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Mitsui Chemicals, Inc.
President & CEO: Osamu Hashimoto
Stock code: 4183
https://jp.mitsuichemicals.com/en/

The status of corporate governance of Mitsui Chemicals, Inc. (hereinafter "MCI") is described below.

I Basic philosophy of corporate governance, capital structure, corporate profile and other basic information

1. Basic philosophy of corporate governance

The Mitsui Chemicals Group (hereinafter "MCI Group") is constantly engaged in business activities to realize our Corporate Vision, which is comprised of our Corporate Mission and Corporate Target. We recognize that efforts to achieve effective corporate governance as part of that process will allow us:

(i) to maintain and develop trusting relationships with MCI shareholders and all other diverse stakeholders of the MCI Group, and

(ii) to create a framework that can execute transparent, fair, timely, and decisive decision-making,

through which the MCI Group can achieve sustainable growth and increased corporate value over the mid- to long-term.

Accordingly, MCI holds the enhancement of our corporate governance to be one of our key management issues, and is making efforts toward its realization.

[Reasons for Not Implementing Each Principle of Corporate Governance Code]

MCI has observed each principle of the Corporate Governance Code (hereinafter "the Code").

[Disclosure based on Each Principle of Corporate Governance Code]

Please also visit our website (URL: https://jp.mitsuichemicals.com/en/corporate/governance.htm) as MCI has posted the Corporate Governance Guidelines (the "Guidelines") outlining the basic view and policy, etc. concerning MCI Corporate Governance.

(Principle 1-4：Policy on Cross-shareholdings)

1. MCI will acquire and hold shares of our customers and suppliers when we conclude that such holdings would contribute to the mid- to long-term increase of our corporate value in consideration of the creation and strengthening of relationships and the development of business partnerships with them.

   Meanwhile, MCI will maintain a basic policy whereby it promptly disposes and reduces the number of shares that are no longer worth holding, and on an annual basis will accordingly have the Board of Directors examine whether or not it would be appropriate to continue holding such shares in view of the respective business alliance, status of business transactions, cost of capital and other such factors.

   In fiscal 2017, 2018 and 2019, MCI sold some shares based on results of such examination.

2. MCI will appropriately exercise the voting rights of shares we hold while comprehensively taking into account such factors as whether or not proposals by the issuer will contribute to our shareholding goals or harm shareholder value.

   In addition, under circumstances involving a longstanding slump in business performance, a serious compliance violation or other such development, MCI will sufficiently gather information in the course of paying particularly close attention to the types of proposals listed below, and accordingly will make decisions on whether to approve or disapprove of such proposals.

   Proposals on the appropriation of surplus, proposals on electing directors and corporate auditors, proposals on granting retirement benefits, proposals on organizational restructuring, proposals on takeover defense measures, etc.

(Principle 1-7：Transactions with Related Parties)

Transactions between MCI and our directors or transactions involving a conflict of interest will be deliberated and subject to the approval in advance by the Board of Directors before being carried out, and after the transaction has been completed, the result will be reported to the Board. Transactions with related parties such as major shareholders, subsidiaries, and affiliates will be handled in the same way as transactions with third parties: after examining whether the transaction price and other conditions are reasonable, MCI will follow the necessary approval procedures based on our internal regulations, and the Internal Control Division will regularly audit the transactions.

(Principle 2-6：Roles of Corporate Pension Funds as Asset Owners)

(1) MCI has adopted a contract-type defined benefit corporate pension plan and a defined contribution corporate pension plan. With respect to the contract-type defined benefit corporate pension plan, MCI will establish the Pension Fund Committee whose membership consists of parties who are familiar with personnel affairs, finance and other such operations. The committee's functions will involve regularly engaging in deliberations, making decisions on key matters, and affirming soundness of fund management overall.

(2) MCI entrusts multiple investment management institutions located both in Japan and abroad with the task of managing pension reserves, upon having appropriately evaluated their expertise in that regard. Moreover, MCI also draws on the opinions of external experts in order to ensure a high level of expertise and objectivity with respect to managing its pension funds.

(3) MCI will regularly monitor stewardship activities of the investment management institutions and otherwise provide support from an asset owner's perspective.

(4) MCI will ensure that conflict of interest does not arise between beneficiaries of the corporate pension fund and MCI by entrusting to the investment management institutions matters involving selecting individual investments and exercising voting rights of investment shares.

(Principle 3-1：Enhancement of Information Disclosure)

1. What MCI Strives For (e.g. management philosophy), Business Strategies and Business Plans

MCI's corporate vision is as follows:

[Corporate Mission]

Contribute broadly to society by providing high-quality products and services to customers through innovations and the creation of materials and products while keeping in harmony with the global environment

Contributing to Society

- Promoting human well-being
- Contributing to the value of shareholders' investments
- Increasing customer satisfaction
- Contributing to local communities
- Promoting the happiness and fulfillment of employees

[Corporate Target]

Constantly pursuing innovation and growth to become a chemical group with an undisputed global presence

MCI established a long-term business plan in fiscal 2016 with an eye to fiscal 2025. Its details are available on MCI website.
(URL: https://jp.mitsuichemicals.com/en/corporate/vision/)

2. Basic View and Basic Policy on Corporate Governance in view of Each Principle in the Code

The basic view and policy on MCI Corporate Governance are as described in the Guidelines.

3. Principles and Procedures for the Board of Directors to Determine Compensation for Senior Management and Directors

(1) MCI's basic policies regarding the determination of compensation for directors (excluding outside directors) are as follows.

(i) Compensation will be commensurate with the entrustment of MCI's management and will be tied to the growth and performance improvement of the MCI Group.

(ii) Compensation schemes will be devised to reflect both corporate performance and the performance of the individual director.

(iii) Compensation for higher positions will more strongly reflect their contributions to mid- and long-term corporate growth,

and deepen the sharing of values with shareholders.

(iv) We will ensure transparency and maintain accountability to our shareholders and other related parties regarding the determination of compensation for directors.

(2) Compensation for directors (excluding outside directors) will be comprised of basic compensation, bonuses and stock compensation. The proportion of compensation comprised of bonuses and restricted stock compensation will be appropriately set to function that aims to provide them with incentives to help bring about sustainable improvement in the MCI's corporate value, while also further promoting the notion of their shared values with the MCI's shareholders.

< Structure of compensation for directors and corporate auditors>

The compensation for directors and corporate auditors is structured as follows. In addition, MCI increases the proportion of bonuses and stock compensation in accordance with improvement in business performance.

Average compensation of directors (excluding outside directors) in fiscal 2019

Basic compensation: 67%

Bonus: 15%

Stock compensation: 18%

<Basic compensation>

Basic compensation is a monthly fixed amount of compensation and determined in accordance with the director's title, with consideration given to compensation levels of other companies (particularly manufacturers of similar type and size) as stated by one or more surveys conducted by specialized outside institutions.

<Bonuses>

Bonuses are set from the perspective of corporate performance, with consideration given to compensation levels of other companies (particularly manufacturers of similar type and size). MCI links its bonus to business performance with the aim of providing greater incentive to achieve earnings targets across the entire Group. The base bonus amount is calculated using a formula where operating income acts as a benchmark of such business performance. In addition, when determining the bonus amount for each individual, the Group takes into account how the individual's performance evaluation corresponds with the level of achievement of the initially set earnings targets across the entire Group.

a) Formula for base bonus amount

Operating income × Coefficient × Director-title-specific index

b) Determining bonus amount for each individual

The amount of bonus depends on the extent to which earnings targets across the entire Group have been achieved. It is calculated based on the formula.

<Stock compensation>

Stock compensation provides medium- to long-term incentive to work toward sustainable improvement of MCI's corporate value, and also promotes the concept of achieving shared value with MCI's shareholders. The stock compensation is in the form of specified restricted stock with a three to five year transfer restriction period. MCI's total levels of compensation also encompassing basic compensation and bonuses are set at levels equivalent to those of other companies (particularly manufacturers of similar type and size).

Stock compensation will be reduced or otherwise unpaid in the event of a serious compliance violation, major accident or other such incident that would adversely affect MCI and its operations.

(3) Compensation for outside directors and corporate auditors will be comprised solely of basic compensation (a monthly fixed amount), the level of which will be established referring to third-party surveys regarding compensation for corporate managers in Japan and other information.

(4) MCI has established the Executive Compensation Advisory Committee as a consultative body to the Board of Directors in order to ensure the suitability of director compensation levels and the transparency of performance evaluations. The chairman will serve as the chair of the Executive Compensation Advisory Committee, which will be comprised of the president, representative director (currently 1 representative director excluding chairman and president) and outside experts (3 outside directors and 3 outside corporate auditors, all of whom meet MCI's independence standards).

(5) The Board of Directors will determine the compensation for MCI's directors after consulting with the Executive Compensation Advisory Committee.

