Executive Officer, General Manager, Global Corporate Banking Division of BTMU</p> <p>May 2012 Managing Executive Officer, Group Head, Nagoya Corporate Banking Group of BTMU</p> <p>June 2013 Managing Executive Officer, Chief Executive Officer for Asia and Oceania of BTMU</p> <p>July 2016 First Senior Vice President of Nidec Corporation</p> <p>September 2020 Chairman and Representative Director, MST Insurance Service Co., Ltd. (to the present)</p> <p>June 2021 Outside Director, Mitsubishi HC Capital Inc. (to the present)</p>	
<p style="text-align: center;">Go Watanabe (September 19, 1958)</p> 	<p>■ Reason for nomination as candidate</p> <p>Mr. Go Watanabe has abundant experience and insight as a manager at a financial institution and a manufacturing industry etc., both in Japan and overseas. Since it is deemed that he would possess sufficient insight and knowledge essential for Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has been nominated as a candidate for Audit & Supervisory Board Member.</p> <p>Additionally, although he was a business executive manager until June 2016 at The Bank of Tokyo-Mitsubishi UFJ (currently MUFG Bank, Ltd.), a business partner of MGC, over five years have passed since his retirement. While there are transactional relationships between MGC and said company including the borrowing of funds, the amount of borrowings from said company was less than 3.3% of consolidated total assets as of March 31, 2022. Furthermore, although said company holds shares in MGC, the percentage is 1.2% of issued and outstanding shares. Furthermore, while there are transactional relationships between MGC and Mitsubishi HC Capital Inc. where he serves as an outside director, including the equipment leasing, the amount was less than 1% of consolidated net sales for FY2021.</p>	0

- (Note) 1. No conflict of interests exists between MGC and the candidate.
2. Mr. Go Watanabe is scheduled to resign from his position of Chairman and Representative Director in MST Insurance Service Co., Ltd. on June, 27, 2022.
3. Mr. Go Watanabe is nominated as Outside Audit & Supervisory Board Member.
4. In the event the election of Mr. Go Watanabe is approved, MGC is scheduled to conclude an identical Limitation of Liability Agreement with him, limiting his liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the maximum amount stipulated by the Companies Act.

(Translation)

5. In the event the election of Mr. Go Watanabe is approved, MGC will also register him as an independent auditor at Tokyo Stock Exchange, Inc..
6. MGC has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The content of the insurance agreement is as stated on “3. Information Concerning Corporate Officers” in the Business Report. The candidate for Audit & Supervisory Board Member is to be included as insured parties under the insurance agreement in the event his election is approved. Furthermore, MGC plans to leave the content of the insurance policy unchanged upon its next renewal.

(Translation)

(Reference) MGC Standards on Independence for Outside Corporate Officers

A candidate is deemed to qualify as an independent officer as long as none of the following matters apply.

1. If any of the following applies to the candidate.
 - 1) Has been a business execution manager (*1) of the MGC Group (*2).
 - 2) Is a major shareholder of MGC (*3) or is or has been a business execution manager for a major shareholder company within the previous five years.
 - 3) Is or has been a business execution manager within the previous five years of an important business partner (*4).
 - 4) Has been dispatched from a company or organization that has established a relationship with the MGC Group through the reciprocal appointment of outside officers.
 - 5) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
 - 6) Provides or has provided consulting services other than statutory auditing to the MGC Group within the previous three years, for which he or she has received high compensation (*5).
2. If any of the following applies to a close relation (*6) of the candidate.
 - 1) Is or has been an important business execution manager (*7) of the MGC Group within the previous five years.
 - 2) Is a major shareholder of MGC or a business execution manager for a major shareholder company.
 - 3) Is or has been a business execution manager within the previous five years of an important business partner.
 - 4) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
 - 5) Provides or has provided consulting services other than statutory auditing to the MGC Group within the previous three years, for which he or she has received high compensation.
3. The candidate has another important vested interest in the MGC Group and has been reasonably deemed to be unable to fulfill his or her duties as an independent officer.

(*1) Business execution manager: Either a Director overseeing business execution, an Executive Officer, other officer involved in business execution, or an employee.

(*2) MGC Group: MGC or one of its subsidiaries.

(*3) Major shareholder of MGC: A shareholder currently holding, either directly or indirectly, 10% or more of total shares issued and outstanding.

(*4) Important business partner: A business partner that has made transactions, including buying and selling, amounting to 2% or more of consolidated net sales over the previous three consecutive years. Consolidated net sales pertains to the MGC Group in the event the MGC Group is the seller, or to the partner in the event the MGC Group is the buyer.

(*5) High compensation: In the case of an individual, an annual amount of 10 million yen or more, or in the case of a member of company or organization, compensation exceeding 2% of its consolidated net sales or total revenue.

(*6) Close relation: Either a spouse, first- or second-degree relative, or financial dependent.

(*7) Important business execution manager: Either a Director overseeing business execution, an Executive Officer, or other officer involved in business execution.

BUSINESS REPORT

(From April 1, 2021 to March 31, 2022)

1. Review of Results

(1) Overview of results

During the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022), outlook for the world economy remained unstable despite glimmers of economic recovery from pandemic-induced stagnation. With the ongoing impact of logistics disruptions and semiconductor shortages already hindering economic activities, the eruption of the Russia-Ukraine conflict has caused raw material and fuel prices to surge sharply, while the depreciation of the yen has become more drastic.

Against this backdrop, the MGC Group nevertheless benefitted from constantly robust demand for semiconductor-related products reflecting market growth as well as recovery in demand for automotive-related and other products that had been heavily affected by the novel coronavirus pandemic, along with improvement in market prices for general-purpose products, such as methanol, amid rises in raw material and fuel prices.

In addition, the MGC Group launched a medium-term management plan in April 2021. In line with this plan, the Group aims to shift to a profit structure resilient to changes in the business environment. To this end, the Group is striving to:

- “Further strengthen competitively advantageous (“differentiating”) businesses,”
- “Accelerate creation and development of new businesses,” and
- “Reevaluate and rebuild unprofitable businesses.”

These efforts will help push ahead with business portfolio reforms.

The MGC Group’s net sales increased due mainly to upturns in market prices for methanol and other offerings as well as recovery in overall sales volume.

Furthermore, operating income rose, despite increases in raw material and fuel prices, lower sales volumes of optical polymers and other negative factors affecting profit. This was thanks primarily to the higher sales volumes of semiconductor-related products, recovery in demand for products that had been affected by fallout from the novel coronavirus pandemic, and rising market prices for general-purpose products.

Ordinary income increased due primarily to higher operating income as well as growth in equity in earnings of affiliates related to engineering plastics and overseas methanol producing companies.

Net income attributable to owners of the parent grew, mainly on higher ordinary income, despite an increase in extraordinary losses reflecting such factors as the recording of an impairment loss in connection with business restructuring and other measures.

In fiscal 2021, the MGC Group achieved ¥705.6 billion in consolidated net sales, an increase of ¥109.9 billion (18.5%) from the previous year, consolidated operating income of ¥55.3 billion, an increase of ¥10.8 billion (24.4%), equity in earnings of affiliates of ¥14.8 billion, an increase of ¥9.7 billion (188.3%), consolidated ordinary income of ¥74.1 billion, an increase of ¥23.9 billion (47.6%) and net income attributable to owners of the parent of ¥48.2 billion, an increase of ¥12.2 billion (33.9%).

(2) Results by business segment

Please note, the MGC Group revised the definition of its reportable segments in the first quarter of the fiscal year ended March 31, 2022. To provide comparative year-on-year segment results, the Group

(Translation)

has restated the operating results of the previous fiscal year to reflect the revised segmentation.

Basic Chemicals

Main businesses	Methanol, Methanol/Ammonia Based Chemicals, High-performance products, Xylene separators and derivatives, Foamed Plastics, Development and Sales of Resources, Life Science Related Products
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The methanol business saw increases in both net sales and earnings due mainly to a significant upturn in market prices compared with the previous fiscal year.

Methanol and ammonia-based chemicals posted increases in net sales and earnings reflecting such factors as a rise in neopentyl glycol market prices and a decrease in repair costs, despite higher raw material prices.

High-performance products*¹ posted increases in net sales and earnings thanks primarily to recovery in demand for meta-xylenediamine (MXDA), which had been affected by fallout from the novel coronavirus pandemic in the same period of the previous fiscal year, along with firm sales of aromatic aldehydes.

Xylene separators and derivatives*² saw increase in net sales and earnings due mainly to upturns in purified isophthalic acid (PIA) market prices.

Foamed plastics posted a decrease in earnings compared with the previous fiscal year, due mainly to higher raw material and fuel prices, despite the higher sales volume of flat panel display shields and automotive materials.

*1 MXDA, MX nylon, aromatic aldehydes and other offerings that had been previously classified as specialty aromatic chemicals

*2 Meta-xylene, PIA and other offerings that had been previously classified as general-purpose aromatic chemicals

In fiscal 2021, Basic Chemicals Business achieved consolidated net sales of ¥419.9 billion, an increase of ¥91.8 billion (28.0%) from the previous year, operating income of ¥25.7 billion, an increase of ¥12.9 billion (101.0%) and ordinary income of ¥30.0 billion, an increase of ¥15.8 billion (111.3%).

