04 Governance Section

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Members of the Board of Directors and Audit & Supervisory Board

For detailed profiles of officers, please visit the “Directors & Senior Management” section of the website below.
https://www.mgc.co.jp/eng/corporate/company/officer/index.html

Directors



Masashi Fujii

Representative Director, Chairman
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

April	1981	Joined MGC
April	2025	Chairman and Representative Director (to present)

Expertise and experience: Following his serving in important positions in the Administrative & Personnel Division and Natural Gas Chemicals Department, he was appointed as director in June 2015 and presided over the Natural Gas Chemicals Department, served as president and representative director from April 2019 until March 2025, and has served as chairman and representative director since April 2025. He has abundant experience and knowledge of MGC’s business management and administration of management in general.



Yoshinori Isahaya

Representative Director, President
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

April	1991	Joined MGC
April	2025	President and Representative Director (to present)

Expertise and experience: Following his involvement mainly in research and development of Specialty Chemicals, he served in important positions in the Specialty Chemicals Department and Corporate Planning Division, was appointed as director in June 2023, and has served as president and representative director since April 2025. He has abundant experience and knowledge of MGC’s business and administration of management, etc.



Motoyasu Kitagawa

Director, Senior Managing Executive Officer
In Charge of Internal Control & Risk Management,
Responsible for Administrative & Personnel,
in Charge of Finance & Accounting Division and
CSR & IR Division
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

April	1986	Joined MGC
April	2025	Director, Senior Managing Executive Officer, in Charge of Internal Control & Risk Management, Responsible for Administrative & Personnel, in Charge of Finance & Accounting Division and CSR & IR Division (to present)

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



Ko Kedo

Director, Managing Executive Officer
Responsible for Production Technology,
In Charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

April	1988	Joined MGC
April	2024	Director, Managing Executive Officer, Responsible for Production Technology, in Charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division (to present)

Expertise and experience: Following his involvement mainly in research and development of Aromatic Chemicals, he served in important positions in the Natural Gas Chemicals and Aromatic Chemicals departments and was appointed as director in June 2023. He has abundant experience and knowledge of MGC’s research and development and business management, etc.



Tomoyuki Azuma

Director, Managing Executive Officer
In Charge of Research & Development and Intellectual Infrastructure
Attendance at Board of Directors’ meetings:
9/9 (fiscal 2025)

April	1989	Joined MGC
April	2026	Director, Managing Executive Officer, in Charge of Research & Development and Intellectual Infrastructure (to present)

Expertise and experience: Following his involvement mainly in research and development of Specialty Chemicals, he served in important positions in the Information & Advanced Materials Department and Specialty Chemicals Department. He has abundant experience and knowledge of MGC’s research and development and business management, etc.



Chika Kobayashi

Director, Managing Executive Officer
In Charge of Compliance, Responsible for Corporate Planning, and in Charge of Internal Audit Division and Information Systems Division
Attendance at Board of Directors’ meetings:
9/9 (fiscal 2025)

April	1990	Joined MGC
June	2025	Director, Managing Executive Officer, in Charge of Compliance, Responsible for Corporate Planning, in Charge of Internal Audit Division and Information Systems Division (to present)

Expertise and experience: Following his involvement mainly in the Information & Advanced Materials and Specialty Chemicals departments, he served in important positions in the Finance & Accounting Division and Corporate Planning Division. He has abundant experience and knowledge of MGC’s business and administration of management, etc.



Yasushi Manabe

Outside Director Independent
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

April	1979	Joined Hitachi, Ltd.
April	2013	Executive Officer, General Manager, Kansai Area Operation, 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.
June	2021	Outside Director, MGC (to present)
June	2024	Outside Director, NICHIAS Corporation (to present)

Expertise and experience: He has many years of experience and insight as a manager at a company operating on a global scale, and from such a perspective he provides appropriate supervision and advice with respect to MGC’s management.



Kazue Kurihara

Outside Director Independent
Attendance at Board of Directors’ meetings:
12/12 (fiscal 2025)

October	1992	Associate Professor, Department of Applied Physics, Faculty of Engineering, Nagoya University
April	2016	Professor Emeritus, Tohoku University (to present)
December	2020	Outside Director, Hamamatsu Photonics K.K. (to present)
January	2022	Director, SMILEco Measurement Co., Ltd. (to present)
June	2023	Outside Director, MGC (to present)
April	2025	Senior Research Fellow, New Industry Creation Hatchery Center, Tohoku University (to present)

Expertise and experience: She has highly advanced expertise in wide fields of study in chemicals, and from such a perspective she provides appropriate supervision and advice with respect to MGC’s management.

Members of the Board of Directors and Audit & Supervisory Board

For detailed profiles of officers, please visit the "Directors & Senior Management" section of the website below.
https://www.mgc.co.jp/eng/corporate/company/officer/index.html

Directors



Kuni Sato

Outside Director Independent
Attendance at Board of Directors' meetings:
9/9 (fiscal 2025)

January	1981	Joined Ministry of Foreign Affairs of Japan (MOFA)
April	2021	Advisor, National Institutes for Cultural Heritage
May	2021	Auditor of Foreign Press Center Japan (to present)
February	2022	Ambassador, Governor for Japan, Asia Europe Foundation (ASEF), Special Assistant, MOFA (to present)
May	2022	Council Member, United Nations University (to present)
June	2025	Outside Director, MGC (to present)

Expertise and experience: She has extensive international experience and insight spanning many years, and from such a perspective she provides appropriate supervision and advice with respect to MGC's management.