4. Principles and Procedures for the Board of Directors to Elect and dismiss Senior Management and Nominate Candidates for Directors and Corporate Auditors

(1) MCI has established the Human Resource Advisory Committee as a consultative body to the Board of Directors in order to ensure the suitability and transparency of procedures for electing directors and corporate auditors. The Human Resource Advisory Committee deliberates the proposed list of candidates for directors and corporate auditors based on the standards for election of directors and corporate auditors, and reports the results of the deliberation to the Board of Directors. The Board of Directors decide upon the final list of the candidates for directors and corporate auditors with maximum respect given to the results report of the Human Resource Advisory Committee. The president will formulate the proposal on candidates for corporate auditors in consultation with the full-time corporate auditors in advance, and following the above deliberations, the Board of Directors resolves the proposal with the consent of the Board of Corporate Auditors. The Chairperson of the Committee is MCI's president. And it is composed of MCI's chairman and 3 outside directors, all of whom meet MCI's independence standards. (See the Guidelines for details of the standards for election of directors and corporate auditors).

(2) MCI's procedures for dismissal of the CEO and those in other key positions are as follows.

(i) The Human Resource Advisory Committee will deliberate on dismissal of the CEO and others in key positions in cases, for instance, where it is deemed that the individual has not adequately carried out his or her role in light of business performance or other such results, or where there has been a serious compliance violation.

(ii) If the Board of Directors receives findings from the Human Resource Advisory Committee constituting grounds for dismissal of a representative director, CEO or those in other key positions, then the Board of Directors will make a decision regarding such dismissal upon having examined the results report.5. Explanation to Be Given on Each Individual Election and Nomination When the Board of Directors Elects Senior Management and Nominates Candidates for Directors and Corporate Auditors based on 4. Above

5. The standards of election of MCI directors and corporate auditors are as described in the Guidelines. Career summary and reasons for nomination of each candidate for director and corporate auditor are described on the convocation notice for the general meeting of shareholders. In addition, reasons for nomination of outside directors and outside corporate auditors (including reasons for nomination of independent director and corporate auditor) are as respectively described in "The status of management decisions, business management organization related to administration and oversight, and other corporate governance systems" herein.

(Supplementary Principle 4-1(1): Scope of Delegation to the Management)

MCI has endeavored to increase the speed of our decision-making process by delegating approval authority for important matters concerning business management excluding those requiring resolution by the Board of Directors in accordance with provisions of the Companies Act or the Articles of Incorporation, with the amounts and other concrete criteria defined by the Rules For Meetings of the Board of Directors, Authorization Rules, etc.

(Supplementary Principle 4-1(1): Succession Planning of the CEO and those in other key positions)

The Board of Directors will continually and systematically oversee matters regarding succession planning for the CEO and those in other key positions, in consideration of the Corporate Vision and the long-term business plan and in consultation with the Human Resource Advisory Committee.

In addition, the Key Talent Management system is positioned as a framework for succession planning encompassing the senior management ranks. It entails clearly specifying attributes required of managers, fast tracking candidates to fill future senior management ranks, and strategically training such candidates. Every year specific divisions and company-wide committees will select candidates and help them develop by establishing training plans for each candidate, performing assessments, and carrying out training. In addition, every year the Board of Directors will receive reports on the status of such initiatives and will appropriately provide oversight.

(Principle 4-9: Independence Standards for Independent Outside Directors and Their Quality)
Independence Standards for Independent Outside Directors are described in the Guidelines.

(Supplementary Principle 4-11(1): Capability of the Board of Directors as a Whole and Views on Diversity)
1. The number of directors of MCI will be 12 or less, as stipulated in the Articles of Incorporation, and the appropriate number within that range will be decided at each opportunity in consideration of the status of authorities delegated to executive officers and the need to streamline decision making in response to business expansion. MCI will select in principle multiple independent outside directors in order to reflect the opinions of individuals from outside MCI with rich experience and insight, such as corporate managers, academics, and legal professionals, in the management policies of MCI and to increase the effectiveness of the oversight of director operations.
2. MCI will select executive directors in consideration of the specific characteristics of our businesses and without regard for gender, race, nationality, or other such factors so that the executive directors as a whole possess balanced business experience in areas including business planning, operations, production and technology, research and development, accounting and finance, and general, personnel, and legal affairs.

(Supplementary Principle 4-11(2): Status of Concurrent Positions Assumed by Directors and Corporate Auditors)
The status of MCI directors and corporate auditors concurrently serving as outside director or outside corporate auditor of other listed company has been disclosed on the convocation notice for the general meeting of shareholders.
Currently, Director and Senior Managing Executive Officer Shimogori serves as Director and Chairman of ARRK CORPORATION.
Currently, Full-time Corporate Auditor Isayama serves as Outside Director of Fukuvi Chemical Industry Co., Ltd.
Currently, Director Kuroda, Director Bada, Director Yoshimaru, Corporate Auditor Shinbo, Corporate Auditor Tokuda, and Corporate Auditor Fujitsuka serve as outside director or outside corporate auditor of other listed companies, but all of them are not more than four companies including MCI. We view their services do not have an implication to the extent that they are not capable of appropriately fulfilling their roles and duties as MCI directors and corporate auditors.

(Supplementary Principle 4-11(3): Analysis and Self-Evaluation over Effectiveness of the Board of Directors as a Whole)
The MCI's Board of Directors strives toward constant self-improvement by analyzing and evaluating the effectiveness of the Board of Directors every year using such methods as self-evaluations performed by directors and corporate auditors, and discussions by only outside directors and outside corporate auditors in accordance with (4) in "3. Structure and Operation of the Board of Directors", Section 1, Chapter 4 of the Guidelines.

＜Measures taken in fiscal 2019＞
MCI took the following measures in fiscal 2019 to address issues based on the evaluation results for fiscal 2018.
(i) Discussions held at the Board of Directors: With an increased number of meetings of the Board of Directors held in order to have broader discussions on mid- to long-term business strategies, MCI determined to hold discussions on the mid- to long-term goals and strategies and capital costs on a regular basis.
(ii) Operation of the Board of Directors: MCI amended the Rules For Meetings of the Board of Directors and reviewed the standards to focus on more important matters.
(iii) Improvement on the provision of preliminary explanations: MCI made reassessments such as on the provisions of broader preparatory document materials and preliminary explanation on the significant matters to outside directors and outside corporate auditors in advance.

<Method for evaluating the effectiveness of the Board of Directors in fiscal 2019>
In consideration of these measures, MCI conducted a survey of all directors and corporate auditors in early February 2020. For the survey, MCI appointed a third party to undertake tasks including consideration and compilation of survey items.
At the end of March, MCI held discussions regarding future challenges and measures upon having reported to the Board of Directors the survey results.

＜Evaluation results＞

The directors' and corporate auditors' self-evaluation scores of fiscal 2019 were on a par with those of the previous fiscal year on the whole. MCI has also confirmed that progress for the improvement has been accelerated by having taken measures aligned with the objective of reinforcing the supervisory functions of the Board of Directors, and accordingly finds that the effectiveness of the Board of Directors is sufficiently ensured, as being carried on from the previous fiscal year.

＜Future challenges＞

(i) Further broaden discussions on mid- to long-term business strategies

(ii) Further enhance the provision of preliminary explanations and achieve the thorough distribution of the preparatory document materials to outside directors and outside corporate auditors

(iii) Review on the operational procedures for reporting on the status of execution of duties

MCI will strive to review and implement necessary measures as appropriate to reinforce supervisory functions of MCI's Board of Directors based on the result of the annual effectiveness evaluations.

(Supplementary Principle 4-14(2): Training Policy for Director and Corporate Auditor)

1. MCI will provide newly elected outside directors and outside corporate auditors with opportunities to deepen their understanding of MCI's businesses through explanations on those businesses before assuming office, tours of MCI business locations, and other such methods and will continue providing similar training opportunities as necessary during their terms of office.
2. MCI will provide newly elected internal directors and corporate auditors with opportunities to sufficiently understand the roles and duties expected of directors and corporate auditors and will provide, introduce, and offer aid for expenses for training opportunities to suit each individual director or corporate auditor during their term of office with the goal of continually updating the initial training.