Specialty Chemicals

Main Businesses	Inorganic Chemicals, Engineering Plastics, Optical Materials, Electronics Materials, Oxygen Absorbers (AGELESS™)
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Inorganic chemicals posted increases in net sales and earnings thanks primarily to growth in the sales volume of chemicals for use in semiconductor manufacturing.

Engineering plastics saw increases in net sales and earnings, despite deterioration in the profitability of polycarbonates on the back of such negative factors as higher raw material and fuel prices, due mainly to robust sales of polyacetal in addition to recovery in sales volumes in automotive-related and other fields.

Optical materials posted decreases in net sales and earnings, despite recovery in optical polymer demand, which bottomed out in the first quarter. The decreases were due mainly to lower sales volume reflecting inventory adjustment carried out by customers during the first half.

Electronic materials saw increases in net sales and earnings. This was thanks mainly to robust showings of BT materials for IC plastic packaging, the core product category for electronic materials, reflecting constantly robust demand for products used in memory devices and 5G smartphones, along with higher sales volumes, especially in the first half, for general-purpose materials for a broad range of applications including PC-related devices and home appliances.

Oxygen absorbers such as AGELESS™ posted an increase in earnings, thanks mainly to recovery

(Translation)

in domestic demand for products used for foodstuffs, achieving an improvement from the stagnation brought about by the novel coronavirus pandemic in the previous fiscal year.

In fiscal 2021, Specialty Chemicals Business achieved consolidated net sales of ¥285.4 billion, an increase of ¥17.9 billion (6.7%) from the previous year and operating income of ¥33.6 billion, a decrease of ¥1.1 billion (3.4%) and ordinary income of ¥45.4 billion, an increase of ¥7.8 billion (21.0%).

Other

Main Businesses	Real estate business, etc.
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Other business remained unchanged, with net sales of ¥0.2 billion, business loss operating income was ¥0.0 billion, and ordinary income was ¥0.0 billion.

Sales by Business Segment

Segment	FY2020 (April 2020 - March 2021)		FY2021 (April 2021 - March 2022)		Year-on-Year Increase/ Decrease (%)
	Sales Amount (millions of yen)	Percentage Total (%)	Sales Amount (millions of yen)	Percentage Total (%)	
Basic Chemicals	328,078	55.1	419,959	59.5	28.0
Specialty Chemicals	267,457	44.9	285,419	40.4	6.7
Other	340	0.0	277	0.0	△18.6
Adjustment	△158	△0.0	△0	△0.0	-
Total	595,718	100.0	705,656	100.0	18.5

Note: 1. Since FY2021 MGC has reviewed its business segmentation method and changed the energy related business that was included in the "Other" to the "Basic Chemicals." The comparisons above were made upon having reclassified figures for FY2020 using the updated business segment categories.
2. Since the beginning of FY2021 MGC applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), and the like.

(3) Capital Expenditures

Capital expenditures for the current fiscal year were made largely in relation to reinforcing the production capabilities for existing products and maintaining/renovating equipment and facilities.

Major expenditures incurred are as follows:

- 1) Major facilities completed during the current fiscal year

No applicable items.

- 2) Construction initiated or continuing through the current fiscal year

MGC Pure Chemicals Taiwan, Inc.

- Production facility for industrial hydrogen peroxide (Specialty Chemicals)

Taixing MGC Lingsu Co., Ltd.

- Production facility for hydrogen peroxide, performance chemicals (Specialty Chemicals)

(Translation)

Niigata Plant

- Production facility for material monomer of optical resin polymer (Specialty Chemicals)

MGC SPECIALTY CHEMICALS NETHERLANDS B.V.

- Manufacture and sale of meta-xylenediamine (Basic Chemicals)

(4) Funding

The funds for equipment and facilities as well as for working capital for the current fiscal year were provided by MGC's own resources, borrowings from financial institutions and issuance of short-term corporate bonds.

(5) Operations Results and Financial Position

1) MGC Group (consolidated basis)

(Millions of yen)

Classification	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020	FY2020 April 2020 – March 2021	FY2021 April 2021 – March 2022
Sales	648,986	613,344	595,718	705,656
Ordinary income	69,199	31,116	50,240	74,152
Profit attributable to owners of parent(Mitsubishi Gas Chemical)	55,000	21,158	36,070	48,295
Net income per Share (yen)	257.46	100.50	173.41	232.15
Total assets	804,038	771,733	836,364	928,651
Net assets	553,282	548,141	581,411	630,887

Note: Since the beginning of FY2021, MGC applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. and the major management indicators for the fiscal year are the indicators after the application of the relevant accounting standards.

2) MGC (Non-consolidated basis)

(Millions of yen)

Classification	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020	FY2020 April 2020 – March 2021	FY2021 April 2021 – March 2022
Sales	375,129	351,348	344,898	427,927
Ordinary income	41,329	30,066	26,443	46,116
Net income	34,690	29,332	23,966	35,812
Net income per Share (yen)	162.39	139.33	115.22	172.15
Total assets	457,427	425,713	469,634	529,631
Net assets	291,198	290,955	306,478	323,002

Note: Since the beginning of FY2021, MGC applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. and the major management indicators for the fiscal year are the indicators after the application of the relevant accounting standards.

(6) Key Challenges for the Mitsubishi Gas Chemical Group

1) State of progress in important measures as of the end of FY2021

Launched in fiscal 2021, Medium-Term Management Plan, "Grow UP 2023", establishes two objectives under the MGC Way, the new MGC Group philosophy. The objectives involve "Shift to a profit structure resilient to environmental changes" and "Balance social and economic value." MGC will pursue strategies to achieve these objectives comprised of three items for each.

(Translation)

◆ Medium-Term Management Plan “Grow UP 2023”

● Objective 1

Shift to a Profit Structure Resilient to Environmental Changes: Business Portfolio Reform

■ Strategies

- Further strengthen competitively advantageous (“differentiating”) businesses
- Accelerate creation and development of new businesses
- Reevaluate and rebuild unprofitable businesses

To move forward with business portfolio reforms under the Plan, the MGC Group has reevaluated its business categories, classifying those businesses with both competitive advantage and growth potential as “differentiating businesses”. The MGC Group is developing a broad range of differentiating businesses in chemicals and materials, these include meta-xylenediamine (MXDA), MX-Nylon, aromatic aldehydes and polyacetal (POM) and further specialty products include electronics chemicals, BT-related material, optical resin polymers and ultra-high refractive lens monomers. The MGC Group will continue to focus management resources on these differentiating businesses, further strengthening profitability.

During fiscal 2021, the Group established MGC SPECIALTY CHEMICALS NETHERLANDS B.V., a wholly owned MXDA manufacturing subsidiary of MGC, in Rotterdam, Kingdom of the Netherlands. It also decided that Global Polyacetal Co., Ltd., a wholly owned subsidiary of MGC, would succeed the Group’s POM business, etc., with the aim of further strengthening the integrated management of these businesses. Moreover, the Group determined to acquire an additional 25% equity stake in Mitsubishi Engineering-Plastics Corporation (MEP), an equity-method affiliate of MGC, effective April 3, 2023, with the aim of boosting its competitiveness in polycarbonate (PC)-related businesses, designated as foundation businesses.

It is also engaged in initiatives to “accelerate creation and development of new businesses.” During fiscal 2021, it actively invested in R&D, increased the number of research personnel, and established a NEXX Technologies Advanced Materials Business Unit at Mitsubishi Gas Chemical America, Inc., a subsidiary of MGC, with the aim of opening up the United States composite materials market with prepreg products.

The Group’s initiatives to reevaluate and rebuild unprofitable businesses include its decisions to cease production of formalin at the Yokkaichi Plant from around August 2022, and cease production of formalin, paraformaldehyde, and hexamine at the Niigata Plant from around May 2023. After ceasing production of trimethylolpropane at the Mizushima Plant, the Group is proceeding to reevaluate and rebuild the formalin and polyol product group. Meanwhile, it aims to gain a competitive advantage by building an integrated production system extending from formalin raw materials to wood adhesives through the acquisition of the shares of J-CHEMICAL, Inc. and its conversion to a wholly owned subsidiary (J-CHEMICAL, Inc. and Yutaka Chemicals Corporation were merged and renamed MGC Woodchem Corporation in April 2022), to transform the formalin business into a stable earnings base.

By implementing these strategies, the MGC Group attempts to shift to a profit structure that is resilient to environmental changes. Specifically, by fiscal 2023, the Group aims to have more than 40% of overall sales come from differentiating businesses, and for unprofitable businesses or those needing rebuilding to represent less than 3% of total sales.

● Objective 2

Balance Social and Economic Value: Toward Sustainable Growth

■ Strategies

- Solve social issues through business
- Harmonize shared-value creation with environmental protection
- Strengthen discipline and foundation supporting business activities

(Translation)

Three strategies will be executed with the goal of balancing social and economic value.