Mihoko Manabe

Outside Director Independent
Attendance at Board of Directors' meetings:
9/9 (fiscal 2025)

June	1982	Joined Nissho Iwai American Corporation (currently Sojitz Corporation of America)
May	1988	Joined Moody's Investors Service, Inc.
October	2023	Financial Advisor (Sole Proprietor) (to present)
March	2024	Outside Director and Member of the Audit and Supervisory Committee, TORII PHARMACEUTICAL CO., LTD.
May	2025	Sustainability Expert, MPower Partners Fund (to present)
June	2025	Outside Director, MGC (to present)

Expertise and experience: She has many years of experience overseas and also possesses a considerable degree of knowledge regarding finance and accounting at a global company, and from such a perspective she provides appropriate supervision and advice with respect to MGC's management.

Audit & Supervisory Board Members



Masato Inari

Audit & Supervisory Board Member
Attendance at Audit & Supervisory Board meetings:
14/14 (fiscal 2025)

April	1985	Joined MGC
June	2023	Audit & Supervisory Board Member (to present)

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



Nobuhisa Ariyoshi

Audit & Supervisory Board Member
Attendance at Audit & Supervisory Board meetings:
9/9 (fiscal 2025)

April	1984	Joined MGC
June	2025	Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as director in June 2018, he served in important positions in Corporate Management, Compliance, Internal Control & Risk Management, etc., and possesses abundant experience in MGC's business and corporate management.



Mayako Perez Takahashi

Outside Audit & Supervisory Board Member
Independent
Attendance at Audit & Supervisory Board meetings:
9/9 (fiscal 2025)

April	1988	Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)
February	1997	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
December	2007	Joined KPMG Business Assurance Co., Ltd. (currently KPMG AZSA LLC)
June	2025	Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: She has many years of experience at audit corporations, etc., and also possesses a considerable degree of knowledge regarding finance and accounting.



Tsuneaki Teshima

Outside Audit & Supervisory Board Member, Part-Time
Independent
Attendance at Audit & Supervisory Board meetings:
14/14 (fiscal 2025)

April	1983	Joined Nippon Life Insurance Company (Nissay)
April	2018	Representative Director, NLI Research Institute (to present)
June	2021	Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (to present)
June	2024	Outside Audit & Supervisory Board Member, MGC (to present)

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

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

Expertise and Experience Sought in Directors and Audit & Supervisory Board Members (Skills Matrix)

Name	Corporate management / Industry expertise	Production technology / R&D / Environment safety	Business strategy / Sales / Market development	Finance / Accounting / Management planning	Legal / Compliance / Risk management	HR / Labor / Talent development	Global / Diversity / Experience in other sectors
Directors							
Masashi Fujii	●		●		●	●	
Yoshinori Isahaya	●	●	●	●			
Motoyasu Kitagawa	●			●		●	●
Ko Kedo	●	●	●		●		
Tomoyuki Azuma	●	●	●				●
Chika Kobayashi	●		●	●	●		
Yasushi Manabe	●		●				●
Kazue Kurihara	●	●					●
Kuni Sato					●	●	●
Mihoko Manabe	●			●			●
Audit & Supervisory Board Members							
Masato Inari	●	●	●		●		
Nobuhisa Ariyoshi	●			●	●	●	
Mayako Perez Takahashi				●	●		●
Tsuneaki Teshima	●			●			●

Note: Up to four high-priority areas of expertise and experience are noted for each individual. The table above is not exhaustive with respect to all of the areas of expertise and experience disclosed for each individual.

A Roundtable Discussion Among Outside Directors



Kazue Kurihara
Outside Director

Kuni Sato
Outside Director

Mihoko Manabe
Outside Director

Yasushi Manabe
Outside Director

Believing in the MGC Group's inherent potential, we will support the resolute management required to navigate this challenging period of structural transformation.

In fiscal 2025, the MGC Group posted challenging business results, recognizing an approximately ¥40.0 billion loss attributable to owners of parent. Looking back on a year marked by challenges, the Group's four outside directors engaged in a frank discussion covering the circumstances and lessons learned from the discontinuation of a European meta-xylenediamine (MXDA) project, tasks related to business portfolio reform and talent development, and expectations for future growth that utilizes the Group's technology-driven uniqueness.

Corporate Resilience and Management Resolve Highlighted by Challenging Results

Manabe (Y) The recognition of an approximately ¥40.0 billion loss attributable to owners of parent in fiscal 2025 was extremely challenging. The senior management team and outside directors must sincerely view these business results as their responsibility. However, I believe that responding to rapid changes in the business environment by making a swift, level-headed decision at this juncture to discontinue construction of the MXDA plant in Europe—the primary cause of the loss—was the correct course of action given the risk of incurring even greater future losses if the project had continued.

Manabe (M) Before being appointed to this position in June 2025, I had heard from an acquaintance that the situation in the chemical industry was very challenging. During my very first year as an outside director, I experienced firsthand just how true those words were. At the same time, it was a year in which I was able to appreciate the strengths of the corporate culture fostered by the MGC Group as well as its huge potential, stemming from employees' strong pride in products that have the leading shares of their global markets, growth driven by in-house innovation, and other advantages.