(Principle 5-1：Policy on Constructive Dialogue with Shareholders)

1. The MCI Group values constructive dialogue with our shareholders and other related parties, and will strive to facilitate such dialogue through various opportunities focused around senior and top management. Through this dialogue, we will endeavor to foster greater understanding of the MCI Group's business strategies and business plans, and we will listen sincerely to the voices of our shareholders and other related parties, absorbing and reflecting management analysis and opinions from the point of view of our capital contributors, thereby leading to the sustainable growth and mid- to long-term increase of corporate value for the MCI Group.
2. If shareholders or other related parties request meetings for the purpose of engaging in constructive dialogue that contributes to our sustainable growth and increased corporate value over the mid- to long-term, the suitable person among the senior management and officers of the MCI Group will, in consideration of the purpose of the meeting, respond to such requests and meet with those shareholders or other related parties.
3. The MCI Group officers in charge of IR, the Corporate Administration & Legal Division, and the Finance & Accounting Division will handle the overall coordination of dialogue with shareholders and other related parties. Related departments such as IR, the Corporate Planning Division, the Corporate Administration & Legal Division, and the Finance & Accounting Division will work to achieve organic cooperation through such means as having certain staff members serve in multiple departments and regularly sharing information.
4. The MCI Group will proactively work to provide opportunities such as explanatory meetings for analysts and institutional investors, explanatory meetings for individual investors, explanatory meetings on our businesses, facility tours, and overseas IR, and we will promptly provide feedback to top management and other relevant departments regarding the opinions and concerns learned through dialogue with shareholders and other related parties at such events.
5. The MCI Group is striving to prevent insider information from being leaked during dialogue with shareholders and other related parties through our Rules for administration of insider trading and rules for administration of company information.

2. Capital structure

Percentage of foreign shareholders:	From 20% to less than 30%

[Status of major shareholders]

Name/Company name	Number of shares	Percentage of

	held	shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	17,917,100	9.37
The Master Trust Bank of Japan, Ltd. (Trust account)	17,331,200	9.07
Japan Trustee Services Bank, Ltd. (Trust account 4)	5,097,800	2.66
Japan Trustee Services Bank, Ltd. (Trust account 7)	4,392,100	2.29
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,617,600	1.89
Mitsui & Co., Ltd.	3,474,100	1.81
Japan Trustee Services Bank, Ltd. (Mitsui & Co., Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited.)	3,474,000	1.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,318,700	1.73
JP MORGAN CHASE BANK 385151	3,067,685	1.60
Toray Industries Inc.	2,847,300	1.49

Majority shareholder (excluding parent company)	———
Parent company	None

Supplementary explanation

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3. Company profile

Listed stock market and market section	Tokyo, Section 1
Accounting period	March
Type of business	Chemicals
Employees (consolidated) as of end of previous fiscal year	Over 1000
Sales (consolidated) as of end of previous fiscal year	Over 1 trillion yen
Consolidated subsidiaries as of end of previous fiscal year	More than 100, less than 300

4. Policy guidelines for the protection of minority shareholders when engaging in transactions with a majority shareholder

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5. Other circumstances that may significantly affect corporate governance

(1) Philosophy and policies on group management

The MCI Group shares the Corporate Vision which is comprised of our Corporate Mission and Corporate Target and recognizes a future society to aspire toward in terms of a harmonious coexistence between society and environment, good health and a long-lived society that offers peace of mind and industrial platform that is in harmony with local community. Accordingly, assuring business portfolio management to press ahead with business strategies and boost profitability, business support to optimize the business opportunities, and risk management to minimize risks at the group and global levels is vital to contribute to the actualization of the Corporate Vision and the future society we aspire to realize. To obtain such assurance, MCI has put in place

a system to manage group companies by establishing the divisional jurisdiction delegated to each group company, the “Group Risk Management System” aimed at early detecting risks and preventing such risks from occurring, and the internal control system prescribing the audit, etc. conducted by the Internal Control Division and corporate auditors. In addition to such systems, MCI commenced applying the “Mitsui Chemicals Group Global Policy Platform” (M-GRIP) from January 2020.

M-GRIP is the global foundation designed to provide adequate supports which the MCI headquarters’ functional departments offer to the MCI Group companies. The functional departments of MCI establish global policies and support their deployment to the group companies, and the group companies accept these global policies and carry out duties under their observance.

Further, MCI individually sets the scope of application of global policies for listed subsidiaries from the perspective of respecting the independence and autonomy of listed subsidiaries.

(2) The objective of holding listed subsidiaries, and policies on assurance about the effectiveness of the governance system of the listed subsidiaries

Of MCI’s consolidated subsidiaries, ARRK CORPORATION is listed on the Tokyo Stock Exchange.

In January 2018, MCI made ARRK CORPORATION a consolidated subsidiary to respond to the sophistication and diversification of needs in the mobility market and strengthen MCI’s ability to provide solutions. The objective of the consolidation of ARRK CORPORATION as the subsidiary was not to delist ARRK CORPORATION but to acquire the shares held by the principal shareholders of ARRK CORPORATION.

Following the consolidation, the two companies have steadily proceeded with coordination on information sharing within the group companies, collaboration on customer visits and projects, and consideration of the use of respective bases, among others. In terms of governance, MCI respects ARRK CORPORATION’s unique corporate culture and management autonomy while being informed of its significant management matters.

MCI has decided to make ARRK CORPORATION a wholly-owned subsidiary in August 2020, through a simplified share exchange to enable MCI to execute flexible decision-making that is uniform across the MCI Group, allocate management resources efficiently, and promote collaboration through close communication between the two companies, and to eliminate potential conflicts of interest between the two companies.

As such, MCI is now assured of maximizing synergies between the two companies, strengthening the ability to provide solutions, ensure the effectiveness of the governance system, and further enhance the MCI Group’s corporate value.

II The status of management decisions, business management organization related to administration and oversight, and other corporate governance systems

1. Organizational composition and operation

Organization type	Company with a corporate auditors system

[Directors]

Number of directors specified in articles of incorporation	12
Term in office specified in articles of incorporation	1 year
Chair of Board of Directors	Chairman (excluding the case where the person concurrently serves as president)
Number of directors	8
Have outside directors been appointed	Yes
Number of outside directors	3
Number of outside directors selected as independent directors	3

Relationship to the company (1)

Name	Characteristics	Relationship to the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
Yukiko Kuroda	From other company								○			
Hajime Bada	From other company											
Yukiko Yoshimaru	From other company								△			

* Types of relationship to the company

* ○: Outside director herself/himself is currently applicable or was applicable until recently

△: Outside director herself/himself was applicable in the past

●: Close relative of the outside director is currently applicable or was applicable until recently

▲: Close relative of the outside director was applicable in the past

a. A person performing an executive role at MCI or its subsidiary

b. A person performing an executive role or non-executive director at MCI's parent company

c. A person performing an executive role at MCI's affiliates

d. A person who has MCI as a major customer or a person performing an executive role at a company which has MCI as a major customer

e. One of MCI's major customers or a person performing an executive role at one of MCI's major customers

f. A consultant, accountant or lawyer who receives from MCI a large amount of money or other property benefits other than the executive compensation

g. A major shareholder of MCI (if the shareholder is an entity, then a person performing an executive role at the entity)

h. A person performing an executive role (herself/himself) of one of MCI's customers (other than d, e and f)

i. Executive (herself/himself) of a company that has an outside director/corporate auditor from MCI

j. A person performing an executive role (herself/himself) of a company to which MCI makes donations

k. Others

Relationship to the company (2)

Name	Independent Director	Supplementary Explanation of Conforming Items	Reason for Selection as Outside Director (Reason for Selection as Independent Director if applicable)
Yukiko Kuroda	○	Yukiko Kuroda concurrently serves as Managing Director and Founder of People Focus Consulting. In fiscal 2018 and 2019, MCI commissioned facilitation training services to People Focus Consulting. However, MCI's payments to the relevant company for the services rendered are deemed insignificant given that the payments amount to less than 1% of People Focus Consulting's net sales for said fiscal year.	Yukiko Kuroda has extensive experience as a corporate manager and consultant, and at meetings of MCI's Board of Directors, she has made comments, as needed, to promote sound and efficient corporate management from the perspective of the appropriateness of execution of operations and corporate social responsibility, and thus has contributed to the realization of active discussions. Accordingly, we believe that she is the right person for the post of Outside Director. She satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated her as an independent director.
Hajime Bada	○	There are no conflicts of interests between the Company and Hajime Bada.	Hajime Bada has extensive experience as a corporate manager and the head of a trade organization, and at meetings of MCI's Board of Directors, he has provided comments, as needed, from a fundamental perspective that overlooks the entire Group, and thus has contributed to the realization of active discussions. Accordingly, we believe that he is the right person for the post of Outside Director. He satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated him as an independent director.
Yukiko Yoshimaru	○	Yukiko Yoshimaru served as Executive Officer of Nifco Inc. until June 2018. In fiscal 2017, 2018 and 2019, MCI sold our products to Nifco Inc. However, the MCI's receipts from Nifco Inc. for such sales are deemed insignificant given that the receipts amount to less than 1% of the MCI's net sales for said fiscal years.	Yukiko Yoshimaru has experience as an officer of other companies in areas such as diversity promotion, and in-depth knowledge acquired through her extensive global experience. She also contributes to the realization of active discussions held at the Board of Directors, such as stating her opinions from global perspectives as needed. Accordingly, we believe that she is the right person for the post

			of Outside Director. She satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated her as an independent director.

