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

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

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

1. Basic view of corporate governance

The Mitsui Chemicals Group (hereinafter "MCI Group") is constantly engaged in business activities to realize our Corporate Vision, which comprises a Corporate Mission and a 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 MCI Group, and

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

Through these means 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.

MCI established its long-term management plan "VISION 2030" (hereinafter "VISION 2030"), which looks ahead to the year 2030, in fiscal year of 2021. In this plan we explain our corporate vision and what MCI strives for, etc. Details of the plan are available on MCI's website.
(URL: https://jp.mitsuichemicals.com/en/corporate/vision/)

[Reasons for Not Implementing Each Principle of Corporate Governance Code]
This report is based on each principle of the Corporate Governance Code (hereinafter "the Code") revised in June 2021.

(Supplementary Principle 2-4(1): Ensuring Diversity in Companies)
MCI does not practice quantitative target management with regard to promotion of foreign personnel and mid-career employees to management staff. However, to acquire and develop human resources with the potential to become globally active leaders, MCI promotes talent management regardless of gender, race or nationality under the principle of "the right person in the right position."

*Other matters (encouraging women's promotion to management positions, policies on personnel development and development of working environment) prescribed in Supplementary Principle 2-4(1) are as described in "Disclosure based on Each Principle of Corporate Governance Code" below.

[Disclosure based on Each Principle of Corporate Governance Code]
Please also visit MCI's website as MCI has posted the Corporate Governance Guidelines (hereinafter "the Guidelines") outlining the basic view and policy, etc. concerning MCI's Corporate Governance.
(Guidelines)
URL: https://jp.mitsuichemicals.com/en/corporate/governance/index.htm

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

1. MCI's basic policy for ownership of cross-shareholdings is to systematically reduce shares that are not economically rational over the mid-to-long term and those that do not serve as a source of earnings based on a quantitative assessment that is consistent with our strategy for achieving the VISION 2030 goals, each year, we conduct quantitative assessments using ROIC and other as indicators, and qualitative assessments. Then the Board of Directors examine whether or not it would be appropriate to continue holding such shares.

   In fiscal years of 2021, 2022 and 2023, MCI sold some shares based on the results of such examination. From fiscal year of 2024, we will revise our basic policy for ownership of cross-shareholdings to "zero as a general rule" in order to further accelerate the reduction and aim to improve capital efficiency by shifting to an asset-light structure.

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

   In addition, under circumstances involving a longstanding slump in business performance, occurrence of a serious compliance violation, etc. MCI will gather sufficient 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 members of the board or transactions involving a conflict of interest will be deliberated in advance by the Board of the Directors and subject to the approval of the Board of Directors, such transactions will be 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.

(Supplementary Principle 2-4(1): Ensuring Diversity in Companies)

MCI recognizes that diversity is essential in ensuring sustainable growth for both MCI Group and society. Based on this understanding, MCI has listed diversity as one of its core values. MCI believes that various ideas conceived by a diverse pool of human resources are the source of innovation that underpins sustainable growth and that promoting diversity is an important business strategy.

In addition, MCI has established the Human Resources Management Policy to the effect of "MCI will disclose its rules regarding recruiting, assignment, training, evaluation and compensation of employees and operate it fairly and justly without any discrimination against gender, race, nationality, age, religion and disabilities," and is rolling out a position management policy to serve as the framework for transfers between countries and companies (talent mobility) to accelerate efforts to put "the right person in the right position." At present, there are approximately 18,000 job positions in MCI Group, of which 40% are overseas-based positions. MCI's basic policy is to properly design organizations and the positions comprising those organizations in conjunction with the Long-Term Business Plan across the Group and deploy appropriate human resources regardless of gender, nationality, mid-career hiring, etc.

<Encouraging women's promotion to management positions>

MCI has been actively encouraging the advancement of women in the workplace, such as by assigning female employees in manufacturing facilities and employing women in main career-track positions. Since the establishment of the Promotion and Development of Women Team in 2006, MCI has been building a corporate culture to enable women to keep working over the years by organizing a range of flexible working schemes. In response to the Act on the Promotion of Women's Active Engagement in Professional Life, MCI has set a target ratio of women in management positions (manager level or above) of 8% or more (among MCI registered employees) in 2025, and 15% or more in 2030 as a KPI related to human capital in VISION 2030, with the aim of diversifying its business decision-makers. Furthermore, although a target ratio of women in management positions (manager level or above) for fiscal year of 2023 was 7%, the actual ratio remained at 6% despite the increase in the number of women in

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management positions. MCI again aims to achieve a ratio of 7% for the fiscal year of 2024, and will focus on increasing the number of female candidates for management positions through career recruitment and accelerated training.