Sato It has also been a year since I became an outside director in June 2025. Even amid a challenging situation, morale remains high in the organization. Officers and employees clearly aim to utilize the environmental changes as an opportunity to establish a foundation for the future. They are endeavoring to use the lessons learned from the failure of the European MXDA project to achieve progress by rigorously investigating the causes of the failure through methods such as Five Whys analysis, which involves a wide range of stakeholders to thoroughly examine why a situation occurred.

Kurihara I highly commend President Yoshinori Isahaya for not rushing to expand businesses immediately upon taking office but instead making timely decisions on existing issues and demonstrating resolute management. Under the "Uniqueness & Presence" (U&P) slogan, he repeatedly conveyed a determination to achieve transformation toward a business model that competitors cannot emulate and to leverage strengths in technologies and products that are the first of their kind in the world or that have No. 1 market shares.

Manabe (M) The appointment of President Isahaya, who has a background in research and development, is symbolic of MGC's direction as an R&D-oriented company. I feel that an awareness of innovation as the key to growth is shared throughout the entire organization. The challenge going forward is how to commercialize innovation and make it profitable.

Sato When I attended a research briefing at the MGC Commons Innovation Center, I was struck by the sparkle in employees' eyes and an atmosphere filled with hope as they earnestly tackled research that could produce tomorrow's intellectual property. While I respect a corporate culture that aims for technology-centered development, I believe there is a need to flexibly share findings within a certain scope—even if they are only about 80% complete—and use the sharing of findings to move projects forward to the next phase.



Mihoko Manabe
Outside Director

Former Board Director, Moody's Japan K.K.
Financial Advisor (Sole Proprietor)
Sustainability Expert, MPower Partners Fund

Background of the European MXDA Project's Discontinuation and Lessons for the Future

Manabe (Y) Among the four of us, I was the only one who was an outside director when the investment decision for the European MXDA project was made in 2021. It was a large-scale investment aimed at starting up commercial operations in July 2024. Partly due to the impact of the Russia–Ukraine conflict, which began in 2022, we started to receive reports of construction delays and construction cost hikes. Although initial discussions focused on rapidly completing construction even if it cost more, the faster-than-expected entry of Chinese companies and their aggressive low-pricing strategy, particularly from 2025 onward, caused profitability to deteriorate significantly, leading to projections that recovering the investment would be challenging. Despite the fact that plant



Yasushi Manabe
Outside Director
Former Vice President and Executive Officer, Hitachi, Ltd.
Outside Director, NICHIAS Corporation

construction had progressed considerably, I believe that discontinuation of the project was the only option, as continuation of the project would have left us with a heavy financial burden in the future.

Manabe (M) Nonetheless, rather than being predetermined from the outset, the decision to discontinue was reached after the Board of Directors had devoted a significant amount of time to thoroughly discussing all possible options and multiple scenarios. I believe the process—from careful and timely deliberation through to the final decision—was commendable.

Kurihara At the time the plan was formulated, demand for MXDA was extremely high, and the ramping up of production was inevitable given the Group's responsibility to ensure supply as a leading manufacturer. I can also understand the desire to expand operations globally. The objectives of the Group's ambitious initiatives and technology strategies were not mistaken. Had it not been for construction delays, the Group might have secured the market before Chinese companies entered it, reaffirming to me that, as President Isahaya says, acting with a sense of urgency is vital.

Manabe (Y) On the other hand, there was room for improving the monitoring of the project in terms of methods, frequency, and the level of detail. While the outcome was attributable to multiple factors—such as China's overproduction-based export offensive and soaring material costs and labor shortages, triggered by the Russia–Ukraine conflict—I regret not monitoring changes in domestic and international conditions from an earlier stage and more continuously.

Kurihara In today's world where various events evolve rapidly, the establishment of systems that expedite in-depth assessments based on concrete data is indispensable. In particular, when launching new businesses overseas, as the physical distance makes proceeding through a process of trial and error problematic, we must ensure that once a decision is made it reliably produces the desired outcome. I want to see the Group prepare itself anew for the full realization of its ambitions and advanced technological competence in the next initiative.

Sato In addition to a sense of urgency and monitoring methods, we should reflect on whether a collaborative system suited to the new environment was actually put in place. To fully realize the Group's ambition and technological prowess in a rapidly changing operating environment, it will become increasingly important to objectively assess in-house capabilities and then actively collaborate with appropriate partners, adopting an attitude of building businesses together with customers and partners.

Support for Structural Reforms Through Development of Both the Organization and Personnel

Manabe (Y) In the next medium-term management plan, we will more clearly pursue a strategy of selection and concentration that entails withdrawing from businesses with limited future potential, concentrating management resources on growth fields, and ensuring the realization of returns on past investments. Withdrawal from businesses requires major decisions with painful consequences—such as plant closures and the streamlining of workforces—as well as a plan that integrates business, research, and human resource strategies into a unified whole.

Sato With respect to human resource development, I get the impression that the Group has created an environment where employees feel comfortable, find their work



Kuni Sato
Outside Director
Former Ambassador Extraordinary and Plenipotentiary of Permanent Delegation of Japan to UNESCO
Council Member, United Nations University

rewarding, and can continue working and growing for many years.