The existence of committees that correspond to a nominating committee or a compensation committee	Yes

Voluntary Committee

	Name of committee	Total number of members	Full-time members	Internal Directors	Outside Directors	Outside experts	Others	Chairperson
The committee that corresponds to a nominating committee	Human Resource Advisory Committee	5	2	2	3	0	0	Internal Director
The committee that corresponds to a compensation committee	Executive Compensation Advisory Committee	9	3	3	3	3	0	Internal Director

Further note

Human Resource Advisory Committee: To ensure the suitability and transparency of procedures for electing directors and corporate auditors, MCI has established the Human Resource Advisory Committee as a consultative body to the Board of Directors, and introduced a mechanism to decide upon the final list of candidates for directors and corporate auditors. The Chairperson of the Committee is MCI's president. And it is composed of MCI's chairman and 3 outside directors, all of whom meet MCI's independence standards.

Executive Compensation Advisory Committee: To ensure the transparency of performance evaluations and the validity of compensation levels, we have established the Executive Compensation Advisory Committee as a consultative body of the Board of Directors, and introduced a mechanism to evaluate the performance of directors and determine its system of executive compensation. The chairman will serve as the chair of the Executive Compensation Advisory Committee, which will be comprised of the president, representative director (currently 1 representative director excluding chairman and president) and outside experts (3 outside directors and 3 outside corporate auditors, all of whom meet MCI's independence standards).

[Corporate auditors]

Establishment of a board of auditors	Yes

Number of corporate auditors specified in articles of incorporation	6
Number of corporate auditors	5

Coordination between corporate auditors, accounting auditors and the Internal Control Division

Corporate auditors, accounting auditors and the Internal Control Division (MCI's internal audit department) exchange opinions regarding annual audit plans and audit results, and also coordinate with one another on other matters, whilst ensuring that their respective auditing activities remain independent.

Appointment of outside auditors	Yes
Number of outside auditors	3
Number of outside auditors selected as independent directors	3

Relationship to the company (1)

Name	Characteristics	Relationship to the Company (*1)											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Katsuyoshi Shinbo	Attorney													
Shozo Tokuda	Certified public accountant										△			
Mikio Fujitsuka	From other company													

* Types of relationship to the company

* ○: Outside auditor herself/himself is currently applicable or was applicable until recently

△: Outside auditor herself/himself was applicable in the past

●: Close relative of the outside auditor is currently applicable or was applicable until recently

▲: Close relative of the outside auditor was applicable in the past

a. A person performing an executive role at MCI or its subsidiary

b. A person performing a non-executive director or accounting advisor at MCI or its subsidiary

c. A person performing an executive role or non-executive director at MCI's parent company

d. A person serving as an auditor of MCI's parent company

e. A person performing an executive role at MCI's affiliates

f. A person who has MCI as a major customer or a person performing an executive role at a company which has MCI as a major customer

g. One of MCI's major customers or a person performing an executive role at one of MCI's major customers

h. A consultant, accountant or lawyer who receives from MCI a large amount of money or other property benefits other than the executive compensation

i. A major shareholder of MCI (if the shareholder is an entity, then a person performing an executive role at the entity)

j. A person performing an executive role (herself/himself) of one of MCI's customers (other than f, g and h)

k. Executive (herself/himself) of a company that has an outside director/corporate auditor from MCI

l. A person performing an executive role (herself/himself) of a company to which MCI makes donations

m. Others

Relationship to the company (2)

Name	Independent Director	Supplementary Explanation of Conforming Items	Reason for Selection as Outside Corporate Auditor (Reason for Selection as Independent Director if applicable)
Katsuyoshi Shinbo	○	There are no conflicts of interests between MCI and Katsuyoshi Shinbo.	Katsuyoshi Shinbo has provided opinions, as needed, to promote sound and efficient corporate management, based on his extensive experience as an attorney over many years, as well as his experience as an outside officer of other companies, and from the perspective of ensuring appropriateness in executing MCI's business and strengthening the management supervision function of MCI's Board of Directors, and thus has contributed to the realization of active discussions. Accordingly, we believe that he is the right person for the post of Outside Corporate Auditor. He satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated him as an independent auditor.
Shozo Tokuda	○	Shozo Tokuda served as Senior Partner of KPMG AZSA LLC until June 2017. In fiscal 2017, 2018 and 2019, MCI had a transactional relationship with KPMG AZSA LLC for the commission of consulting services, etc. However, the MCI's payments to KPMG AZSA LLC for the services rendered are deemed insignificant given that the payments amount to less than 1% of KPMG AZSA LLC's net sales for each of the respective fiscal years.	Shozo Tokuda has provided opinions, as needed, to promote sound and efficient corporate management, based on his extensive experience as a certified public accountant over many years, as well as his experience as an outside officer of other companies, and from the perspective of ensuring appropriateness in executing MCI's business and strengthening the management supervision function of MCI's Board of Directors, and thus has contributed to the realization of active discussions. Accordingly, we believe that he is the right person for the post of Outside Corporate Auditor. He satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated him as an independent auditor.
Mikio	○	There are no conflicts of interests between	Mikio Fujitsuka has provided opinions, as

Fujitsuka		MCI and Mikio Fujitsuka.	needed, to promote sound and efficient corporate management from perspectives of ensuring appropriateness in executing MCI's business and strengthening the management supervision function of MCI's Board of Directors based on his extensive experience as a corporate manager and CFO of a listed company, and an outside officer of other companies. Accordingly, we believe that he is the right person for the post of Outside Corporate Auditor. He satisfies the individual standards under the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines. We thereby designated him as an independent auditor.

[Independent directors]

Number of independent directors	6

Other details relating to independent directors

The details of the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines are as follows.

Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors

In order to be designated by Mitsui Chemicals, Inc. (MCI) as an independent outside director and an independent outside corporate auditor such director or corporate auditor must not fall under any of the following items.

(1) A person who currently is or has been in the past an executive (such as an executive director, executive officer, senior director, general manager, or other such officer who executes operations) of MCI or a subsidiary of MCI.

(2) A person for whom MCI is a major business partner* or, if that person is a juridical person, an executive of that person.
*If a business partner has received payments of 2% or more of its annual sales from MCI in any of the past three fiscal years, then MCI is a major business partner thereto.

(3) A major business partner* of MCI or, if that partner is a juridical person, an executive of that partner.
*If MCI has received payments of 2% or more of its annual sales from a business partner in any of the past three fiscal years, or if a business partner has loaned a monetary amount of 2% or more of MCI's total assets to MCI in any of the past three fiscal years, then that business partner is a major business partner to MCI.

(4) A large shareholder (a person directly or indirectly holding 10% or more of total voting rights) of MCI or, if that shareholder is a juridical person, an executive of that shareholder.

(5) An executive of a juridical person for whom MCI is a large shareholder (directly or indirectly holding 10% or more of total voting rights).

(6) An accounting auditor of either MCI or a consolidated subsidiary of MCI, or a person who is in charge of auditing either MCI or a consolidated subsidiary of MCI as an employee of such accounting auditor.

(7) An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified public tax accountant, consultant, or other such professional who has received money or other assets, other than officer remuneration, from MCI exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such assets, this includes any person belonging to such group for which the assets received from MCI exceed 2% of the group's annual revenue).

(8) A person who has received donations from MCI exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such donations, this includes any executive of such group for which the donations received from MCI exceed 2% of the group's annual revenue).

(9) A person whose close relative (meaning a spouse or a relative within the second degree of kinship) falls under any item of (1) to (8) above.

(10) A person who has fallen under any item of (2) to (9) above in the past three years.

(11) Notwithstanding the provisions of each preceding item, a person regarding whom there are found to be special circumstances that may cause a conflict of interest with MCI.

[Incentives]

Status of the implementation of measures to give incentives to directors	Performance-based compensation system implemented

Supplementary explanation of the above

To ensure the transparency of performance evaluations and the validity of compensation levels, we have established the Executive Compensation Advisory Committee as a consultative body of the Board of Directors, and introduced a mechanism to evaluate the performance of directors and determine the system of executive compensation. The Chairperson of the committee is MCI's chairman. And it is composed of MCI's 3 representative directors (including the chairman) and outside experts (3 outside directors and 3 outside corporate auditors, all of whom meet MCI's independence standards).

As regards the amount of bonus paid to a director, there is a mechanism to change these in response to the performance achievements of MCI as a whole and the divisions for which the director is responsible.

And we have the restricted stock compensation plan and aim to provide Directors with incentives to help bring about sustainable improvement in the MCI's corporate value, while also further promoting the notion of their shared value with shareholders.

Please refer to [Disclosure based on Each Principle of Corporate Governance Code] as to the proportion and operation of compensation.