In April 2020, MGC identified materiality--priority issues for management--in line with formulating a medium-term management plan, it has also established new fiscal 2030 targets to allow the company to make steady progress in materiality management, and has set new key performance indicators (KPIs) for fiscal 2023 aimed at achieving those targets. Specifically, KPIs have been set for GHG emission reductions aimed at air quality control, and for investments and R&D expenditures aimed at solving energy and climate change-related problems. MGC will tie this kind of materiality management to sustainable growth.

2) Future initiatives

The business environment remains unpredictable, with the recent rise in geopolitical risks associated with the situation in Ukraine in addition to restrictions on economic activity due to the prolonged COVID-19 pandemic and the impact of semiconductor shortages on production activities. The MGC Group will nevertheless strive as one to achieve the financial targets set forth under the Plan.

Specifically, the Group will aim to achieve Objective 1, "Shift to a Profit Structure Resilient to Environmental Changes," by continuing to engage in active investment focused on its differentiated products, primarily MXDA, electronics chemicals, and BT-related materials, and proceeding with the priority allocation of management resources. In addition, it will also pursue measures to bring about a further shift to high value-added products and greater efficiency for other core products such as PC-related products and methanol. The Group will continue with the structural reform and reevaluation of businesses with profitability issues, primarily formalin and polyol-related businesses, aiming to exit from unprofitable businesses and those requiring rebuilding. Meanwhile, the Group will also proceed with the active injection of R&D resources aimed at creating and developing new, next-generation businesses.

Under the Group's proclaimed mission, "creating value to share with society," it will aim to achieve Objective 2, "Balance Social and Economic Value," through materiality management, to realize sustainable growth. Its initiatives to achieve carbon-neutral status, in particular, are designated as strategic priorities for MGC's management. The Group will utilize its unique, innovative technologies to develop products and technologies to contribute to carbon-neutral, while also engaging in the reduction of GHG emissions.

◆ Reference: Disclosure based on the TCFD (Task Force on Climate-related Financial Disclosures) Recommendations, and response to the marine plastics issue, etc.

MGC endorsed the TCFD Recommendations in May 2019. In addition to assessing the risks and opportunities for the MGC Group arising from climate change and strengthening the Group's resilience through scenario analysis, MGC is engaged in promoting sound dialogue with its stakeholders. In fiscal 2021, MGC implemented scenario analysis for the polycarbonates and MXDA businesses, confirming that tackling issues such as recycling would mitigate financial impact under the decarbonization scenario.

Key CSR issues such as climate change risk are considered by an advisory body with the involvement of the heads of head office administrative departments, before being deliberated on and decided by the CSR Council, which is chaired by the President and mainly composed of all Directors including Outside Directors as well as being attended by Audit & Supervisory Board Members.

In March 2022, the MGC Group announced its goal of achieving carbon neutrality by 2050, in an effort to contribute to keeping global warming within 2°C.

In implementing this initiative, the Group will leverage the development of its existing businesses, where it has strength, and its R&D capabilities. It will also promote collaboration with other MGC Group businesses and external entity to target specific reductions through measures such as the use of electric power generated using LNG, which has low GHG emissions, during the transitional phase, the introduction of renewable energy, and the installation of carbon-

(Translation)

free energy systems and CCUS*, striving to achieve its goal of reducing emissions by 36% by 2030 and attaining carbon-neutral status by 2050.

The processing and reuse of waste plastics is another issue that has gained worldwide recognition, most prominently in the case of marine plastics. In terms of recycling and materials circulation, the MGC Group not only develops recycling technologies, materials technologies for easy recycling, and readily-degradable bioplastics, but is also engaged in autonomous initiatives to collect and recycle the waste materials produced when customers use MGC Group products. The Group will be also responding to the issue of waste plastics by actively participating in similar initiatives by industry bodies.

* CCUS (Carbon dioxide Capture, Utilization and Storage) refers to technologies used to capture and store CO₂ emissions and to utilize the stored CO₂ as a raw material for chemicals and other products.

Plans and descriptions concerning the future such as target values provided in “Key Challenges for the Mitsubishi Gas Chemical Group” are based on information available to the Group as of the date of preparation of this document and certain assumptions which the Group deems reasonable, and therefore include uncertainties. Actual results may differ significantly from these projections due to various factors.

(7) Major Places of Business of Mitsubishi Gas Chemical (As of March 31, 2022)

1) MGC

	Name	Location
Head Office:	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	
Research Institutes:	Tokyo Research Laboratory	Tokyo Prefecture
	Niigata Research Laboratory	Niigata Prefecture
	Hiratsuka Research Laboratory	Kanagawa Prefecture
Plants:	Niigata Plant	Niigata Prefecture
	Mizushima Plant	Okayama Prefecture
	Yokkaichi Plant	Mie Prefecture
	Yamakita Plant	Kanagawa Prefecture
	Kashima Plant	Ibaraki Prefecture
	QOL Innovation Center Shirakawa	Fukushima Prefecture

(Translation)

2) Subsidiaries

Company Name	Head Office	Business and Production Site
Eiwa Chemical Industry Co., Ltd.	Kyoto	Aichi Prefecture, etc.
Toho Earthtech, Inc.	Niigata	Tokyo Prefecture, etc.
Japan Finechem Co., Inc.	Tokyo	Kagawa Prefecture, etc.
Japan U-pica Co. Ltd.	Tokyo	Yamaguchi Prefecture, etc.
Mitsubishi Gas Chemical Trading, Inc.	Tokyo	Osaka Prefecture, etc.
Yutaka Chemical Corporation	Tokyo	Kanagawa Prefecture, etc.
Yonezawa Dia Electronics Co., Inc.	Yamagata	---
J-Chemical, Inc.	Tokyo	Shizuoka Prefecture, etc.
JSP Corporation	Tokyo	Tochigi Prefecture, etc.
MGC Advance Co., Ltd.	Niigata	Niigata Prefecture, etc.
MGC Energy Company Limited	Tokyo	---
MGC Electrotechno Co., Ltd.	Tokyo	Fukushima Prefecture
MGC Terminal Co., Inc.	Tokyo	Hiroshima Prefecture, etc.
MGC Filsheet Co., Ltd.	Saitama	Osaka Prefecture, etc.
MGC Advanced Polymers Inc.	U.S.A.	---
MGC Pure Chemicals America, Inc.	U.S.A.	U.S.A.
Mitsubishi Gas Chemical America, Inc.	U.S.A.	---
MGC Specialty Chemicals Netherlands B.V.	Netherlands	---
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	---
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	---
Ageless (Thailand) Co., Ltd.	Thailand	---
MGC Electrotechno (Thailand) Co., Ltd.	Thailand	---
Thai Polyacetal Co., Ltd.	Thailand	Thailand
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	China	---
MGC Pure Chemicals Taiwan, Inc.	Taiwan	---
Samyoung Pure Chemicals Co., Ltd.	Korea	Korea

(8) Number of Employees (As of March 31, 2022)

1) MGC Group (Consolidated)

Segment	Number of Employees	Change from End of FY2020
Basic Chemicals	5,559	543
Specialty Chemicals	3,872	339
Other	22	△113
Corporate (Shared)	435	121
Total	9,888	890

- Notes: 1. Only employees working within the Group are included in the headcount (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).
2. The employees in the Corporate (Shared) segment are individuals who belong to administrative departments that cannot be classified into specific business segments.
3. As a result of the acquisition of MGC Ageless Co., Ltd. as a consolidated subsidiary in April 2021, that company's employees added to the number of employees in Specialty Chemicals.
4. As a result of the merger of the consolidated subsidiary MGC Advance Chemical Inc. and the non-consolidated subsidiaries Nisshin Unyu Co., Ltd. and MGC Engineering Co., Ltd. in April 2021, the employees of the previously non-consolidated subsidiaries added to the number of employees in Basic Chemicals.

(Translation)

2) MGC (Non-Consolidated)

Number of Employees	Change from End of FY2020	Average Age	Average Duration in Employment
2,461	Increase by 34	40 years old and 9 month	17 years and 8 month

Note: Only employees working within MGC are included in the headcount (excludes individuals on assignment from MGC to other companies and includes individuals on assignment from other companies to MGC).