<Policy for talent management>

MCI has established the Human Resources Management Policy of MCI Group, which aims to attain both the “sustainable growth for MCI Group” and the “happiness and self-fulfillment of its employees” at a high level and, based on this policy, endeavors to secure and develop human resources who are able to play active roles on the global Group-wide stage, from a long-term perspective.

Specifically, the “Key Talent Management” has been introduced as one of core measures for talent management at the global Group-wide level in order to strategically secure, train and promote management candidates who are potential candidates for future senior management. In this initiative, some 120 strategically critical positions in business operations and training positions designed to provide experience necessary for corporate managers to management candidates have been identified, and human resources with appropriate credentials, competencies and skills required for each position have been appointed from inside and outside MCI Group. Furthermore, in training, MCI also implements Executive coaching, leadership training by employee level, etc. as well as strategic promotion, and provides opportunities to learn literacy necessary for management, competencies, skills and others required in the exercise of leadership.

<Development of working environment>

Based on the above Human Resources Management Policy of MCI Group, MCI is working to develop better, more motivating working environments that will lead to greater labor productivity.

To date, MCI has worked on Work Style Reform Phase I, including improving the work scheme to reduce overtime work and develop a more efficient work style, with the emphasis chiefly on improving efficiency in labor input. In addition to this phase, under Work Style Reform Phase II, which involves taking action to improve engagement and maximize productivity while continuing to be oriented to diverse work styles, based on an understanding that initiative and independence for each employee and working together as one organization will become increasingly important in the years ahead, MCI is implementing measures such as teleworking, development of an environment that enables employees to work side jobs, and casual dress code.

In addition, support measures in consideration of work-life balance, including childcare leave, family care leave and short working hours systems, have also been implemented.

Please refer to the following URL for the details of MCI’s Human Resources Management.

(URL: https://jp.mitsuichemicals.com/en/sustainability/society/employee/index.htm)

(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 establishes the Pension Fund Committee whose membership consists of parties who are familiar with personnel affairs, finance and other such operations. The committee’s functions 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 regularly monitors stewardship activities of the investment management institutions and otherwise provides support from an asset owner’s perspective.
4. MCI ensures 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

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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 substances 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]

To be a corporate group that continues to grow through solving social challenges and creating diverse value with the power of chemistry

[Our Ideal Vision for 2030]

Chemistry for Sustainable World

A global solutions company that leads change and contributes to a sustainable future

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 Members of the Board

(1) Details of policy for determining the amount and methods of calculation of compensation, etc., for members of the board and corporate auditors

(i) Details of Executive Compensation Policy

MCI's policy on executive compensation is as follows:

[Members of the board/Executive Officers]

MCI Group aims "to be a corporate group that continues to grow through solving social challenges and creating diverse value with the power of chemistry," and its policy on compensation for members of the board and Executive Officers who drive the realization of this aim is as follows.

- A competitive compensation system that can acquire and retain talented and diverse human resources that will contribute to the sustainable enhancement of the Group's corporate value
- A compensation system that can strongly motivate the promotion of various "transformation" aimed at increasing corporate value
- A compensation system that encourages the bold challenging and achievement of short-term and mid- to long-term financial and non-financial goals (ESG goals) in order to promote "transformation" aimed at increasing corporate value
- A compensation system that has an awareness of shareholder value and encourages management from the same perspective as shareholders
- A compensation system and compensation determination process that is supported by all stakeholders, including shareholders, from the perspectives of transparency, objectivity, rationality, and soundness

[Outside members of the board]

The policy on compensation for outside members of the board who play a role in the supervision of MCI's management is as follows.

- A compensation system that can acquire and retain personnel who can contribute to improving the supervision and governance of MCI's management.
- In particular, a compensation system that can acquire and retain the following personnel.
  a. Personnel who will contribute to improving the transparency, objectivity, and appropriateness of MCI's management's nomination, evaluation, and compensation decisions.

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b. Personnel with expertise and experience in MCI's current businesses and future new businesses, and who will lead MCI's sustainable growth from a mid- to long-term perspective.