Stock option recipients	

Supplementary explanation of the above

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[Director Compensation]

Disclosure of compensation of individual directors	Only certain directors' compensation disclosed individually

Supplementary explanation of the above

MCI discloses the total amount and breakdown by category for compensation paid to directors and corporate auditors in its business report and annual security report. In its annual security report MCI also discloses compensation for individual directors and corporate auditors whose total compensation as director or corporate auditor of MCI and its subsidiaries is 100 million yen or more.

Convocation notice for the general meeting of shareholders and business report

https://jp.mitsuichemicals.com/en/ir/library/index.htm

Annual security report

https://jp.mitsuichemicals.com/en/ir/library/ar/

Compensation total and compensation calculation methods defined by policy	Yes

Disclosure of compensation figures and policies regarding how compensation is calculated

MCI's policy with regard to the disclosure of compensation figures and methods of calculating compensation paid to its directors (excluding outside directors) is as follows.

Compensation paid to directors (excluding outside directors) is subject to the following conditions.

- Compensation will be commensurate with the entrustment of MCI's management and will be tied to the growth and performance improvement of the MCI Group.
- Compensation schemes will be devised to reflect both corporate performance and the performance of the individual director.
- Compensation for higher positions will more strongly reflect their contributions to mid- and long-term corporate growth, and deepen the sharing value with shareholders.
- We will ensure transparency and maintain accountability to our shareholders and other related parties regarding the determination of compensation for directors.

Specific details of compensation must be reviewed by the Executive Compensation Advisory Committee and approved by the Board of Directors.

Please refer to [Disclosure based on Each Principle of Corporate Governance Code] as to the proportion and operation of compensation.

[Outside Director (Outside Corporate Auditor) Support System]

1. Support provided to outside directors

The Board of Directors Secretariat provides outside directors with advance explanations of the content of agenda items to be discussed at Board of Directors meetings.

Inspections of sites in Japan and abroad and meetings with accounting auditors (twice per year) are also arranged.

Through such initiatives the outside directors deepen their understanding of MCI's businesses and gain insights into MCI's challenges and risks, thereby enabling them to better furnish commentary at the Board of Directors meetings.

2. Support provided to outside corporate auditors

At Board of Corporate Auditors meetings, the full-time corporate auditors provide and share with the outside corporate auditors the information they have gained in the course of carrying out their daily audits, including the content of Management Committee meetings and other important internal meetings, and the results of external visiting audits. When Board of Directors meetings are held, the outside corporate auditors are provided with reference materials in advance, and the full-time corporate auditors provide them with advance explanations of the content of agenda items to be discussed at Board of Directors meetings.

Furthermore, the outside corporate auditors also take part in corporate auditor audits on site in Japan and abroad, as necessary. Meetings are also held on a quarterly basis with both accounting auditors and the Internal Control Division, and the outside corporate auditors receive reports on the progress and results of audit plans.

The outside corporate auditors appropriately contribute to audits through such initiatives.

MCI holds meetings of only outside directors and outside corporate auditors once a year to facilitate the exchange of information and sharing of understanding from an independent and objective perspective.

[Status of Individuals Retired as the Company's President/CEO, etc.]

Names and other details regarding former president/CEOs, etc. serving as senior advisors, advisors, etc.

Name	Title/position	Responsibilities	Employment type and terms (full-time/part-time; with/without compensation, etc.)	Date of retirement from position of president, etc.	Term of office
Akio Sato	Honorary Advisor	・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	1999/6/29	Lifelong
Hiroyuki Nakanishi	Honorary Advisor	・Activities relating to economic organizations ・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	2005/6/28	Lifelong
Kenji Fujiyoshi	Honorary Advisor	・Activities relating to economic organizations ・Social contribution activities ・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	2009/6/24	Lifelong
Toshikazu Tanaka	Honorary Advisor	・Activities relating to economic organizations ・Social contribution activities ・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	2014/3/31	Lifelong

Total number of retired President/CEO, etc. holding Senior Advisor, Advisor, or similar position	4

Other matters

1. Honorary advisors, advisors, and senior advisors have no involvement whatsoever in MCI's execution of operations or management supervision.

2. MCI's compensation system for former president/CEOs, etc. is as follows:

(1) Individuals retired from the position of chairman, or retired from the position of president without taking the position of chairman, assume the role of senior advisor. Their employment type is either full-time or part-time, according to their responsibilities, and they are paid a certain amount of compensation. Their term of office is four years or less. Currently

there is nobody serving as senior advisor.

(2) Individuals retired from the position of senior advisor described in (1) above assume the role of advisor. Their employment type is part-time and they are paid a certain amount of compensation. Their term of office is two years or less, but if an individual retired from the position of chairman or president assumes the role of advisor without first serving as senior advisor, the term is six years or less.

(3) Individuals retired from the position of advisor described in (2) above assume the role of honorary advisor. Their employment type is part-time and they are paid no compensation. Their term of office is lifelong.

(4) Senior advisors and advisors described in (1) and (2) above are appointed by resolution of the Board of Directors.

2. Business execution, auditing/oversight, nomination, compensation determination and other functions (outline of present system of corporate governance)

The Board of Directors of MCI, which is presided over by the Chairman who is independent of the business execution, makes key management decisions and oversees the operations of each individual director, and as a company with a Board of Corporate Auditors, the status of each director's performance of his or her duties is audited by the corporate auditors and the Board of Corporate Auditors independently from the Board of Directors.

In accordance with such organizational design, MCI aims to realize smooth and efficient management through initiatives such as to clarify official authority and decision making rules based on company rules, clarify the allocation of roles of management supervision and business execution by introducing an executive officer system, discuss important matters at the Management Committee and strategic discussion that takes the companywide viewpoint in the Companywide Strategy Conference. In addition, MCI strives to ensure soundness and appropriateness through the internal control system based on serious regard for the roles of corporate auditors, auditing of appropriateness of business operations and sound risk management by the Internal Control Division.

Moreover, MCI as a company is responding to societal demands and further building trust from its stakeholders, including its shareholders, by bolstering its efforts in relation to ESG (the abbreviation for environment, social, and governance) and establishing various committees. MCI also regards dialogue with its stakeholders seriously, proactively undertaking IR activities and public relations activities, and strives to maintain transparency by disclosing information in a timely and appropriate manner.

1. Board of Directors

The Board of Directors decides business strategies, business plans, and all other important matters related to the management of MCI pursuant to law, ordinance, MCI's Articles of Incorporation, and our Rules For Meetings of the Board of Directors. The Board also oversees the overall management of the MCI Group through reporting on matters such as the performance of duties of individual directors, important operations of subsidiaries and affiliates, and the implementation status of compliance and risk management systems by MCI and our subsidiaries and affiliates. In addition, the Board of Directors works to strengthen its management oversight role by discussing the important policies related to the running of the Company from an intermediate stage while providing advice to the persons executing business.

The Board of Directors met on 12 occasions in fiscal 2019. Of the eight Members of the Board, two are female.

2. Outside Directors and Outside Corporate Auditors

MCI believes that fulfillment of the management's accountability and ensuring management transparency are made possible by receiving opinions from independent directors and corporate auditors from outside MCI at meetings of the Board of Directors. We also believe that appropriate decision making at meetings of the Board of Directors is made possible by receiving advice from those having specialized knowledge.

Effective the date of this report's submission, three of the eight directors are outside directors and three of the five corporate auditors are outside corporate auditors.

When selecting candidates for outside directors and outside corporate auditors, MCI considers each individual based on the selection criteria as provided for in the MCI Guidelines. Moreover, all the outside directors and outside corporate auditors of MCI not only satisfy the selection criteria but also meet the criteria for independence set by a financial instruments exchange and the Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors provided as an Appendix to the MCI Guidelines, they also put themselves in the position of a stakeholder, and provide beneficial and candid advice regarding improving the corporate value of MCI, and as they have no risk of conflict of interest

with the general shareholders, even from a practical standpoint, MCI submits notice to the Tokyo Stock Exchange that all its outside directors and outside corporate auditors are independent company officers. Furthermore, there are no special interests between MCI and any of its outside directors and outside corporate auditors.

3. Human Resource Advisory Committee

To ensure the suitability and transparency of procedures for electing directors and corporate auditors, MCI has established the Human Resource Advisory Committee as a consultative body to the Board of Directors, and introduced a mechanism to decide upon the final list of candidates for directors and corporate auditors. The Chairperson of the Committee is MCI's president. And it is composed of MCI's chairman and 3 outside directors, all of whom meet MCI's independence standards.

4. Executive Compensation Advisory Committee

To ensure the transparency of performance evaluations and the validity of compensation levels, we have established the Executive Compensation Advisory Committee as a consultative body of the Board of Directors, and introduced a mechanism to evaluate the performance of directors and determine the system of executive compensation. The Chairperson of the committee is MCI's chairman. And it is composed of MCI's 3 representative directors (including the chairman) and outside experts (3 outside directors and 3 outside corporate auditors, all of whom meet MCI's independence standards).