(9) Major Subsidiaries and Affiliates (As of March 31, 2022)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Eiwa Chemical Industry Co., Ltd.	420	90.9	Manufacture and sale of blowing agents, blowing agent activators, and resin processing products
Toho Earthtech, Inc.	240	50.1	Production and sale of natural gas and iodine, and Seismic reinforcement works
Japan Finechem Co., Inc.	274	100.0	Manufacture and sale of organic synthetic chemicals, including polymeric initiators and raw materials for agrichemicals, and electronics parts
Japan U-Pica Co., Ltd.	1,100	70.0	Manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters
Mitsubishi Gas Chemical Trading, Inc.	210	100.0	Sale of chemicals and other products
Yutaka Chemical Corporation	80	100.0 (50.0)	Manufacture of wood adhesives and formalins
Yonezawa Dia Electronics Co., Inc.	90	100.0 (100.0)	Manufacturing of Mass lamination board and LE sheet, entry sheet for PWB drilling
J-Chemical Inc.	90	100.0	Sale of wood adhesives and formalins
JSP Corporation	10,128	54.0 (0.2)	Manufacture and sale of foamed polystyrene and foamed polyolefin
MGC Advance Co., Ltd.	100	87.1 (5.0)	Transportation storage, Manufacturing and sale of Life Science Products, Engineering maintenance
MGC Energy Co., Ltd.	5	100.0	Procurement and sales of electricity
MGC Electrotechno Co., Ltd.	500	100.0	Manufacture and sale of printed circuit board materials
MGC Terminal Co., Inc.	100	100.0 (14.2)	Storage services for methanol
MGC Filsheet Co., Ltd.	50	100.0 (45.4)	Manufacture and sale of polycarbonate sheets/films
MGC Advanced Polymers Inc.	(thousands of USD) 6,000	100.0 (50.0)	Manufacture and sale of MX-Nylon
MGC Pure Chemicals America, Inc.	(thousands of USD) 5,000	100.0 (20.0)	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical America, Inc.	(thousands of USD) 1,084	100.0	Sale of chemicals and other products
MGC Specialty Chemicals Netherlands B.V.	(millions of Euro) 20	100.0	Manufacture and sale of meta-xylenediamine
MGC Pure Chemicals Singapore Pte. Ltd.	(thousands of USD) 7,106	100.0 (10.0)	Manufacture and sale of super pure hydrogen peroxide and other products

(Translation)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Mitsubishi Gas Chemical Singapore Pte. Ltd.	(thousands of USD) 1,161	100.0	Sale of chemicals and other products
Ageless (Thailand) Co., Ltd.	(millions of THB) 250	100.0	Manufacture and sale of Oxygen Absorbers
MGC Electrotechno (Thailand) Co., Ltd.	(millions of THB) 710	100.0 (100.0)	Manufacture of Copper Clad Laminates
Thai Polyacetal Co., Ltd.	(millions of THB) 840	70.0	Manufacture and sale of polyacetal resins
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	(millions of RMB) 1,504	91.0	Manufacture and sale of polycarbonate resins
MGC Pure Chemicals Taiwan, Inc.	(millions of NTD) 80	100.0	Manufacture and sale of super pure hydrogen peroxide and other products
Samyoung Pure Chemicals Co., Ltd.	(millions of KRW) 3,500	51.0	Manufacture and sale of super pure hydrogen peroxide and other products
Granopt Co., Ltd.	150	49.0	Manufacture and sale of magneto-optics crystal
CG Ester Corporation	450	50.0	Manufacture and sale of plasticizers
Kokuka Sangyo Co., Ltd	100	50.0	Shipping of chemical products
Japan Saudi Arabia Methanol Co., Inc.	2,310	47.4	Import and sale of methanol, and investment in and finance for foreign companies
Mitsubishi Engineering- Plastics Corporation	3,000	50.0	Sale and manufacture of engineering plastics
Ryoden Kasei Co., Ltd	300	45.0	Manufacture and sale of electric/electronic related materials and their applied products
Brunei Methanol Company Sdn. Bhd.	(thousands of USD) 189,400	50.0	Manufacture and sale of methanol
Tai Hong Circuit Industrial Co., Ltd.	(millions of NTD) 1,104	50.0	Manufacture and sale of printed circuit boards (single-sided boards, double-sided boards, and double layer boards)
Korea Engineering Plastics Co., Ltd.	(millions of KRW) 12,600	50.0 (10.0)	Manufacture and sale of engineering plastics, mainly polyacetal resins

Note: The figures in parentheses represent the percentage of voting rights indirectly held by MGC's subsidiaries, included in totals.

(10) Major Lenders (As of March 31, 2022)

(Millions of yen)

Lender	Balance of Borrowings
MUFG Bank, Ltd.	30,040
Development Bank of Japan Inc.	11,545
Mizuho Bank, Ltd.	9,229
The Norinchukin Bank	6,422
Nippon Life Insurance Company	5,765
The Bank of Yokohama, Ltd.	5,271

(Translation)

2. Information Concerning Stock (As of March 31, 2022)

- (1) **Authorized Shares** 492,428,000 (No change from end of FY2020)
- (2) **Issued and Outstanding Shares** 225,739,199 (No change from end of FY2020)
- (3) **Number of Shareholders** 32,175 (Increase by 10,590 from end of FY2020)

(4) Principal Shareholders (ten largest shareholders)

Name of shareholder	Investment to MGC	
	Number of Shares Held (thousands Shares)	Percentage to Total Shares Outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,163	16.9
Custody Bank of Japan, Ltd. (Trust account)	17,472	8.4
Meiji Yasuda Life Insurance Company	8,797	4.2
Nippon Life Insurance Company	7,326	3.5
The Norinchukin Bank	5,026	2.4
AGC Inc.	3,929	1.8
Custody Bank of Japan, Ltd. (Trust account 4)	3,574	1.7
The Bank of Yokohama, Ltd.	3,085	1.4
JPMorgan Securities Japan Co., Ltd.	3,076	1.4
MUFG Bank, Ltd.	2,700	1.3

- Notes: 1. MGC holds 17,693 thousands shares of treasury shares, which is not included in the above list of principal shareholders.
2. Percentage to Total Shares Outstanding is calculated excluding treasury shares.

(5) Shares Delivered as Consideration for The Execution of Duties to Directors

	Number of Shares	Number of Recipients
Directors (Excluding Outside Directors)	18,000	8

(Translation)

3. Information Concerning Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2022)

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Representative Director Chairman	Toshikiyo Kurai	
Representative Director President	Masashi Fujii	
Director Managing Executive Officer	Masato Inari	Responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division
Director Managing Executive Officer	Nobuhisa Ariyoshi	In charge of internal control & risk management, responsible for Administrative & Personnel, Finance & Accounting, in charge of Information Systems Division
Director Managing Executive Officer	Kenji Kato	Responsible for Research & Development, in charge of Intellectual Infrastructure Center
Director Managing Executive Officer	Yasushi Kosaka	In charge of Specialty Chemicals Business Sector
Director Managing Executive Officer	Naruyuki Nagaoka	In charge of Basic Chemicals Business Sector
Director Managing Executive Officer	Motoyasu Kitagawa	In charge of compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR & IR Division
Director	Tsugio Sato	
Director	Haruko Hirose	President, Japan Morocco Association Outside Director, S&B Foods Inc. Outside Director, Nikkiso Co., Ltd.
Director	Toru Suzuki	
Director	Yasushi Manabe	Executive Advisor, Yashima Denki Co., Ltd.
Audit & Supervisory Board Member (Fulltime)	Takashi Kimura	
Audit & Supervisory Board Member (Fulltime)	Masamichi Mizukami	
Audit & Supervisory Board Member (Fulltime)	Kenji Inamasa	
Audit & Supervisory Board Member	Yasuomi Matsuyama	President in Nissay Culture Foundation President in Tokyo Opera City Cultural Foundation

Notes: 1. MGC has adopted the executive officer system.

2. Of the Directors, Mr. Motoyasu Kitagawa and Mr. Yasushi Manabe newly assumed their office as of

(Translation)

June 25, 2021.

3. Of the Directors, Dr. Tsugio Sato, Ms. Haruko Hirose, Mr. Toru Suzuki and Mr. Yasushi Manabe are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
4. Of the Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
5. Ms. Haruko Hirose is listed as above in her preferred name. Her name in the family register is Haruko Makinouchi.
6. Audit & Supervisory Board Member, Mr. Takashi Kimura, has been involved with financial institutions for a number of years, and has experience in corporate management as a manager, and possesses a considerable degree of knowledge regarding finance and accounting.
7. Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, has been involved with financial institutions for a number of years, and has experience in corporate management through his role in charge of the Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
8. MGC has registered Directors, Dr. Tsugio Sato, Ms. Haruko Hirose, Mr. Toru Suzuki and Yasushi Manabe and Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama, as independent directors/auditors at Tokyo Stock Exchange, Inc.
9. There is no material business relation between MGC and the other companies, etc. in which Directors, Ms. Haruko Hirose, Mr. Yasushi Manabe and Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, serve concurrently.
10. Corporate Officers who have retired during the current fiscal year are as follows:
 - Director Mr. Kazuhiko Okubo
 - Director Mr. Kazuo Tanigawa
(Retired upon expiry of the term of office on June 25 2021)
 - Audit & Supervisory Board Member (Fulltime) Mr. Katsuhiko Sugita
(Retired upon resignation on June 25 2021)
11. Effective from April 1, 2022 Responsibility at MGC and important current positions at other companies, etc. changed as follows.

Position	Name	Responsibility at MGC and Important current positions at other companies, etc.
Representative Director Senior Managing Executive Officer	Masato Inari	Responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division
Representative Director Senior Managing Executive Officer	Nobuhisa Ariyoshi	In charge of internal control & risk management, responsible for Finance & Accounting, in charge of Administrative & Personnel Division and Information Systems Division
Director	Yasushi Kosaka	—

(2) General Intent of Limitation of Liability Agreement

MGC has entered into a Limitation of Liability Agreement with each Outside Corporate Officers to limit their liabilities with respect to Article 423 Paragraph 1 of the Companies Act up to the amount stipulated by the law, based on Article 427 Paragraph 1 of said Act.