Manabe (M) Job satisfaction is a form of non-financial incentive compensation. Even amid worsening labor shortages, the Group can secure and strengthen its source of competitiveness by creating a corporate culture where employees feel a sense of job satisfaction and by remaining a corporate group of choice through the provision of ample opportunities for learning and taking on challenges and the granting of restricted stock to employees.

Kurihara At the briefing of the Tokyo Research Laboratory, researchers of many different ages from various business sites were actively interacting, creating a very positive atmosphere. However, I felt that we still have some way to go in terms of diversity of experience and the systematic development of executive-level human resources.

Manabe (Y) The Group has its roots in two companies—the upstream-based Japan Gas Chemical and the downstream-based Mitsubishi Edogawa Chemical—and operates two business divisions: one manufacturing basic chemicals and the other manufacturing specialty chemicals. Without favoring either business field, the Group should develop management talent more effectively by stepping up cross-divisional job rotations that allow employees to gain experience in both upstream and downstream operations. In other words, there is a need to strengthen the process through which personnel accumulate a broad range of experience before joining the senior management team.

Utilization of Technology-Driven Uniqueness to Advance to the Next Growth Phase

Kurihara Ahead of competitors, the Group is already cultivating the seeds of its next growth drivers through the construction of pilot plants and other initiatives for technologies and product lineups in the carbon-neutral field. I hope the Group remains focused on being in the vanguard so that it retains a technological edge when the time is right for commercialization.

Sato While progress toward carbon neutrality may waver in the short term due to factors such as the international situation and energy prices, it is an irreversible medium- to long-term trend in society as a whole. I believe that focusing on this field, where the Group has technological advantages, is strategically sound.



Kazue Kurihara
Outside Director

Professor Emeritus, Tohoku University
Senior Research Fellow,
New Industry Creation Hatchery Center, Tohoku University
Outside Director, Hamamatsu Photonics K.K.
Director, SMILEco Measurement Co., Ltd.

Manabe (Y) I would like the Group to develop new pillars of growth in the carbon-neutrality field and other next-generation fields while further expanding existing growth drivers in fields such as AI semiconductors. I also look forward to seeing the next “home run hitter” emerge from among the Group’s diverse research initiatives.

Sato I hope that, as an entity with global operations, the Group will achieve balanced growth by solidifying fundamentals—such as governance and data-driven business management—while aspiring to be an organization that views the rapid changes in the international landscape not as threats but as opportunities.

Kurihara I believe that even with respect to basic chemicals, for which the business environment is challenging, there is still scope for innovative strategies, such as a shift in focus toward downstream operations. In the engineering plastics field, cost-saving ideas such as the rationalization of product specifications could also be considered. I hope that the MGC Group holds its ground as one of the chemical companies responsible for supplying materials that underpin other industries and helps maintain the presence of Japan’s chemical industry.

Manabe (M) The distinctive value of the Group lies in its ability to engage in a wide range of businesses, from upstream through to downstream, and to realize technology-driven differentiation. To ensure that its involvement in diverse businesses is not seen in a negative light, the Group must communicate to society in a broader, more accessible manner and with a focus on “Uniqueness & Presence” initiatives. While looking forward to the steady execution of fundamental structural reforms during this period of structural transition, I will continue to support the MGC Group in achieving its goals.

Corporate Governance

For details on corporate governance, please visit the “Corporate Governance” section of the website below.
https://www.mgc.co.jp/eng/corporate/governance.html

Corporate Governance System

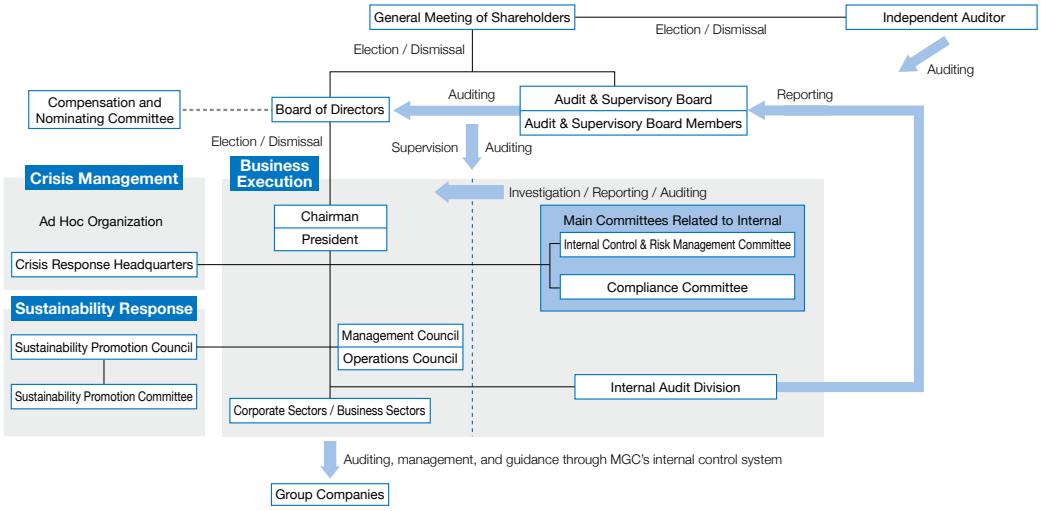
In accordance with its Mission of “creating value to share with society,” the Company aims to meet the expectations of its stakeholders by both increasing corporate value and realizing a sustainable society through its business activities. To facilitate these efforts, the Company operates an effective corporate governance system and continuously reinforces and enhances it.