5. Executive officers system

In order to clarify the division of responsibilities between management oversight and business execution, MCI has established an executive officer system. In conjunction with that, MCI will endeavor to increase the speed of our decision-making process and further strengthen and enhance our management framework by delegating approval authority for matters not decided by the Board of Directors to the executive officers and lower positions under MCI's Authorization Rules.

6. Establishment of Management Committee

MCI has established Management Committee for the discussion of items that need to be discussed in advance of being put on the agenda of Board of Directors meetings and for the discussion of important matters related to business execution, and built a system that enables appropriate and efficient decision making. The Management Committee met on 19 occasions in fiscal 2019. The Management Committee consists of the president, executive officers who serve concurrently as directors, and members designated by the president. The corporate auditors attend these meetings, and they have the privilege of stating their opinions as deemed necessary.

7. Establishment of Companywide Strategy Conference

MCI has established the Companywide Strategy Conference, which is held to hold strategic discussions on corporate management and business operational issues of MCI from a Companywide perspective. The Companywide Strategy Conference met on 21 occasions in fiscal 2019. The Companywide Strategy Conference consists of the president, senior ranked executive officers, and members designated by the president.

8. Corporate auditor audits and status of internal audits

As being independent from the Board of Directors, corporate auditors have conducted audits on such matters as the directors' performance of duties, internal corporate control, business performance, and financial status through such means pursuant to law and ordinance as requesting reports on MCI's businesses, exercising its authority in the election and dismissal of accounting auditors, and investigating the status of operations and assets. Precisely, the corporate auditors attend not only the meetings of the Board of Directors but important meetings of MCI such as Management Committee, have regular meetings with the president and others to exchange opinions and officially receive and check the final-decision documents of executive directors and records of important meetings. In addition, the auditor audits are attended by three outside corporate auditors, as necessary, who make statements based on their extensive experience and broad knowledge. Outside Corporate Auditor Katsuyoshi Shinbo has been widely experienced as an attorney for many years and has extensive knowledge and insights on compliance and risk management. Outside Corporate Auditor Shozo Tokuda has been widely experienced from affairs as a certified public accountant for many years and has extensive knowledge and insights on finance and accounting. Outside Corporate Auditor Mikio Fujitsuka has been widely experienced as a manager and CFO of a listed company and has extensive knowledge and insights on finance and accounting.

MCI has established the Internal Control Division as an internal organization consisting of fifteen members. Based on the yearly audit plan discussed and formulated in advance at Management Committee, the division audits the accounts and business of the Mitsui Chemicals Group, including affiliated companies, and reports the results to the Management Committee.

Furthermore, corporate auditors also exchange opinions with accounting auditors and the Internal Control Division regarding annual audit plans and audit results, and coordinate with one another and conduct audits, whilst ensuring that their respective auditing activities remain independent.

When necessary, MCI's corporate auditors conduct audits of affiliated companies based on the results of audits by the Internal Control Division and each company's corporate auditors, and they also exchange information and otherwise coordinate with each company's corporate auditors.

9. Status of accounting audits

MCI is audited by Ernst & Young ShinNihon LLC.

The following certified public accountants carried out the audit of MCI.

Shozo Fukuhara

Shigeyuki Kanou

Satoshi Kanazawa

10. Establishment of various committees

MCI have established various committees to enhance our corporate governance.

(1) Corporate Sustainability Committee

In order to respond to societal demands and further enhance its efforts with regard to ESG, in June 2018 MCI reorganized the CSR Committee into the Corporate Sustainability Committee. The Corporate Sustainability Committee (chaired by the president) will discuss the MCI Group's groupwide policies, strategies, and plans for promoting ESG (the abbreviation for environment, social, and governance), and obtain approval from the Management Committee. MCI will ongoingly target sustainable development for the MCI Group and society at large. To that end, we will address the ESG-related challenges identified in the sustainable development goals (SDGs) and elsewhere by seeking out business opportunities in order to resolve issues through its business activities, as well as recognizing and tackling future risks for the MCI Group, and fulfilling its social responsibility as a company. The Corporate Sustainability Committee met on two occasions in fiscal 2019.

(2) Risk & Compliance Committee

The Risk & Compliance Committee (chaired by the director in charge) was established as a separate committee within the Corporate Sustainability Committee to draft separate policies, strategies, and plans relating to risk management and compliance with laws, regulations and rules. The Risk & Compliance Committee endeavors to promote early risk identification and prevent risk actualization by steadily implementing the relevant PDCA cycle. This includes identifying and analyzing key risks arising from the fiscal year targets at each Group company and division, and enacting measures to address them, in accordance with the "Group Risk Management System." The Risk & Compliance Committee met on three occasions in fiscal 2019. Important policies, strategies, and plans decided by the Committee are approved by the Management Committee.

(3) Responsible Care Committee

The Responsible Care Committee (chaired by the director in charge) was established as a separate committee within the Corporate Sustainability Committee. Its mandate is to oversee activities (hereinafter "RC Activities") relating to environmental conservation, security and disaster preparedness, chemical safety, occupational safety and health, and quality control throughout the entire chemical life cycle from development through manufacture, distribution, use and final consumption, to disposal. The Committee's responsibilities include drafting policies, strategies, and plans relating to RC Activities, and evaluating the results of the activities undertaken. The Responsible Care Committee met on three occasions in fiscal 2019. Important policies, strategies, and plans drafted by the Committee are approved by the Management Committee.

3. Reason for adopting present system of corporate governance

MCI considers the present system is appropriate as it realizes the above-mentioned basic view related to the MCI corporate governance.

III Status of the implementation of measures related to shareholders and other interested parties

1. Status of implementation of measures for revitalization of the general meeting of shareholders and facilitation of the execution of voting rights

	Supplementary Explanation
Early notification of convocation of general meeting of shareholders	Notification of convocation is sent 22 days prior to the meeting.
Scheduling of general meeting of shareholders away from "concentrated days."	The general meeting of shareholders for the 23rd fiscal period (for the fiscal year ended March 31, 2020) was held on June 24
Option to exercise voting rights electronically	Available from 13th general meeting of shareholders (June 24, 2010) onwards
Efforts to improve voting arrangements for institutional investors (access to electronic voting platform, etc.)	Access to electronic voting platform from 13th general meeting of shareholders (June 24, 2010) onwards
English extract of notification of convocation of general meeting of shareholders is posted on the MCI's website	English extract posted on official website.
Others	The convocation notice for the 23rd general meeting of shareholders (for the fiscal year ended March 31, 2020) was disclosed on the official website on May 28, before being mailed out on June 2. In addition, the notice was submitted to the Tokyo Stock Exchange on the day before it was mailed out (June 2), thereby being available for general inspection.

2. Status of activities related to IR

	Supplementary Explanation	Explanation from Representative
Creation and Disclosure of Disclosure Policy	<Basic Policy> In order to maintain and develop trusting relationships with shareholders, investors, customers, suppliers, employees, local communities, and all other diverse stakeholders of the MCI Group, we will provide fair and highly transparent information disclosure in a timely and appropriate manner and engage in proactive communication efforts throughout the whole of the MCI Group, including top management. <Standards for Information Disclosure> The MCI Group will provide timely and appropriate information disclosure under the principles of transparency and fairness in accordance with the Financial Instruments and Exchange Act, all other relevant laws and ordinances, and the Tokyo Stock Exchange's "Timely Disclosure Regulations" (the "Timely Disclosure Regulations"). The MCI Group will also proactively and fairly disclose information that we find to be important or beneficial in furthering our stakeholders' understanding of MCI, even if such information is not subject to the relevant laws and ordinances or the Timely	

	Disclosure Regulations. <Methods for Information Disclosure> The MCI Group will disclose the information prescribed in the Timely Disclosure Regulations through the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange in accordance with those regulations, after which we will promptly publish the same information on the MCI website. We will also disclose information that we find to be important or beneficial through such means as publishing it on our website, even if such information is not subject to the Timely Disclosure Regulations. <Quiet Period> In order to prevent the leaking of financial information (including quarterly financial information) and to ensure the fairness of information disclosure, the MCI Group will designate the period from the day immediately following the final day of the fiscal term to the day on which fiscal results are announced as a quiet period. During this period, MCI will refrain from commenting or replying to questions on finances or expected business results. However, if a large change in the results outlook is found to be likely during the quiet period, MCI will provide public notice to that effect as appropriate in accordance with the Timely Disclosure Regulations.	
Holding of regular meetings for individual investors	Meetings are held for individual investors several times a year, mainly in the Tokyo area or other major cities.	None
Holding of regular meetings for analysts and institutional investors	Investors information meetings to explain the Group's strategy and business performance are held twice a year, following MCI's end-of-year and second quarter account settlement announcements. On the day of each quarterly account settlement announcement, MCI holds "Net Conferences" (in Japanese) to explain the Group's business performance. MCI also holds "IR events" several times a year, to explain its business strategy, and tours of Company facilities, both in Japan and overseas.	Yes
Holding of regular meetings for overseas investors	Institutional investors in North America, Europe and Asia are visited once a year to explain MCI's mid-term business plans and strategies in person and exchange opinions. MCI also takes part in conferences organized by securities firms several times a year.	Yes
IR information on the website	Timely disclosure of information such as earnings reports and revisions of earnings forecasts, annual security reports, quarterly business reports, annual reports, materials for analysts and institutional investors, status of corporate governance and convocation notices for the shareholders' meetings are posted on our website. The CEO also issues a message to shareholders by video via MCI's website. (Please refer to the following URL for the details. https://jp.mitsuichemicals.com/en/ir/index.htm)	
Establishment of departments (personnel responsible) for IR	MCI has established the IR Group within its Corporate Communications Division as an internal department dedicated to	

	IR.	