(3) General Intent of Directors & Officers Liability Insurance

MGC has entered into a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3 Paragraph 1 of the Companies Act, with the insured parties thereto consisting of MGC's Directors, Audit & Supervisory Board Members, Executive Officers, important employees, outside dispatched officers and retired officers.

The insurance policy provides coverage for legal damages, litigation expenses and other such costs that may be incurred by an insured party if he or she becomes subject to a legal claim for damages filed by a shareholder, third-party or otherwise. However, the insurance policy does not provide coverage for damages caused by an insured party as a result of he or she having engaged in criminal acts or other such behavior.

(Translation)

MGC shall assume payment of the insurance policy premiums in full.

(4) Directors' and Audit & Supervisory Board members' Compensation

Classification	Amount of Compensation (millions of yen)	Total Amount of Compensation by Type (millions of yen)			Number of eligible people
		Basic	Performance-based	Restricted Stock	
Directors	505	322	144	38	14
Audit & Supervisory Board Member	87	87	—	—	5
Total	593	410	144	38	19
Outside Directors/Audit & Supervisory Board Members (Figures on the right are parts of the total amounts above.)	(75)	(75)	—	—	(7)

- Note: 1. The amount of restricted stock compensation to Directors is that of the provision for restricted stock compensation (for nine Directors excluding Outside Directors) for the fiscal year under review.
2. Monetary compensation paid to Directors is to amount to within ¥600 million per annum, including reserved retirement benefits for each term of office (of which, the amount shall be within ¥50 million for Outside Directors who shall not be eligible for of the reserved retirement benefits), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of Directors upon conclusion of said General Meeting of Shareholders is 12 Directors (of whom, two are Outside Directors). Meanwhile, in a framework separate from the monetary compensation, compensation that involves granting restricted stock shall amount to within ¥100 million per annum (Outside Directors shall not be eligible for payment thereof), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of Directors (excluding Outside Directors) upon conclusion of said General Meeting of Shareholders is 10 Directors.
3. Having taken into account Compensation and Nominating Committee discussions involving Mr. Masashi Fujii, President and Representative Director, on compensation allocations, the Board of Directors deems the President most suitable for evaluating the respective Directors while enlisting a broad-based view of the MGC overall. The Board of Directors has accordingly decided to entrust Mr. Masashi Fujii with decisions on allocations of annual compensation for the respective Directors.
4. Indicators pertaining to performance-based compensation enlist a combination of ordinary income and ROIC with the aim of providing incentive with respect to corporate performance. Accordingly, ordinary income of ¥50,240 million and ROIC of 7.7% served actual results with respect to such indicators.
5. Monetary compensation paid to Audit & Supervisory Board Members is to amount to within ¥10 million per month, per resolution of the 80th Ordinary General Meeting of Shareholders held on June 28, 2007. The number of Audit & Supervisory Board Members upon conclusion of said General Meeting of Shareholders was 5 Audit & Supervisory Board Members.
6. Audit & Supervisory Board Members' compensation consists only of a basic compensation and is decided among the Audit & Supervisory Board Members within the amount stipulated by the General Meeting of Shareholders.

(5) Policies and Methods for Deciding Compensation and Other Benefits of Directors

MGC has determined policies on making decisions regarding compensation and other benefits for individual Directors, per resolution at its meeting of the Board of Directors held on February 17, 2021.

Having taken into account discussions regarding compensation and other benefits for individual Directors pertaining to the current fiscal year, subsequent to consultation with the Compensation and Nominating Committee consisting of the Chairman, the President, and all Outside Directors, the Board of Directors deems that such compensation and other benefits for individual Directors conforms with the methods for deciding details of compensation and other benefits and also conforms with such policies on details regarding compensation and other benefits that have been determined.

(Translation)

The policy on making decisions pertaining to compensation and other benefits for individual Directors is as follows.

Compensation for the MGC's Directors, excluding Outside Directors, consists of annual compensation and restricted stock compensation.

The annual compensation consists of fixed basic compensation decided in accordance with each Director's position and duties, in conjunction with performance-based compensation based on various indicators of corporate performance. As for method payment, the eligible Directors receive annual compensation paid on a monthly basis, divided into monthly installments, a certain percentage of which is set aside each month as part of a reserved retirement benefit, which is paid to Directors upon their retirement. MGC may take action to reduce such amounts depending on a Director's performance and other grounds. The performance-based compensation is determined based on factors that include quantitative financial results and the extent to which targets have been achieved, using ordinary income and other such indicators, with the aim of furnishing incentive with respect to corporate performance. Moreover, performance-based compensation accounts for roughly 30% of annual compensation, which mainly consists of basic compensation. This is a suitable compensation mix given distinctive characteristics of MGC's business particularly in terms of its many years of monetizing respective businesses as a result of having engaged in various initiatives such as R&D, manufacturing process development, and market development.

The restricted stock compensation involves granting a certain volume of shares to Directors in alignment with their positions and duties, in a manner whereby compensation furnished for the sake of granting treasury shares is paid to the Directors each fiscal year on a lump-sum basis. Such shares are subject to transfer restrictions so that recipients are required maintain holdings for a certain period of time. This helps encourage a sense of shared value with shareholders and furthermore provides incentive for recipients to help achieve sustainable growth with respect to MGC's corporate value.

In addition to these forms of compensation, MGC may pay an amount considered appropriate as a bonus upon resolution of a General Meeting of Shareholders.

Compensation paid to Outside Directors who maintain positions of independence from business execution is limited to fixed amounts of basic compensation.

Total amounts of annual compensation for Directors shall be determined by the Board of Directors, subsequent to consultation with the Compensation and Nominating Committee and after having reviewed comprehensive factors such as corporate performance, world standards, and employee salary trends. With respect to compensation allocations on an individual basis, the Board of Directors has taken into account Compensation and Nominating Committee discussions involving the President on compensation allocations, and accordingly deems the President most suitable for evaluating the respective Directors while enlisting a broad-based view of the MGC overall in that regard.

The policy above shall be determined by the Board of Directors, subsequent to consultation with the Compensation and Nominating Committee consisting of the Chairman, the President, and Outside Directors.

(6) Information Concerning Outside Corporate Officers

1) Relations between MGC and Other Companies in which Officers Concurrently Hold Important Positions.

The relations between MGC and other companies in which the outside corporate officers concurrently hold important positions are as described in (1).

(Translation)

2) Major Activities of Outside Corporate Officers

Outside Director	Attendance at Board of Directors Meeting	Major Activities
Tsugio Sato	12 of 12 meetings	Drawing on his highly advanced expertise in a wide field of study in chemicals such as inorganic materials chemistry and on his extensive experience holding prominent positions in various organizations, including universities and academic societies, Dr. Tsugio Sato adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.
Haruko Hirose	12 of 12 meetings	Drawing on her experience overseas and insight as director at international organizations on a global scale, Ms. Haruko Hirose adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.
Toru Suzuki	12 of 12 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Toru Suzuki adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.
Yasushi Manabe	9 of 9 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Yasushi Manabe adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.

(Translation)

Outside Audit & Supervisory Board Member	Attendance at Board of Directors Meeting	Attendance at Audit and Supervisory Board Meeting	Major Activities
Takashi Kimura	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Takashi Kimura asked questions and offered advice at Board of Directors meetings and other important meetings to ensure the appropriate execution of business. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Takashi Kimura audited each division and office and carried out inspection of subsidiaries, etc., while adequately demonstrating audit functions as a Full-time Audit & Supervisory Board Member.
Yasuomi Matsuyama	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Yasuomi Matsuyama made comments from an external perspective to ensure appropriate decision making by the Board of Directors. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Yasuomi Matsuyama discussed and exchanged views on important matters related to auditing, adequately demonstrating audit functions.

4. Information Concerning Independent Auditor

(1) Name of Independent Auditor

Crowe Toyo & Co.

(2) Independent Auditors' Fees in FY2021

1) Fee for the audit performed as stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Law	¥70 million
2) Aggregate amount of cash and other monetary payments made by MGC and MGC's subsidiaries	¥99 million

- Notes: 1. The fee for audit pursuant to the Companies Act and that for audit pursuant to the Financial Instruments and Exchange Act are not differentiated in the Audit Agreement between MGC and Independent Auditor. As such, the amount in 1) includes the amount of the fee and other payments for the audit due pursuant to the Financial Instruments and Exchange Act.
2. Of MGC's main subsidiaries, the financial statements of Toho Earthtech, Inc., JSP Corporation and foreign subsidiaries are audited (as stipulated in the Companies Act or Financial Instruments and Exchange Act, including equivalent foreign laws and ordinances) by certified public accountants or accounting firms (including those with equivalent foreign certifications) other than MGC's Independent Auditor.
3. MGC and MGC's subsidiary entrusts agreed-upon procedural operations as duties other than duties prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pay consideration to Independent Auditors.