MGC is a company with audit & supervisory board organizational structure and has established an executive officer system. Seeking advice from legal counsel and other experts as required, the Board of Directors makes management decisions and provides oversight. Meanwhile, executive officers are responsible for business execution. Thus, the functions of management decision-making and oversight are clearly separated from those of business execution.

In June 2026, we further strengthened governance by further separating management oversight and business execution through the exclusion of officers in charge of business sectors from the Board of Directors and by increasing the percentage of outside directors. Decisions on matters of significance to the Company are made after comprehensive consideration from multiple perspectives, including deliberation by the Management Council, which discusses management policies, and by the Operations Council, which reviews specific implementation plans.

Audit & Supervisory Board members monitor important decision-making processes and business execution, ensure reasonable decision-making and compliance with laws and corporate norms, and audit the business execution by attending important meetings, such as those of the Board of Directors and the Operations Council; by conducting audits of each division; by surveying subsidiaries; and by viewing important documents.

Corporate Governance and Risk and Sustainability Management Organizational Chart



Status of Internal Auditing

The Internal Audit Division conducts internal audits of the Company and its Group companies pursuant to fiscal yearly plans to determine whether their business activities are being executed properly and endeavors to ensure the effectiveness of internal controls and improve management efficiency. All internal audit reports are reported to not only the representative director and president and the director in charge of the Internal Audit Division but also full-time Audit & Supervisory Board members. The Board of Directors receives one regular report per year as well as reports from the director in charge of the Internal Audit Division as necessary. Moreover, the Internal Audit Division assesses and reports on the effectiveness of internal controls concerning financial reporting in accordance with the Financial Instruments and Exchange Act.

Support for Outside Directors and Audit & Supervisory Board Members

To allow part-time outside directors to gain a better understanding of agenda items discussed at Board of Directors’ meetings, the Company briefs them beforehand. Further, the Company also provides said directors with opportunities to receive briefings from respective divisions on their businesses and operations, inspect business sites, and attend briefings on the current status of important subsidiaries. Outside directors also engage in discussions with Audit & Supervisory Board members, share information, and hold regular meetings exclusively attended by outside directors and outside Audit & Supervisory Board members.

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

Activities of Meeting Bodies and Committees in Fiscal 2025

Board of Directors — 12

Chair: Chairman and representative director

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

Main Themes Deliberated in Fiscal 2025

Theme	Main deliberation items
Management strategy	· Business portfolio reforms (implementation of strategies, including restructuring businesses requiring intensive management, etc.) · Discontinuation of the construction work of a major investment project · Balance sheet optimization (sale of non-business assets, etc.) · Sustainability management (materiality KPI results, etc.)
Governance	· Promotion of reduction of strategic shareholdings · Countermeasures for the Group's overall cybersecurity risk

Audit & Supervisory Board — 14

Audit & Supervisory Board members audit management decisions and the status of business execution by directors from an independent standpoint, such as by attending meetings of the Board of Directors and other important meetings. The Audit & Supervisory Board's main tasks include the formulation of auditing policies and audit plans, the implementation of internal control systems and the monitoring of the operational status thereof, and the reasonableness of the independent auditor's audit methods and findings. Furthermore, the Audit & Supervisory Board endeavors to work with the independent auditor and the Internal Audit Division while striving to increase the efficiency of audits through such measures as the assignment of dedicated audit staff.

Compensation and Nominating Committee — 7

Chair: Chairman and representative director

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

Internal Control & Risk Management Committee — 3

Chair: Executive officer in charge of Internal Control & Risk Management

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

For details on risk management, please refer to page 83.

Compliance Committee — 3

Chair: Executive officer in charge of compliance

As an organization under the direct control of the president, the committee investigates compliance violations pertaining to the Company and the Group and formulates, deliberates, and recommends corrective measures and preventive measures.

For details on compliance, please refer to page 84.

Management Council — 22

Organizer: President and representative director

The Management Council deliberates and determines the Group's medium-term management plan, management policies, basic policies on key operations, and so forth. The Board of Directors is the final arbiter regarding decisions on any proposals requiring a resolution of the Board.

Operations Council — 25

Organizer: President and representative director

The Operations Council deliberates and determines the Group's specific action plans and discusses the execution of serious business matters. The Board of Directors is the final arbiter regarding decisions on any proposals requiring a resolution of the Board.

Sustainability Promotion Council — 2

Chair: President and representative director

The Sustainability Promotion Council is a body that comprehensively reviews key issues related to sustainability management based on recommendations received from the Sustainability Promotion Committee and reports received from head office divisions. The council consults with this committee on important matters as required. In light of the committee's recommendations, the council identifies matters to be submitted to the Board of Directors for deliberation, with decisions on important matters being made by the Board.

Sustainability Promotion Committee — 3

Chair: General manager of CSR & IR Division

As an advisory body to the Sustainability Promotion Council, the Sustainability Promotion Committee utilizes its expertise to conduct examinations and investigations in relation to inquiries and information on important matters received from the council and then provides it with recommendations. For issues related to specific fields of expertise, the committee establishes specialized subcommittees and provides recommendations based on the results of their analyses.