3. Status of efforts to consider the standpoint of stakeholders

	Supplementary Explanation
Establishment of rules regarding consideration of the standpoint of stakeholders in company regulations, etc.	To clarify how each individual employee should act after carefully considering what matters in the course of corporate activities, in 2006 we established the Mitsui Chemicals Group Action Guidelines. In 2012, we went on to formulate a set of fundamental Core Values – “Challenge”, “Diversity” and “One Team” – to underpin our Corporate Mission and Action Guidelines.
Implementation of environmental protection activities, CSR activities, etc.	Guided by its Corporate Mission of “contributing broadly to society by providing high-quality products and services to customers through innovations and the creation of materials, while keeping in harmony with the global environment,” the MCI Group has always taken a three-pronged approach to managing its business, with an emphasis on balancing economics with environmental and social considerations. We are taking action to target sustainable development for companies and society at large with all types of stakeholder in mind. We pursue activities such as environmental conservation, security and disaster preparedness, occupational safety and health, management of chemical substances, quality management, and distribution as responsible care activities, guided by its Corporate Mission, Action Guidelines, and Responsible Care Policy. At the same time, we place value on ensuring rigorous compliance with laws, regulations and rules, as well as on local contribution activities, and on good communication with the other people and companies involved as we conduct our business activities. Further details regarding these activities are available via the Sustainability section of MCI’s website. (Please refer to the following URL for the details. https://jp.mitsuichemicals.com/en/sustainability/index.htm)
Others	【Respect for Diversity】 With diversity as one of MCI’s core values, MCI is actively creating diversity and inclusion (inclusion and collaboration) initiatives intending to forge a company where each one of the employees can work in a lively way. Since fiscal 2018, MCI has set up a time to learn about diversity in the training of new line managers, with the aim of reforming the awareness among managers, and also to deepen the understanding of unconscious bias preventing women from playing an active role, the responsibility of men in participating in housework and child-rearing, employment of people with disabilities, and prevention of harassment for LGBT people, besides to be cognizant of reasons to the organizational needs of diversified human resources, and the societal background of diversity. Since fiscal 2020, MCI has set up a time to learn about diversity within the companies during new hire employee training. MCI also held several voluntary seminars to encourage the understanding of disability, multiculturism, women’s health, disease treatment and balancing work, to help raise employees’ awareness.

IV Details of internal control systems, etc.

1. Basic philosophy and status of preparation of internal control systems

1. System for ensuring that the execution of duties by directors and employees of MCI and its subsidiaries complies with laws and regulations, and the articles of incorporation

(1) Directors of MCI and its subsidiaries who are responsible for business execution must, in accordance with the regulations stipulated by the Board of Directors of the respective company, obtain approval by the Board of Directors for the execution of important business. The directors responsible for business execution report to the directors and corporate auditors regarding significant facts pertaining to important and other business they executed, by means of reports submitted to the Board of Directors or other means. This reporting obligation includes actual or possible violations of laws and regulations or the articles of incorporation, as well as actual or potential damages that have occurred or may occur, which the directors recognized in the course of business execution.

(2) The Management Committee is established at MCI as an organ for deliberating matters that require advance deliberation and important matters relating to business execution that should be presented to the Board of Directors in order to build a system that permits appropriate and efficient decision-making. The Management Committee meetings are attended by corporate auditors, who may offer their opinions as necessary on the matters under discussion.

(3) The Internal Control Division is established as an internal unit of MCI. The Internal Control Division performs audits on the status of legal compliance, etc., relating to accounting practices and business operations of MCI and its subsidiaries, based on the annual audit plans deliberated and decided on in advance by the Management Committee, and reports audit findings to the Management Committee.

(4) Training programs for compliance with laws and regulations and rules are implemented in forms, such as e-learning and training by employee level, for employees of MCI and its subsidiaries.

(5) In an effort to ensure full compliance with laws and regulations and rules, key points regarding matters to which employees of MCI and its subsidiaries must pay particularly close attention from a legal compliance standpoint during performance of their duties are compiled in a guidebook, which is publicized to all employees.

(6) MCI and its subsidiaries shall be resolutely opposed to and avoid any form of contact with antisocial individuals and organizations. In the event of an unreasonable request or other such action, the departments concerned shall work together to implement an organizational response, remaining in close communication with the police and other external bodies concerned. Antisocial individuals and organizations shall not be afforded favors or benefits under any circumstances. The policy for responding to antisocial forces shall be clearly defined in a manual, etc., and be made widely known.

2. System related to storage and management of data relating to the execution of duties by directors

In accordance with regulations stipulated by the Board of Directors and other company regulations, data relating to the execution of duties by directors are compiled, stored and managed in either printed or electronic format at MCI, thereby ensuring directors' access to such data.

3. Regulations and other systems relating to management of the risk of loss of MCI and its subsidiaries

(1) In accordance with the Group Risk Management System, MCI steadily implements the PDCA cycle for managing risks in line operations, for which the President ultimately bears responsibility, and adopts a system for preventing common risks for MCI and its subsidiaries, on a daily basis in an attempt to promote early risk identification and prevent risk actualization. Based on Risk Management Regulations, MCI establishes the Risk & Compliance Committee, chaired by the director in charge, to deliberate risk management policies of MCI and its subsidiaries and to maintain and operate risk management systems.

(2) MCI shall put in place the necessary framework to respond quickly and effectively to any anticipated risk that may seriously affect MCI and its subsidiaries if it were to materialize, and shall formulate a Business Continuity Plan (BCP) for MCI and its major subsidiaries to ensure that MCI and its major subsidiaries are able to fulfill supply obligations to their customers.

(3) MCI and its major subsidiaries shall analyze their risk management status respectively. The responsible division of MCI shall receive reports on risk management from subsidiaries and manage the progress of responses taken by the subsidiaries. In addition, the Internal Control Division audits the status of risk management at subsidiaries.

(4) In the event of any incident that could seriously affect MCI and its subsidiaries, MCI shall immediately establish an Emergency Taskforce, overseen by the President or suitable person appointed by the President, in accordance with the Crisis Management Regulations. All departments concerned shall work together, as instructed by the Emergency Taskforce, and take steps quickly and effectively to ensure human safety and minimize risks. Subsidiaries shall also take appropriate response, including collaborating with MCI, in accordance with the Crisis Management Regulations of MCI or the regulations of each subsidiary.

(5) A system is put in place to enable employees of MCI and its subsidiaries as well as business partners, including suppliers and plant supporting companies, to call the “Risk Hotline,” a contact window for reporting and seeking consultation on risk information. MCI publicizes the existence of the Risk Hotline to its employees (including persons assigned to subsidiaries on secondment) and encourages use of the function by introducing the Hotline at regular risk management education programs and by posting about the Hotline on the internal network system and the official website of MCI.

4. System for ensuring efficient execution of duties by directors of MCI and its subsidiaries

(1) MCI and its subsidiaries employ a system that ensures that directors execute their duties appropriately and efficiently in accordance with the scope of their authority and the decision-making rules set forth in regulations stipulated by the Board of Directors and other company regulations. The Board of Directors is responsible for making decisions on important management-related matters and monitoring each director’s business execution.

(2) MCI adopts an executive officer system to clarify roles concerning management supervision and business execution. Under this system, the Board of Directors supervises management and determines a company-wide strategy. To prevent these functions from diverging from actual business management practices, the Board is staffed with executive directors.

(3) MCI clearly defines the delegation of authority and decision-making procedures of MCI and its subsidiaries in regard to matters concerning subsidiaries under “the Authorization Regulations” and other company regulations.

5. System for reporting to MCI matters relating to the execution of duties by directors of subsidiaries and system for ensuring appropriate operations in the corporate group consisting of MCI and its subsidiaries

(1) In order to ensure sound and smooth operations at MCI and its subsidiaries, MCI defines matters that require subsidiaries to obtain approval in advance from MCI and decision-making procedures concerning other matters in “the Regulations on Management of Subsidiaries and Affiliates” and other company regulations. Major subsidiaries are also required to establish company regulations in consideration of the content of MCI’s Regulations on Management of Subsidiaries and Affiliates. In addition, the Internal Control Division audits the status of such establishment by subsidiaries.

