

Material Issues and Focus Markets of APTSIS 20

In the preparation of the medium-term management plan APTSIS 20, we conducted a materiality assessment based on macro-trends analysis, and identified material issues for KAITEKI Management through discussions on the risks and opportunities of the Mitsubishi Chemical Holdings (MCHC) Group. We prioritized these issues based on their impact on corporate activities. Over the past four years, we have steadily implemented the management and individual business strategies developed based on these material issues.

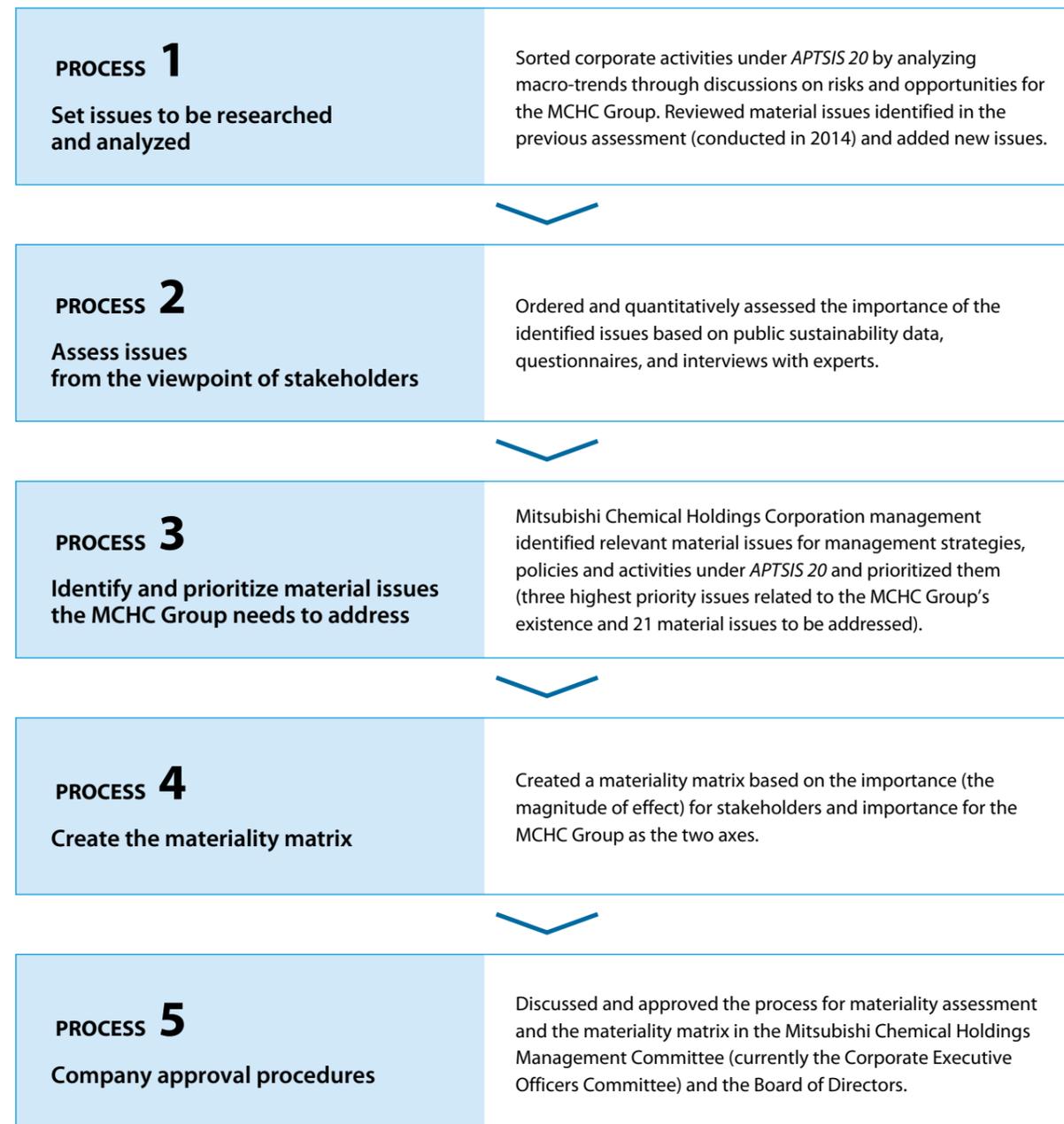
To address those issues with high priorities, we selected focus markets where we should focus our efforts for providing solutions by leveraging the entire MCHC Group's innovation