Assessing the Effectiveness of the Board of Directors

MGC conducts annual questionnaire-based assessments of the effectiveness of the Board of Directors. In fiscal 2023, for the first time we utilized a third-party organization to incorporate its expertise into our examination and compilation of the survey questions. Plans call for the utilization of external organizations in this way approximately every three years.

In April 2026, we conducted a survey of all directors and Audit & Supervisory Board members, which sought responses based on a five-point scale and comprised questions under five categories: the composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk and crisis management, performance monitoring and evaluation of the senior management team, and dialogue with shareholders and other stakeholders. The survey also requested that participants state their frank opinions in an unrestricted format.

The survey results were generally positive, with the average score on the five-point scale for all questions surpassing the four-point level of "More effective and appropriate than not." Therefore, we believe that the Board of Directors has achieved a certain level of effectiveness. In particular, the categories with relatively high scores were the composition and operation of the Board of Directors, corporate ethics and risk and crisis management, and dialogue with shareholders and other stakeholders.

The Board of Directors will further enhance its effectiveness by discussing the survey results and the feedback received and focusing on strengthening the areas requiring further improvement.

Issues identified in the previous assessment	• Strategy monitoring • Incentive compensation
Responses to issues	• Regular progress reports were provided to the Board of Directors about issues emerging both in relation to large-scale investments and businesses requiring intensive management. Discussions on the aforementioned issues resulted in the senior management team's decision to discontinue the construction of a meta-xylenediamine (MXDA) manufacturing facility in the Netherlands. • Moreover, the Company added ESG indicators—GHG emissions reduction percentage, percentage of employees who feel job satisfaction, and compliance status—to performance-based compensation.
Future issues and initiatives	• Management strategy and business strategy (management focused on the cost of capital): Examine mechanisms for facilitating an even greater focus on the cost of capital in making investment and divestment decisions; explore administrative approaches for strengthening the Board of Directors' oversight functions and giving priority to discussions on medium- to long-term management strategies • Performance monitoring and evaluation of the senior management team (incentive compensation): Consider increasing the percentage of performance-based compensation and revising performance indicators to create a compensation system that provides greater incentives

Compensation of Directors and Audit & Supervisory Board Members

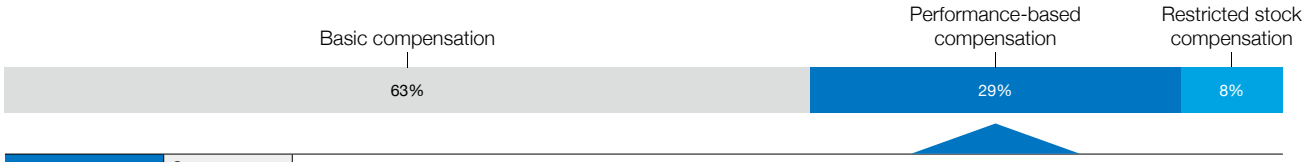
Compensation of the directors of MGC, excluding outside directors, consists of annual compensation, which comprises basic compensation and performance-based compensation, and restricted stock compensation. Basic compensation is a fixed amount based on the individual's position and responsibilities. Performance-based compensation is determined with reference to performance and degree of achievement in a single fiscal year as measured by financial indicators and by key performance indicators related to environmental, social, and governance factors, which have been included to promote sustainability management even further. The annual compensation amount is divided into installments that are paid monthly. A certain portion of this amount is paid at the time of retirement as a reserved retirement benefit. The benefit amount may be reduced to reflect the individual's performance and other factors. The restricted stock compensation mechanism grants shares based on an individual's position and responsibilities while imposing a transfer restriction for a specified period, thereby encouraging a similar interest in the Company's share value as that of shareholders and providing motivation to enhance corporate value over the medium to long term.

Given the long periods required for the Company's businesses to generate profits, annual compensation is approximately 30% performance-based compensation but primarily comprises basic compensation. Restricted stock compensation and other incentive compensation account for roughly 40% of total compensation. In addition, bonuses may be paid upon approval by a resolution of the General Meeting of Shareholders. Further, outside directors, who are independent of executive management, only receive fixed basic compensation.

The total amount of director compensation is determined by the Board of Directors after consultation with the Compensation and Nominating Committee—in which outside directors constitute a majority—and in light of the Company's performance, market standards, and employee salary trends. Entrusted with the allocation of individual compensation, the president determines such compensation with reference to the opinion of said committee.

The compensation of Audit & Supervisory Board members solely comprises basic compensation, which must be within the limits set by the General Meeting of Shareholders and determined through consultation among said members.

Composition of Compensation for Directors (Excluding Outside Directors) in Fiscal 2025



Assessment Indicators	Company Performance	Ordinary profit, ROE, and ROIC
	ESG	GHG emissions reduction percentage, percentage of employees who feel job satisfaction, and compliance status

Total Officer Compensation in Fiscal 2025

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of persons receiving compensation
		Basic	Performance-based	Restricted stock	
Directors (excluding outside directors)	518	326	148	42	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	55	55	–	–	3
Outside directors and Audit & Supervisory Board members	86	86	–	–	9
Total	660	468	148	42	22

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

Strategic Shareholdings

MGC regards listed shares that it owns and that are deemed to contribute to the enhancement of corporate value over the medium to long term as strategic shareholdings. Each year, the Board of Directors reviews each stock individually, assessing trading conditions, profitability given the cost of capital, risk, and the appropriateness of the holding objective. If it is determined that the holding exceeds an appropriate level, the Company disposes of the shares in a timely manner. In fiscal 2025, the Company disposed of seven stocks, including the complete disposal of three thereof, and realized proceeds of approximately ¥6.0 billion as a result. Although the Company has reduced its strategic shareholdings, they have risen as a percentage of consolidated net assets due to an increase in the market value of the Company's holdings of listed stock.