Moreover, MCI establishes and applies the “Mitsui Chemicals Group Global Policy Platform” (M-GRIP) from 2020. M-GRIP is the foundation designed to deploy policies, measures, matters to be complied with, etc. related to decision-making, personnel, accounting, purchasing, logistics, etc. to subsidiaries from the perspective of risk management and business support. The functional departments of MCI establish each global policy and support their deployment to subsidiaries, and subsidiaries accept these global policies and carry out duties under their observance.

(2) MCI establishes supervisory divisions in charge of each subsidiary’s operational management. In order to maintain adequate management of the subsidiaries, the supervisory divisions take extensive steps to inform the subsidiaries of which they are in charge about MCI’s management policies and the division’s management strategies, and to grasp the relevant subsidiaries’ operational statuses properly.

(3) Corporate auditors are dispatched to major subsidiaries to conduct audits on the subsidiaries. In addition, MCI’s Internal Control Division performs periodic audits to confirm that the subsidiaries are ensuring legal compliance, performing risk management and conducting their respective business operations in an appropriate manner. Based on the finding of these audits, the corporate auditors of MCI conduct their own investigation as needed.

6. Matters relating to employees concerned in cases where corporate auditors request to appoint employees who are to assist corporate auditors in their duties

Employees with specialized legal and accounting knowledge who report directly to corporate auditors are appointed at MCI on a full time basis to assist the corporate auditors in their duties.

7. Items relating to independence from directors of employees assisting corporate auditors and the effectiveness of instructions

provided to the employees concerned

Employees assisting corporate auditors to perform their duties under the auspices and direction of the corporate auditors. MCI adopts a system under which the intentions of corporate auditors are reflected on the assignment, transfer and performance evaluation of the employees concerned.

8. System enabling directors and employees of MCI and its subsidiaries to report matters to corporate auditors of MCI and other systems relating to reports made to corporate auditors

(1) In accordance with regulations governing audits by corporate auditors and other company regulations, directors and employees of MCI and its subsidiaries report to MCI's corporate auditors on items, including matters for which the corporate auditors of MCI asked for reports, internal audit findings by internal audit divisions, important risk information, and information pertaining to risks that could significantly impact the Mitsui Chemicals Group. In addition, information reported by employees of MCI and its subsidiaries and business partners, including suppliers and plant supporting companies, via the Risk Hotline is also reported to the corporate auditors of MCI immediately or as necessary.

(2) The corporate auditors of MCI receive explanations on the annual audit plan from the accounting corporate auditor, confirm the plan and receive reports on subsequent audit findings.

(3) Audit findings of the corporate auditors of subsidiaries are reported to the corporate auditors of MCI as needed. In addition, the corporate auditors of MCI and those of subsidiaries exchange information whenever necessary.

9. System for ensuring that whistleblowers do not receive disadvantageous treatment for reporting matters to corporate auditors

MCI shall not engage in disadvantageous treatment (including dismissal, demotion, salary reduction, transfer of assignment and other personnel action, and all other retaliatory measures) of any whistleblowers for reporting matters to corporate auditors. MCI will inform its subsidiaries of this policy and encourage them to adopt similar policies.

10. Procedures for advance payment or reimbursement of expenses arising with respect to the execution of duties by corporate auditors and other items relating to the policy concerning the treatment of expenses or liabilities arising with regard to the execution of duties by corporate auditors

If corporate auditors claim advance payment, etc., of expenses to MCI with regard to the execution of duties by the corporate auditors, MCI shall promptly process the expenses or liabilities, except in cases where it recognizes that the expenses or liabilities relating to the claim are not required for the execution of duties by the corporate auditors.

11. Other systems for ensuring the effectiveness of audits performed by corporate auditors

(1) The corporate auditors of MCI attend meetings of the Board of Directors and other important company meetings, and create opportunities to exchange opinions with the President and other officers on a regular basis.

(2) The corporate auditors of MCI receive and confirm documents detailing final decisions by executive directors, and the minutes of important company meetings.

(3) The corporate auditors of MCI also exchange opinions with accounting corporate auditors and the Internal Control Division regarding annual audit plans and audit results, and coordinate with one another on other matters, while ensuring that their respective auditing activities remain independent.

* Each of the systems in 1, 3, 4, 5, 8 and 9 above applies mutatis mutandis to not only subsidiaries but also to affiliated companies accounted for by the equity method, to the extent possible and appropriate.

2. The basic philosophy and status of preparation for elimination of any form of organized criminal activity

1. Basic philosophy for elimination of any form of organized criminal activity

In February 2006, MCI established the "Mitsui Chemicals Group Action Guidelines," the first of which states that "We will give priority to compliance with laws and regulations over pursuit of any profit."

From the perspective of compliance with applicable laws and regulations, a basic premise for corporate survival, MCI has put together the Compliance Guidebook, which covers key points regarding matters to which employees must pay particularly close attention during performance of their duties, and distributed this Guidebook to all its employees.

The Guidebook states that MCI's employees must deal with organized crime groups with a sense of resolve, and refrain from entering into any relationship with such groups. The Guidebook also informs what employees should do if ever approached by organized crime groups and how to consult relevant general affairs departments with respect to such approaches made.

2. Status of preparation for elimination of any form of organized criminal activity

(1) Establishment of response coordination departments

Relevant general affairs departments shall take charge of response coordination. These departments are supporting measures for terminating relationships with organized crime groups.

(2) Ties to outside specialists

The aforementioned response coordination departments shall communicate regularly with attorneys, the police and other external specialist organizations for building relationships of close cooperation.

(3) Collection and management of information regarding organized crime groups

The aforementioned response coordination departments shall periodically exchange information on organized crime groups with attorneys, the police and other external specialist organizations, and manage and store information gained through such exchanges in a centralized manner. Such information shall be provided to relevant departments as a reminder of the potential threat such groups pose.

V Others

1. Matters Regarding Takeover Defense Measures

Takeover defense measures	No

Supplementary explanation of the above

2. Other Corporate Governance System, etc.

1. Pattern diagram

As shown in the attachment.

2. Outline of timely disclosure

The status of internal framework concerning timely disclosure of MCI's company information is as follows:

(1) MCI has appointed the general manager of the Corporate Administration & Legal Division as "Information Handling Officer" and provides timely disclosure under the following framework, depending on corporate information.

1) Decisions made

a. Each general manager shall inform the general manager of the Corporate Administration & Legal Division of information that may become a decision made in advance;

b. The general manager of the Corporate Administration & Legal Division shall escalate any matter falling under decisions made to the Board of Directors in accordance with "the Rules For Meetings of the Board of Directors" as a proposal following reviews on the information by the director in charge of Corporate Administration & Legal Division and the president.

c. The general manager of the Corporate Administration & Legal Division shall provide timely disclosure immediately after resolution on the items above made by the Board of Directors.

With regard to any decision made at a subsidiary that is subject to timely disclosure by MCI, the general manager of the Corporate Administration & Legal Division shall be notified in advance through each general manager supervising the subsidiary, and provide timely disclosure immediately after a decision is made by an organization of the company.

2) Events and facts

a. Each general manager will, when obtaining information that may fall under events or facts (including those concerning subsidiaries), immediately contact the president, the director in charge of Corporate Administration & Legal Division, the general manager of the Corporate Administration & Legal Division and other in accordance with the corporate rules including "Risk Management Rules" (measures to prevent an accident or an incident are prescribed), "Crisis Management Rules" (emergency measures after an accident or an incident has occurred are prescribed), "Rules for administration of insider trading" (standards for management of insider information are prescribed).

b. The general manager of the Corporate Administration & Legal Division will immediately report any matter falling under events or facts of the information obtained to the director in charge of Corporate Administration & Legal Division and the president and provide timely disclosure.

3) Financial Information

a. The general manager of the Finance & Accounting Division will draft financial information (including revisions to the results outlook) and contact the general manager of the Corporate Administration & Legal Division after being reviewed by the director in charge of the Finance & Accounting and the president.

b. The general manager of the Corporate Administration & Legal Division will submit the proposal to the Board of Directors in accordance with provisions of "the Rules For Meetings of the Board of Directors".

c. The general manager of the Corporate Administration & Legal Division will provide timely disclosure immediately after

resolution made by the Board of Directors.

(2) At the same time as timely disclosure to the Tokyo Stock Exchange, the general manager of the Corporate Communication Division will release corporate information to the press as well by distributing materials and holding a press conference.

Please note that this document has been translated from the original Japanese into English for the convenience of our stakeholders. The information was originally provided in Japanese. If there is any discrepancy, the Japanese language version is the official document and is available on our Japanese language website.