capabilities. We are implementing our growth strategy by making the maximum use of the strengths of all business segments while collaborating with each other (see page 33).

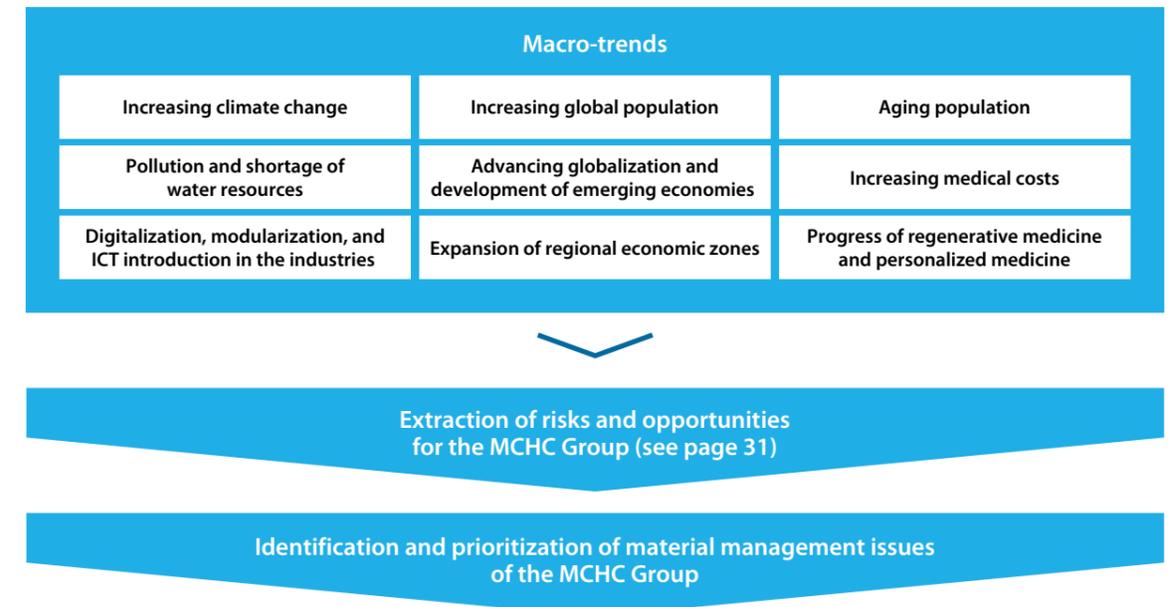
Based on the medium- to long-term basic management strategy KAITEKI Vision 30, we are reviewing material issues to flexibly respond to changes in society in preparation for the next medium-term management plan starting in fiscal 2021.

Furthermore, through initiatives to address the material issues identified of the MCHC Group, we will contribute to the SDGs adopted at the United Nations in 2015.