- Based on the role of supervising business execution from an objective and independent standpoint, compensation will be fixed compensation only, and performance-linked compensation in the form of bonuses and stock compensation will not be paid.

[Corporate Auditors/Outside Corporate Auditors]

The policy on compensation for Corporate Auditors and Outside Corporate Auditors who play a role in the auditing and supervision of MCI's management is as follows.

- A compensation system that can acquire and retain personnel who can contribute to improving the auditing and supervision of business execution.
- In particular, a compensation system that can acquire and retain the following personnel.
  a. Personnel with specialist expertise and experience in legal, financial, tax, and crisis/risk management
  b. Personnel who will contribute to improving the quality of MCI's compliance and governance through the auditing and supervision of business execution.
- Based on the role of auditing and supervising business execution from an objective and independent standpoint, compensation will be fixed compensation only, and performance-linked compensation in the form of bonuses and stock compensation will not be paid.

(ii) Method of determining policy concerning the amount and method of calculation of compensation etc., for members of the board and corporate auditors

[Members of the board, Outside members of the board and Executive Officers]

The Executive Compensation Committee, chaired by an independent outside member of the board and comprised of a majority of independent outside members of the board, deliberates on drafts, and provides such drafts to the Board of Directors, with decisions made by resolution of the Board of Directors.

[Corporate Auditors and Outside Corporate Auditors]

Decided in discussion among the corporate auditors following deliberation on a draft created by the Executive Compensation Committee.

(iii) Authority to determine policies regarding the determination of the amount and method of calculation of compensation, etc. for members of the board and corporate auditors

Policy concerning the determination of the amount or method of calculation of compensation, etc., for members of the board and corporate auditors shall be reported to and decided by resolution of the Board of Directors following deliberation on drafts issued by the Executive Compensation Committee, which is chaired by an independent outside member of the board, and comprised of a majority of independent outside members of the board.

The composition and role of the Executive Compensation Committee are also described in the "Voluntary Committee" and supplementary explanation of the same in this report.

(iv) Process of determining the amount of compensation, etc. for members of the board and executive officers for fiscal year of 2023

Compensation for members of the board and executive officers for fiscal year of 2023 was drafted and resolved across eight meetings of the Executive Compensation Committee and three meetings of the Board of Directors. Please refer to the section of this report entitled "Business execution, auditing/oversight, nomination, compensation determination and other functions (outline of present system of corporate governance)" for the main items considered by the Executive Compensation Committee in fiscal year of 2023.

(v) Details of compensation etc., for members of the board in fiscal year of 2023

The Board of Directors has confirmed that the method of determining the details of compensation, etc. for members of the board and executive officers for the current fiscal year and the details of the determined compensation, etc. are consistent

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with the decision policy determined by the Board of Directors, respectful of the report from the Executive Compensation Committee, and has deemed these to be consistent with the above decision-making policies.

(2) Outline of the compensation plan for members of the board and corporate auditors

(i) Approach to Compensation Levels

- In order to acquire and retain talented and diverse human resources to serve as members of the board and executive officers who will contribute to the sustainable enhancement of the MCI Group's corporate value and to motivate the promotion of various "transformations" aimed at enhancing corporate value; in order to acquire and retain personnel to serve as outside members of the board who can contribute to improving the supervision and governance of the MCI's management; and in order to acquire and retain personnel to serve as corporate auditors and outside corporate auditors who can contribute to improving the business execution audit and supervision, compensation data from an external research organization is used. A group of comparative companies is established, and competitive compensation levels that are in the middle to upper levels among these companies are set.
- The comparative companies are selected from Japanese companies whose consolidated operating income (or equivalent indicator as a reference), which is an important indicator in the management of MCI and an objective and continuously comparable indicator, is comparable to MCI's current performance and the performance it should aim for (operating income of ¥100 billion to ¥250 billion). MCI uses core operating income.