(Translation)

4. The Audit & Supervisory Board agreed to the amount listed above in 1) after confirming the content of the Independent Auditor's audit plan, quality management systems, the state of execution of audit, estimates of audit compensation, etc.

(3) Policy for Dismissal and Non-reappointment of independent Auditors

In the case that any of the items in Article 340, Paragraph 1 of the Companies Act apply to an Independent Auditor, that Independent Auditor's dismissal will be considered, and in the case that their dismissal is judged to be appropriate, the Audit & Supervisory Board will dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board Members.

Also, in the case that the Audit & Supervisory Board recognizes that it has become difficult for the Independent Auditor to appropriately execute duties, or if otherwise judged necessary, the Audit & Supervisory Board will submit an agenda item regarding the dismissal or nonrenewal of the Independent Auditor to the General Meeting of Shareholders.

5. Resolution on Establishing Systems to Ensure Appropriate Business Operations

In following with the regulations of Article 362, Paragraph 4, Item 6 of the Companies Act, Paragraph 5 of the same Article, and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, MGC resolved in the Board of Directors meeting with respect to systems to ensure appropriate business operations (Internal Control System). Additionally, the status of the maintenance and operation of internal controls is being reported to the Board of Directors on a yearly basis, and in addition to verifying and resolving upon the appropriateness of this resolution, the Board of Directors also deliberates and resolves upon a basic policy and plans regarding the following year's maintenance and operation of internal controls. The content of internal control resolutions and operational status during fiscal 2021 are as follows.

(1) Content of Resolution on Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

- 1) MGC shall view compliance as broadly encompassing conformity with laws, regulations, Articles of Incorporation, and internal rules, as well as the conduct of fair, transparent, and free business based on an awareness of corporate responsibility to society, and shall establish MGC Corporate Behavior Guidelines, Compliance Rules, and MGC Group Code of Conduct.
- 2) Officer in charge of Compliance shall be appointed and a Compliance Committee chaired by said Officer shall be established as an organization directly under the President. Compliance Committee shall investigate compliance violations, and also discuss, formulate and make recommendation for corrective and preventive measures.
- 3) In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately MGC shall establish Basic Rules on Internal Control & Risk Management. Internal Control & Risk Management Committee shall be chaired by the officer in charge of Internal Control & Risk Management and shall be established as an organization directly under the President. In order to ensure its effectiveness Internal Control & Risk Management Committee shall cooperate with Compliance Committee and Internal Audit Division.
- 4) In order to detect compliance violations at MGC and respective companies of MGC group and take corrective measures promptly, Compliance Consultation Desk shall be established as a means of receiving internal reports from officers, employees, their families, contractors, business partners,

(Translation)

and the like.

- 5) In order to eliminate anti-social forces, in addition to clarifying MGC group's firm stance against such forces in MGC Corporate Behavior Guidelines and MGC Group Code of Conduct, MGC shall promote its policies in each relevant department.
- 6) An Internal Audit Division shall be established to conduct internal audits pursuant to the Internal Audit Rules in addition to auditing by Audit & Supervisory Board Members and by Independent Auditors.
- 7) MGC shall issue MGC Compliance Handbook and distribute to officers and employees to ensure MGC group's understanding of the compliance, as well as cultivate awareness of compliance through education and training.

② Systems for Ensuring Efficient Execution of Duties by Directors

- 1) MGC shall separate the decision-making, supervision, and business execution functions of the management and implement the Executive Officer system for expeditious decision-making and business execution. At the same time, in the operating divisions to achieve efficient business management accountability for performance shall be clarified.
- 2) In order to make decisions on matters that have material effect on MGC based on multifaceted considerations, a Management Council shall be established to deliberate on management policies and an Operations Council shall be established to deliberate on specific execution plans.
- 3) Organization Regulations, Segregation of Duties Rules, and Rules Defining Extent of Authority shall be established to clarify the duties and authorities of Directors to ensure efficient and appropriate execution of duties.
- 4) Performance shall be monitored based on numerical targets clarified through the Group's medium-term management plan, annual budget, and the like.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors shall be archived and managed in accordance with the Document Control Procedures and other internal rules.

④ Rules and Other Systems for Managing Risk of Loss

- 1) MGC shall establish Internal Control & Risk Management Rules in order to understand and appropriately manage business risks as MGC group.
- 2) Internal Control & Risk Management Committee shall identify the status of risk management and provide supervision and instructions on prioritizing risks and devising reduction measures.
- 3) Being a chemical manufacturer, MGC shall engage in responsible care (RC) activities as a voluntary undertaking to ensure environmental protection and safety through the life cycle of chemicals from production to disposal.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

While valuing the autonomous management of all Group companies and clarifying the managerial accountability of its Board of Directors, MGC has established the following systems that include the maintenance of various regulations to ensure the appropriate execution of business within the

(Translation)

MGC Group.

Also regarding the appropriate execution of business within the MGC Group, companies within the Group are controlled through methods including the assignment of officers and the exercise of voting rights as required of the nature of the business, degree of importance, etc..

- In addition to establishing departments responsible for items relating to Group management as well as divisions that supervise individual Group companies, regulations such as Rules on Subsidiaries and Affiliates are maintained and a reporting system is created in order to receive regular and emergency reports from each of the Group companies.
- Regarding Internal Audit Rules, Group companies are also subject to internal audits. Also, regarding Basic Rules on Internal Control & Risk Management, risk management conducted by Group companies are also subject to these rules, and instruction and education is carried out so that Group companies will maintain and improve appropriate risk management systems.
- MGC establishes MGC Corporate Behavior Guidelines and MGC Group Code of Conduct as basic policies for the entire Group and seeks from each Group company the maintenance of compliance structures that meet them. Also, MGC's Compliance Consultation Desk is also available to the officers and employees of each Group companies (including retirees), as well as their families, contractors, business partners, etc..
- Through medium-term management plan, annual budget, etc. of Group companies, MGC clarifies each company's performance goals and conducts performance management based on these goals. Regarding important business activities performed by Group companies, MGC's supervisory division ensures appropriate decision-making through management discussions, etc..

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

- 1) Matters Related to Employees Assisting with Audit & Supervisory Board Members' Duties
Employees shall be assigned to assist Audit & Supervisory Board Members with their duties pursuant to consultations with Audit & Supervisory Board Members.
- 2) Matters Related to Independence from Directors of Employees Assisting with Audit & Supervisory Board Members' Duties
Employees assigned to assist with the duties of Audit & Supervisory Board Members shall engage full time in said assignment and shall not be subject to orders and instructions from Directors. The prior consent of the Audit & Supervisory Board is required for their transfer, appraisal, and disciplinary punishment.
- 3) Matters related to the ensuring of the effectiveness of orders given to employees who assist Audit & Supervisory Board Members in their duties
It is made clear that employees who assist Audit & Supervisory Board Members in their duties are to obey instructions given to them by Audit & Supervisory Board Members, and employees who possess the aptitude for such duties are nominated.
- 4) Matters Related to Reports from Directors and Employees to Audit & Supervisory Board Members
 - i) In the event Directors or employees find violations of laws and regulations or facts and the like that may cause significant damage to MGC, they must report said violations, facts, and the like to the Audit & Supervisory Board Members in accordance with laws, regulations, Compliance Rules, and other internal rules.

(Translation)

- ii) Directors and employees must report regularly, and promptly in the case of important matters, on the execution status of business operations including internal control of MGC and supervised Group companies, risk management and implementation of compliance to the Audit & Supervisory Board Members, as well as promptly conduct investigations and provide reports in the event Audit & Supervisory Board Members request investigations and reports concerning these status.
 - iii) Directors, Audit & Supervisory Board Members, and employees of Group companies will, based on laws and regulations, quickly conduct surveys and deliver reports in the case that a report is demanded from Audit & Supervisory Board Members.
 - iv) Compliance Committee must promptly report to Audit & Supervisory Board Members the content of consultations and reports involving MGC or Group companies received through Compliance Consultation Desk.
- 5) Matters related to the treatment of individuals who make reports, etc. to Audit & Supervisory Board Members
Individuals responsible for aforementioned reports and surveys as well as those who work together with them, etc. shall not be subject to work reassignment, discrimination, or other unfavorable treatment as a result of that action, and knowledge of this prohibition will be made well-known.
- 6) Matters related costs, etc., resulting from the execution of Audit & Supervisory Board Members' duties
- i) In order to defray costs that occur as the result of the execution of Audit & Supervisory Board Members' duties, an appropriate budget shall be established each fiscal year based on projected activities.
 - ii) If a request for prepayment or settling of accounts regarding costs necessary for the execution of Audit & Supervisory Board Members' duties is received, MGC shall promptly comply.
 - iii) Even in cases where costs incurred as the result of the execution of Audit & Supervisory Board Members' duties exceed the amount budgeted for each fiscal year, Audit & Supervisory Board Members and the related Directors shall meet and as a rule make considerations to respond to the necessity of those costs.
- 7) Other Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members
- i) Representative Directors shall arrange for regular exchange of views with Audit & Supervisory Board Members. Further, the Internal Audit Division and the Independent Auditor shall communicate and deliberate with Audit & Supervisory Board Members to ensure the effectiveness of Audit & Supervisory Board Members' operations.
 - ii) Audit & Supervisory Board Members may attend Board of Directors Meetings and other important meetings in order to understand the decision making status regarding important matters and the execution status of business operations, in addition to reviewing important documents and requesting explanations of Directors and employees on the execution of business operations.
 - iii) In the case that the Audit & Supervisory Board requests the use of independent external specialists, MGC shall bear those costs, excepting cases where their use is deemed not necessary to the execution of Audit & Supervisory Board Members' duties.