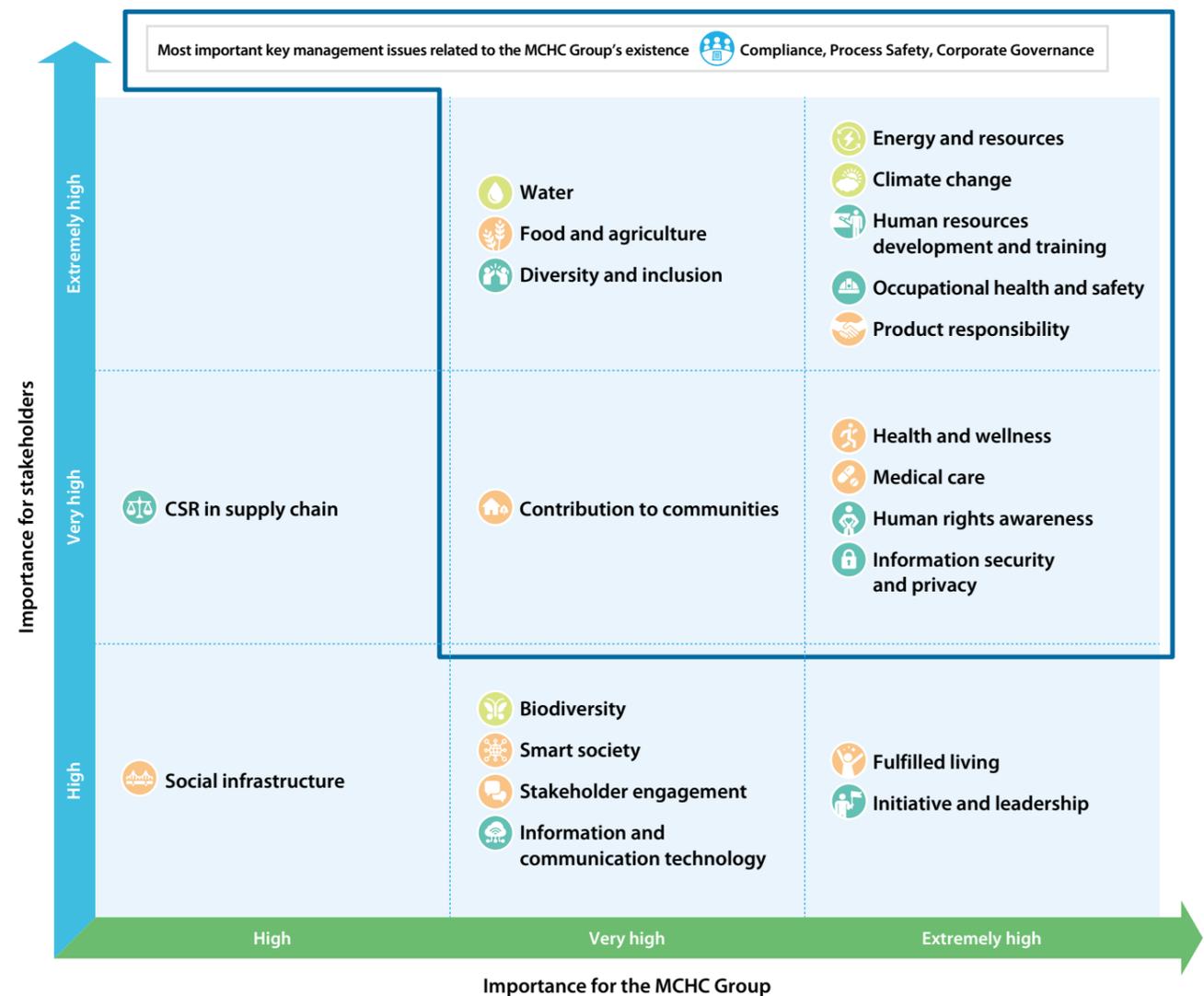
Identification process of materiality



Identification of materiality



Materiality matrix



Classification of the materiality

Material issues related to the global environment		Key management issues that the MCHC Group should address through its corporate activities, innovation, and provision of products and services with the aim of achieving the sustainable well-being of our planet Earth
Material issues related to social systems		Key management issues that the MCHC Group should address through its corporate activities, innovation, and provision of products and services in the aim of creating the sustainable well-being of society
Material issues related to people (the company and its organization)		Key management issues that the MCHC Group should address in its internal operations and social relations as a corporate group aiming to realize KAITEKI