Going forward, the Board of Directors will continue annual reviews of the purpose and significance of each individual stock and accelerate the disposal of holdings deemed to exceed an appropriate level.

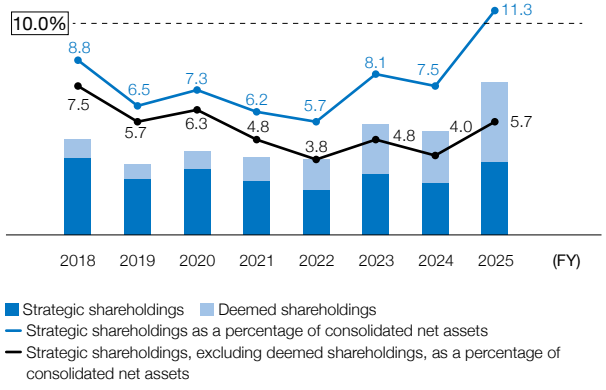
When exercising voting rights, the Company generally respects the management decisions of the companies in which it holds shares. However, if there is little prospect of improvement despite consecutive losses, scandals, or antisocial behavior, the Company will give due consideration to the purpose of the strategic shareholding, carefully examine individual proposals, and determine whether to vote for or against them.

	Number of issues	Total value on balance sheet (millions of yen)
Unlisted shares	52	2,174
Shares other than unlisted shares	33	36,613

Strategic Shareholdings as a Percentage of Consolidated Net Assets (%)

28 stocks disposed of over the past eight years (full disposal of 20 stocks), cumulative disposal of roughly ¥30.0 billion*

* Based on actual results. Includes partial disposal of certain shareholdings and disposal of deemed shareholdings



- Seven stocks disposed of in fiscal 2025 (complete disposal of three stocks), amounting to approximately ¥6.0 billion
- Despite progress in reducing strategic shareholdings, they are rising as a percentage of consolidated net assets due to an increase in the market value of the Company's holdings of listed stock.
- Going forward, the Company's policy is to accelerate the disposal of stocks that are deemed to exceed appropriate levels of shareholding, following annual examination of the purpose and meaning of holding individual stocks by the Board of Directors.

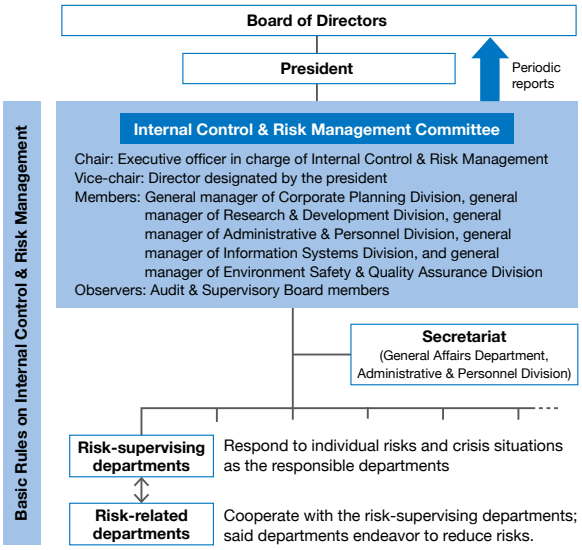
Risk Management

Risk Management System

At MGC, all business divisions actively assess and prioritize risk situations and devise risk reduction measures. The Internal Control & Risk Management Committee, chaired by the executive officer in charge of Internal Control & Risk Management, provides direction to and supervises each department and deliberates on issues that require a Companywide response. It periodically reports to the Board of Directors on the state of risk management.

While MGC's business primarily centers on manufacturing, we identify and evaluate risks associated with business execution beyond just manufacturing inherent in our operations and internal control systems. We then take appropriate measures. In the event that a serious risk is identified, we set up a special entity (Crisis Response Headquarters) to address the risk in question according to internal rules.

Risk Management Promotion System



Business and Other Risks

1. Endogenous business risk
2. Overseas business risk
3. Joint venture risk
4. Product quality risk
5. Natural disaster and accident risk
6. Information security risk
7. Compliance risk
8. Human rights risk
9. Climate change risk
10. Investment risk
11. Currency risk
12. Financing and interest rate risk
13. Litigation risk

Specific Activities of the Internal Control & Risk Management Committee (Fiscal 2025)

Matters discussed

- Review of internal control and risk management activities in each department
- Details of disclosures related to business and other risks
- Review of fire insurance
- Overview of annual activities
- Policy for next fiscal year

Matters reported

- Preparedness for earthquakes and tsunamis
- Preparedness for an earthquake directly beneath the Greater Tokyo Area

For details on business and other risks, please visit the website below.
https://www.mgc.co.jp/eng/ir/policy/risk.html

Strengthening Responses to Sustainability and Risks

The MGC Group manages risks by identifying material issues that should be addressed by management to achieve both social and economic value and by identifying the risks and opportunities associated with said material issues.