(2) Summary of Operational Status of Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

(Translation)

- 1) MGC seeks to conduct CSR activities and achieve thorough compliance, by emphasizing publication of the MGC Corporate Behavior Guidelines Directives for Corporate Actions etc. by delivering it through the President's message.
- 2) Internal Control & Risk Management Committee met three times during the fiscal year under review, and deliberated the readiness and operational status of internal controls. Furthermore, after being approved by the Board of Directors, information concerning basic policies and plans relating to internal controls deliberated by the Committee is spread to MGC officers, employees, and all Group Companies.
- 3) Compliance Committee met three times during the fiscal year under review, deliberated specific items. The Compliance Consultation Desk, in addition to the internal desk, has had an external desk established as well, in order to lower the hurdle in making reports.
- 4) Internal audits are performed based on audit plan, and measures are undertaken to maintain the proper performance of duties. Items designated by internal audits are responded to within timeframes established by the audited division.
- 5) To eliminate anti-social forces, in addition to the creation of a response manual and spreading information internally, when entering into contracts with outside parties, MGC seeks a pledge that the party is not an anti-social force, and contracts can be nullified, etc. if it is later determined that the party is an anti-social force.

② Systems for Ensuring Efficient Execution of Duties by Directors.

- 1) MGC is working to reinforce the management execution system and strengthen its governance through clearly defining the functions and responsibilities of management, by placing an Executive Officer system that makes prompt decision-making possible, and allows the Board of Directors to concentrate on making decisions on the most important business matters and conduct supervision over business execution.
Regarding matters that have material effect on MGC, decisions are made via considerations through multifaceted deliberations at a Management Council that deliberates on management policies and at an Operations Council that deliberates on specific execution plans, and the advice of attorneys and other professionals is received as needed.
- 2) Based on the medium-term management plan and annual budget, performance is regularly monitored.
- 3) Duties and authorities of Directors, officers and employees are reviewed on a yearly basis to work toward ensuring efficient and appropriate execution of duties.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors is archived and managed in accordance with the Document Control Procedures and other internal rules through the creation of management registers and their archival for an established length of time.

④ Rules and Other Systems for Managing Risk of Loss

- 1) Standards, Operational Rules, etc. have been established under Basic Rules on Internal Control & Risk Management as systems to manage risk during ordinary periods and emergencies. Additionally, as mentioned previously, Internal Control & Risk Management Committee met three times during the fiscal year under review, providing supervision and instructions on the status of risk management.
In addition, to prepare for the continuing COVID-19, the Crisis Countermeasures Headquarters was established continually based on Internal Control & Risk Management regulations, and we are taking measures to prevent infection, such as executing work from home at head office, various infection prevention measures at plants etc..
- 2) In addition to voluntary responsible care (RC) activities, in accordance with policies established at

(Translation)

environmental safety meetings attended by all Directors, MGC strives to protect the environment and maintain safety, and continuously repeats the PDCA cycle for the protection of the environment and maintenance of safety, including confirming the progress of activities with internal audits.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

- 1) Based on regulations such as Rules on Subsidiaries and Affiliates, Group companies are managed through supervisory divisions, and regular reports on management status, etc. are received from Group companies. Additionally, a reporting system has been created for times of emergency. While a medium-term management plan and annual budget that include Group companies are formulated and performance management is being conducted, MGC aims to ensure appropriate decision-making through the assignment of officers, etc..
- 2) To ensure the appropriate execution of business within MGC Group companies and enhance risk management, the Internal Audit Division systematically conducts internal audits at major Group companies, and through a supervisory division Internal Control & Risk Management Committee strives to maintain and enhance each Group company's risk management system. Additionally, MGC states that the Compliance Consultation Desk is available for use by all individuals involved in the Company Group's business activities.

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

- 1) Aside from attending meetings of the Board of Directors, Executive Officers, and other important committees, Audit & Supervisory Board Members exchange opinions with Representative Directors and the Board of Directors, receives reports on business execution from each department, and periodically conducts onsite audits of key subsidiaries. Furthermore, Audit & Supervisory Board Members strive to enhance the effectiveness of audits, including by working together and exchanging opinions with Independent Auditor and Internal Audit Division.
- 2) Through various committees related to Internal Control & Risk Management and Compliance, reports are provided to Audit & Supervisory Board Members, on the status of control, etc. Also, consultations and reports discussed with Compliance Consultation Desk are quickly reported, and it has come to be well understood that unfavorable treatment of individuals who make reports is prohibited.
- 3) Staff dedicated to audit functions based on instructions from Audit & Supervisory Board Members are placed, and all costs required for business activity audits are defrayed.

6. Policy on Appropriation of Retained Earnings, etc.

The MGC Group places the improvement of corporate value as a challenge on the management of the greatest importance. Based on the view that the improvement of corporate value will lead to the benefits of all stakeholders including shareholders, the MGC Group takes into consideration investment and lending plans, financial health, and future business trends in order to realize future business growth, and works to achieve a balanced allotment of retained earnings and returns to shareholders. Retained earnings are allotted to be used as investment and lending funds for business expansion and growth and to strengthen the corporate structure. Regarding dividends, the decision to continue steady dividends is made taking into account trends in business results, while working to improve capital efficiency and enhance returns to shareholders through implementing flexible purchase of treasury shares in consideration of the levels of retained earnings and shareholder return, while MGC will set a new total payout ratio of 40% as a target for medium-term shareholder returns. The year-end dividend payout for fiscal 2021 was ¥35. Since the interim dividend payout was ¥45 (including commemorative dividend ¥10), the annual dividend for fiscal 2021 is ¥80 per share, which resulted in 34.5% of dividend payout ratio on a consolidated basis.

(Translation)

Regarding dividends for the next fiscal year, the interim dividend is planned to be ¥40 per share, while the year-end dividend is planned to be ¥40 per share.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	452,210	Total current liabilities	198,969
Cash and deposits	102,049	Notes and accounts payable-trade	92,387
Notes and accounts receivable-trade, and contract assets	176,556	Short-term borrowings	38,925
Securities	6	Accrued expenses	19,187
Merchandise and finished goods	78,542	Lease obligations	565
Work in process	19,729	Income taxes payable	11,997
Raw materials and supplies	57,398	Provision for bonuses	6,144
Other	19,381	Provision for bonuses for directors (and other officers)	47
Allowance for doubtful accounts	△1,453	Provision for environmental measures	3
Total non-current assets	476,440	Provision for business restructuring	190
Property, plant and equipment	276,384	Provision for loss on withdrawal from business	103
Buildings and structures, net	99,584	Asset retirement obligations	118
Machinery, equipment and vehicles, net	80,400	Other	29,298
Land	42,889	Total non-current liabilities	98,794
Lease assets, net	2,138	Bonds payable	20,000
Construction in progress	42,385	Long-term borrowings	46,621
Other	8,986	Lease obligations	1,537
Total Intangible assets	11,290	Deferred tax liabilities	11,458
Goodwill	4,811	Provision for retirement benefits for directors (and other officers)	285
Lease assets	4	Provision for environment measures	23
Software	2,992	Provision for business restructuring	2,305
Other	3,482	Provision for loss on business of subsidiaries and associates	188
Total investments and other assets	188,765	Other provision	481
Investments securities	171,446	Retirement benefit liability	6,252
Long-term loans receivable	5,159	Asset retirement obligations	5,216
Deferred tax assets	3,493	Other	4,422
Retirement benefit asset	1,226	Total liabilities	297,763
Other	8,047	(Net assets)	
Allowance for doubtful accounts	△607	Total shareholders' equity	547,239
		Share capital	41,970
		Capital surplus	34,339
		Retained earnings	492,455
		Treasury shares	△21,525
		Total accumulated other comprehensive income	21,526
		Valuation difference on available-for-sale securities	11,376
		Deferred gains or losses on hedges	△326
		Foreign currency translation adjustments	9,861
		Remeasurements of defined benefit plans	614
		Non-controlling interests	62,121
		Total net assets	630,887
Total assets	928,651	Total liabilities and net assets	928,651

(Translation)

Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022) (Millions of yen)