	Material issues	Risks for the MCHC Group	Opportunities for the MCHC Group
The global environment	 Energy and resources	• Depletion of natural resources such as fossil resources and rare metals	• Transformation and diversification of resources and energy supply sources • Practical application of renewable energy and accelerated technological development
	 Climate change	• Increasing risk of extreme weather events and natural disasters associated with climate change • Strengthening regulations caused by climate change	• Expanding products to mitigate and adapt to climate change • Acquiring medium- to long-term support from stakeholders
	 Water	• Expanding water stress due to higher demand, climate change and other factors • Increasing health risk due to shortages of hygienic water	• Expanding businesses such as water purification and recycling
Social systems	 Food and agriculture	• Destabilization in society due to imbalance in the demand and supply of food	• Increase of factory-production of foods
	 Health and wellness	• Increasing lifestyle disease and mortality rates • Increasing failure risk of health insurance systems	• Expanding health information service market (shifting from treatment to prevention)
	 Medical care	• Increasing number of entries into the medical and healthcare business (increase in competition)	• Manifestation of unmet medical needs • Advancing digitization of medical treatment and health information data through ICT
	 Product responsibility	• Loss of social credibility due to deterioration of quality, safety, environmental performance • Interruption of the business	• Building a relationship of trust with business partners • Customer retention and acquisition, expansion of the business
	 Contribution to communities	• Impact on business activities due to decreased reliability	• Building trusted relationships by actively engaging in exchanges with and contributing to the communities of business operations • Business stabilization through coexistence with the local communities
People (the company and its organization)	 Human resources development and training	• Labor shortage, outflow of human resources	• Securing and training of talented human resources • Increasing creativity and vitality
	 Occupational health and safety	• Impact on production due to physical damages and personal injuries, etc., loss of social trust • Harassment • Long working hours	• Securement of wellness and safety of employees • Enhancement of labor productivity • Enhancement of motivation
	 Human rights awareness	• Delay and interruption of the business due to human rights abuse	• Building optimal supply chain management
	 Information security and privacy	• Loss of social trust due to information leakage and falsification, interruption of the business • Interruption of the business by cyber attacks	• Stabilization of business activities
	 Diversity and inclusion	• Loss of competitiveness from failing to respond to diversifying needs	• Securing and training talented human resources • Enhancement of value creation process by accepting diversified human resources and values
	Most important key management issues related to the MCHC Group's existence		Compliance, Process Safety, Corporate Governance

Selection of focus markets

Automobiles, Aircraft (Mobility)

Contribute to the efficient use of resources and energy and the mitigation of climate change by reducing the weight of automobiles and aircraft, promoting electric vehicles, and offering environmentally friendly products (switching to renewable materials).



Health Care

Contribute to people's lives and health by developing ethical pharmaceuticals and regenerative medicines to meet unmet medical needs and by offering health management-related services.



IT, Electronics, Displays

Contribute to a smart society and more comfortable lifestyles by providing high-performance materials for use in next generation displays and semiconductor materials, etc.



Environment, Energy

Contribute to energy conservation, the effective use of water resources, improvement of productivity in the agricultural, fishery, and livestock industries and adaptation to climate change by providing lithium-ion battery materials, water treatment-related products, plant factories, and disaster prevention and mitigation products, etc.



Medical, Food, Bio Products

Contribute to solving medical issues and promoting health maintenance by providing medical-related products, pharmaceutical materials and functional food ingredients, etc.



Packaging, Labels, Films

Contribute to the safe storage and distribution of food and the reduction of food loss by providing high gas barrier films for food and medical packaging.



Building the resilient foundation of the Group

ESG, Innovation, Health and Productivity Management, human resources development, etc.

Sustainability ▶ P. 37 Innovation ▶ P. 45 Corporate Governance ▶ P. 53

Targets for the medium-term management plan APTSIS 20

APTSIS 20
▶ P. 27

Growth measures in focus markets
▶ P. 33

Sustainability (MOS) Indices
▶ P. 40

KPIs for KAITEKI Health and Productivity Management
▶ P. 44

Innovation (MOT) Indices
▶ P. 50

Social values (Related SDGs)