The division supervising material issues identifies risks and opportunities. We then set KPIs that are suitable for reducing risks, maximizing opportunities, and measuring the degree of achievement of our vision. Since the addressing of material issues is promoted in conjunction with the medium-term management plan, the Sustainability Promotion Committee and the Sustainability Promotion Council confirm the progress of material issue management.

For details on material issues, risks, and opportunities, please visit the website below.
https://www.mgc.co.jp/eng/sustainability/risk.html

Main Meeting Bodies Related to Sustainability and Risk

Meeting body	Participating members	Main risks handled	Particularly relevant material issues	Meetings held in FY2025
Environment and Safety Meeting	Chair: President and representative director Directors, Audit & Supervisory Board members, business site managers, and other personnel	• Environmental protection risk • Process safety and disaster prevention risk and occupational safety and health risk • Chemical and product safety risk	• Proactive response to environmental issues • Ensuring occupational safety and health/process safety and disaster prevention	1
Quality Assurance Meeting	Chair: President and representative director Directors, Audit & Supervisory Board members, business site managers, and other personnel	Quality risk	Chemical/product quality and safety assurance	1
Human Rights Expert Committee	Chair: General manager of Administrative & Personnel Division General manager of Purchasing & Logistics Division, General manager of Environment Safety & Quality Assurance Division, and other personnel	Human rights risk	Respect for human rights	3
Carbon-Neutrality Promotion Technical Committee	Chair: General manager of Production Technology Division General manager of Corporate Planning Division General managers of business divisions, general managers of business administrative divisions, and other personnel	Climate change risk	Proactive response to environmental issues	3

Compliance

Basic Approach

The MGC Group has put in place, and is working to strengthen, a compliance system aimed at earning society's trust and understanding. We take a broad view of compliance, one that involves not only abiding by laws and Company rules but also conducting fair, transparent, and free business activities in acknowledgment of our responsibilities to society. We have thus summarized the conduct expected of our officers and employees in the MGC Corporate Behavior Principles and the MGC Group Code of Conduct, the contents of which are reviewed and revised as appropriate in light of developments in society at large.

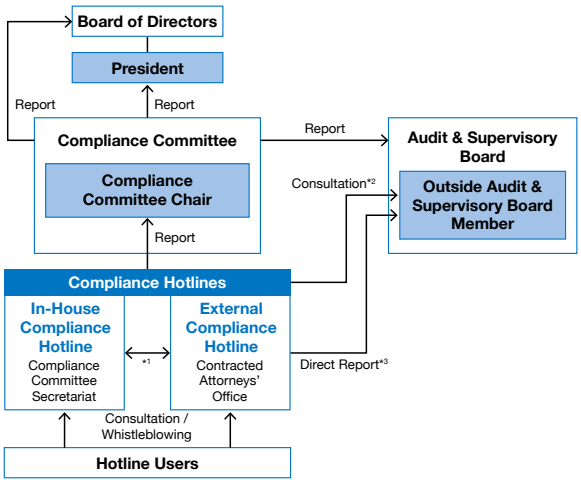
The MGC Group decides policies, measures, and plans related to the compliance system in the Internal Control & Risk Management Committee. In addition, as an independent body reporting directly to the president to deal with individual cases of compliance violation, we have established the Compliance Committee, which comprises the executive officer in charge of compliance, who serves as chair; a director nominated by the president, who is vice-chair; and heads of compliance-related departments and other personnel, who are committee members.

The results of the activities of this committee, which include the investigation and recognition of violations and the formulation, deliberation, and recommendation of corrective and preventive measures, are reported to the president, the Board of Directors, and the Audit & Supervisory Board. Prescribed internal procedures are followed in dealing with compliance violations.

Furthermore, the Compliance Hotline has been set up to quickly ascertain and correct compliance violations, and it can be used by everyone involved in the MGC Group's business activities, such as officers and employees of the MGC Group, including those who have retired in the past year, their family members, or those belonging to partner companies and customers. The In-House Compliance Hotline is staffed by the Compliance Committee Secretariat, while the External Compliance Hotline is available through an office membered by attorneys specializing in compliance, including female attorneys. Said attorneys also provide advice to the Compliance Committee.

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

MGC Compliance Consultation Structure



*1 Coordinated response depending on the circumstances
*2 An outside Audit & Supervisory Board member is consulted for matters related to MGC officers.
*3 If a report received by the External Compliance Hotline is deemed to be a serious problem related to MGC's management or management personnel, or if the response by the Compliance Committee, etc., is inadequate and an appropriate response cannot be expected, or if the hotline user refuses to provide information to the Compliance Committee Secretariat, a direct report can be made to the abovementioned outside Audit & Supervisory Board member.

Compliance Education

MGC designates every October as "Corporate Ethics Month," during which we conduct compliance education for all personnel using our intranet, and the president calls on all business sites to renew their promotion of compliance. Compliance education is also included in grade-specific training, and training is provided using educational materials suited to each position.

Given an increasing need to respond to compliance issues, such as cartel involvement and the bribery of foreign public officials, at MGC Group companies affiliated with our overseas businesses in emerging countries and other locations, we are working to enhance the quality of compliance education for personnel assigned to overseas affiliates as officers.

Security Export Control Initiatives

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

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

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

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