Account item	Amount	
Net sales		705,656
Cost of sales		543,070
Gross profit		162,586
Selling, general and administrative expenses		107,225
Operating income		55,360
Non-operating income		
Interest and dividend income	3,564	
Share of profit of entities accounted for using equity method	14,883	
Other	5,987	24,435
Non-operating expenses		
Interest expenses	858	
Other	4,785	5,644
Ordinary income		74,152
Extraordinary income		
Gain on sales of investment securities	3,011	
Insurance claim income	2,616	
Gain on step acquisitions	796	6,424
Extraordinary loss		
Impairment loss	7,059	
Provision for business restructuring	1,733	
Provision of allowance for doubtful accounts	960	
Loss on valuation of investment securities	286	
Loss on disposal of non-current assets	252	
Loss compensation	228	
Provision for loss on business of subsidiaries and associates	188	
Fire loss	128	
Loss on change in retirement benefit plan at subsidiary	109	10,947
Profit before income taxes		69,628
Income taxes-current	16,542	
Income taxes-deferred	555	17,098
Net income		52,530
Profit attributable to non-controlling interests		4,235
Profit attributable to owners of parent		48,295

(Translation)

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	273,937	Total current liabilities	145,187
Cash and deposits	46,167	Electronically recorded obligations-operating	177
Notes and accounts receivable-trade, and contract assets	113,143	Accounts payable-trade	57,189
Merchandise and finished goods	37,537	Short-term borrowings	41,228
Work in process	14,801	Commercial papers	10,000
Raw materials and supplies	34,190	Lease obligations	102
Prepaid expenses	1,563	Accrued payable-other	6,390
Short-term loans receivable	16,966	Income taxes payable	7,317
Accounts receivable-other	6,937	Accrued expenses	15,218
Other	4,289	Deposits received	330
Allowance for doubtful accounts	△1,661	Provision for bonuses	3,047
Total noncurrent assets	255,694	Provision for environmental measures	3
Total property, plant and equipment	111,007	Provision for business restructuring	190
Buildings, net	24,019	Provision for loss on withdrawal from business	103
Structures, net	12,645	Asset retirement obligations	44
Machinery and equipment, net	32,455	Other	3,843
Vehicles, net	60	Total non-current liabilities	61,441
Tools and appliances, net	4,939	Bonds payable	20,000
Land	18,995	Long-term borrowings	24,581
Lease assets, net	200	Lease obligations	107
Construction in progress	17,690	Provision for retirement benefits	3,516
Total intangible assets	1,603	Provision for business restructuring	2,305
Patent right	44	Provision for loss on business of subsidiaries and associates	188
Software	1,534	Asset retirement obligations	3,622
Other	25	Deferred tax liabilities	5,194
Total investments and other assets	143,082	Other	1,925
Investments securities	31,985	Total liabilities	206,629
Stocks and investments in capital of subsidiaries and affiliates	94,443	(Net assets)	
Long-term loans receivable	14,239	Total shareholders' equity	312,823
Long-term prepaid expenses	900	Share capital	41,970
Other	1,596	Total capital surpluses	35,722
Allowance for doubtful accounts	△ 83	Capital surplus	35,668
		Other retained earnings	53
		Total earned surpluses	256,656
		Legal retained earnings	6,999
		Other retained earnings	249,657
		Reserve for mine prospecting	2,365
		Reserve for tax purpose reduction entry of non-current assets	2,920
		General reserve	76,500
		Retained earnings brought forward	167,871
		Treasury shares	△21,525
		Total valuation and translation adjustments	10,179
		Valuation difference on available-for-sale securities	10,179
		Total net assets	323,002
Total assets	529,631	Total liabilities and net assets	529,631

(Translation)

Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account item	Amount	
Net sales		427,927
Cost of Sales		347,171
Gross profit		80,756
Selling, general and administrative expenses		48,391
Operating profit		32,364
Non-operating income		
Interest and dividend income	13,879	
Other	4,587	18,467
Non-operating expenses		
Interest expenses	181	
Other	4,534	4,715
Ordinary income		46,116
Extraordinary income		
Gain on sale of investment securities	3,011	
Insurance claim income	2,616	5,627
Extraordinary loss		
Impairment losses	2,991	
Provision for business restructuring	1,733	
Provision of allowance for doubtful accounts	960	
Loss on valuation of investment securities	286	
Loss on disposal of non-current assets	272	
Provision for loss on business of subsidiaries and associates	188	6,432
Income before income taxes		45,312
Income taxes-current	9,041	
Income taxes-deferred	458	9,499
Net income		35,812

Independent Auditors' Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 18, 2022

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo Office

Wataru Kobayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Opinion

We have audited the consolidated financial statements of namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Mitsubishi Gas Chemical Co., Inc. (the Company) from April 1, 2021 to March 31, 2022, in accordance with paragraph 4, Article 444 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries and the results of its operations for the period covered thereby in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the establishment and operation of the Group's reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or

(Translation)

collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Independent Auditors' Audit Report

INDEPENDENT AUDITORS' REPORT

May 18, 2022

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo Office

Wataru Kobayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Opinion

We have audited the financial statements of namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the supporting schedules (the financial statements and the accompanying supplementary schedules) of Mitsubishi Gas Chemical Co., Inc. (the Company) for the 95th business year from April 1, 2021 to March 31, 2022, in accordance with item 1, paragraph 2, Article 436 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the establishment and operation of the Group's reporting process for other information.

Other information is not included in the scope of our opinion on the financial statements and the accompanying supplementary schedules, and we express no opinion on it.

Our responsibility with respect to the audit of the financial statements and the accompanying supplementary schedules is to read through other information and, in this process, to consider whether any material differences exist between other information and the financial statements and the accompanying supplementary schedules, or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the

(Translation)

financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act

Audit & Supervisory Board's Audit Report

AUDIT REPORT

We, the Audit & Supervisory Board, deliberated and prepared this audit report as follows on the execution of duties by MGC Directors during the 95th business term from April 1, 2021 to March 31, 2022, based on the audit report prepared by each Audit & Supervisory Board Member:

1. Method and Description of Audit by Audit & Supervisory Board Members and Audit by Audit & Supervisory Board

- (1) We determined the audit policy, audit duty assignments and the like, received reports from each Audit & Supervisory Board Member on individual audit status and results, received reports from the Directors and Independent Auditor on the status of the execution of their duties, and requested explanation as necessary.
- (2) Each Audit & Supervisory Board Member conducted the audit by following method as well as we made efforts to collect information and enhance the auditing environment by communicating with the Directors, each department, Internal Audit Division, other employees, and others in accordance with the Audit & Supervisory Board Members' Audit Standards, audit policy, audit duties, and the like as determined by the Audit & Supervisory Board. Implementation of the initial audit plan involved making use of an online meeting platform for certain aspects of the audit to avoid transmission of COVID-19.
 - i) We attended the Board of Directors' Meetings and other important meetings, received reports from Directors, employees and others on the status of execution of their duties, requested explanation as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the head office and principal business offices. With respect to subsidiaries, we communicated and exchanged information with the division controlling each subsidiary in MGC, the directors and Audit & Supervisory Board Members of subsidiaries, requested business reports therefrom as necessary, and investigate the state of activities and assets.
 - ii) With respect to the contents of resolutions of the Board of Directors regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by Article 100, paragraph 1 and 3 of Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of group of enterprises consisting of stock company and its subsidiaries, and the systems developed based on such resolutions (internal control systems), as stated in the business report, we periodically received reports from the Directors, employees and others, requested explanations as necessary and made opinions, regarding the readiness and operational status of such systems.
 - iii) We monitored and verified that the Independent Auditor maintained its independence and performed its auditing duties adequately, as well as received reports from the Independent Auditor on the performance status of its duties and requested explanations as necessary. We received a notice from the Independent Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in the items under Article 131 of the Regulations on Corporate Accounting) were being improved pursuant to Quality Management Standards for Auditing (October 28, 2005; Business Accounting Council) and requested explanations as necessary.

The business report and its supplementary schedules for this business term, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement on changes in net assets and notes to non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement on changes in net assets and notes to the consolidated financial statements) for this business term were examined based on the foregoing method.

2. Results of Audit

- (1) Audit Result of Business Report, etc.
 - i) The business report and its supporting schedules are recognized as correctly presenting the state of MGC in accordance with the laws, regulations and the Articles of Incorporation.
 - ii) No dishonest acts or material violations of laws, regulations or the Articles of Incorporation were recognized in connection with the performance by Directors of their duties.
 - iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control

(Translation)

systems are appropriate. We also acknowledge that in terms of the readiness and operation of said systems, continuous improvements are being made and therefore, did not find any matter to be mentioned regarding such internal control systems.

(2) Audit Result of Non-Consolidated Financial Statements and Their Supplementary Schedule

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

(3) Audit Result of Consolidated Financial Statements

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

May 25, 2022

Mitsubishi Gas Chemical Company, Inc. Audit & Supervisory Board

Audit & Supervisory Board Member (full-time)
(Outside Audit & Supervisory Board Member)
Takashi Kimura

Audit & Supervisory Board Member (full-time)
Masamichi Mizukami

Audit & Supervisory Board Member (full-time)
Kenji Inamasa

Outside Audit & Supervisory Board Member
Yasuomi Natsuyama

- END -