(ii) Compensation Structure

i) Members of the board (excluding Member of the Board, Chairman) and Executive Officers

To create a compensation structure that is easy to understand and strengthen governance, the fixed compensation is divided into three portions. The structure is composed of fixed compensation (representation portion + supervision portion + execution portion) + bonus + restricted stock-based compensation.

ii) Member of the Board, Chairman

As a supervisory role, the compensation structure consists of fixed compensation and restricted stock-based compensation.

iii) Outside members of the board

Since an outside member of the board supervises the execution of business operations from an objective and independent standpoint, fixed compensation only is paid as monthly fixed remuneration.

iv) Corporate Auditors/Outside Corporate Auditors

Since a Corporate Auditor/Outside Corporate Auditor audits and supervises the execution of business operations from an objective and independent standpoint, fixed compensation only is paid as monthly fixed remuneration.

a) Fixed Compensation

This will be paid as a fixed monthly amount. The execution, supervision, and representation portions of the fixed compensation for members of the board (excluding Member of the Board, Chairman) and Executive Officers are separated to strengthen governance and create a compensation structure that is easy to understand. The amount paid for the execution portion differs according to each position. The amounts paid for the supervision and representation portions are uniformly the same regardless of position. Member of the Board, Chairman, Outside Members of the Board, Corporate Auditors and Outside Corporate Auditors shall be paid in the form of fixed compensation different from the above.

b) Bonuses

The overview of the Bonus System is described as follows.

- Definition: Short-term incentive compensation to encourage the steady achievement of performance targets each fiscal year
- Eligibility: Members of the Board (excluding Member of the Board, Chairman) and Executive Officers
- Formula:

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- Core operating income × coefficient × coefficient by position × (evaluation coefficient for non-financial indicators + evaluation coefficient for performance of the division in charge)

➢ Performance Indicator: Core operating income, which is a key indicator in the VISION 2030 and the result of business activities.

➢ Coefficient:

If core operating income exceeds the FY2025 target of ¥200 billion, which was the initial target when VISION 2030 was formulated, the coefficient will be increased in order to more strongly motivate members of the board and Executive Officers to achieve the FY2030 target of ¥250 billion.

➢ Evaluation Indicators:

<Evaluation coefficient of non-financial indicators>

- MCI defines the non-financial indicators linked to materiality in VISION 2030 and aims to enhance corporate value from both financial and non-financial perspectives. To strongly encourage the achievement of non-financial indicators, the following indicators are selected as particularly important non-financial indicators and their level of achievement is evaluated.

  →Sales revenue ratio of Blue Value® / Rose Value® products, GHG emissions reduction rate (Scope1+2), number of serious accidents, number of serious violations of laws and rules, and engagement scores

- The valuation period is one fiscal year (April to March of the following year), the evaluation is on a five-point scale, and the evaluation coefficient ranges from ＋20% to -20%.

<Evaluation coefficient of the performance of the division in charge>

- In order to encourage each member of the board and executive officers to achieve their division's performance targets for each fiscal year, performance targets are set for the division at the beginning of each fiscal year, and the level of achievement is evaluated at the end of the fiscal year.
- The evaluation period is one fiscal year (April to March of the following year), the evaluation is on a five-point scale, and the evaluation coefficient ranges from 150% to 50%.

  * Excludes representative member of the board, the Chairman of the Board and representative member of the board, President and CEO

➢ Upper and Lower Profit Limits:

From the perspective of compensation governance, and taking into account the control of excessive compensation payments compared to benchmarks and the responsibility to pay dividends to shareholders, the upper and lower profit limits for bonus payments are as follows. (The upper profit limit is the amount of profit at which the bonus amount reaches its maximum, and the lower profit limit is the amount of profit at which the bonus accrues)

- Upper profit limit: Core operating income of ¥300 billion (set based on the VISION 2030 target)
- Lower profit limit: Core operating income of ¥36 billion (set based on DOE*)

  * Ratio of distribution of equity attributable to owners of the parent company

➢ Time of Payment: Once a year after Ordinary General Meeting of Shareholders

➢ Method of payment: Cash

c) Restricted Stock-based Compensation

The overview of the restricted stock-based compensation is as follows. Claims to monetary compensation will be paid to eligible directors. The eligible directors shall pay all claims to monetary compensation as assets contributed in kind, and will receive an allotment of restricted shares through the issue of new shares or disposal of treasury stock.

➢ Definition: Mid- to long-term incentive compensation to encourage increased corporate and shareholder value

➢ Eligibility: Members of the Board and Executive Officers

➢ Formula:

- ((Net income attributable to owners of the parent × coefficient) × ROE evaluation coefficient) × coefficient by position × TSR evaluation coefficient

➢ Performance Indicator:

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Since the purpose of restricted stock-based compensation is to promote a shared awareness of profits with shareholders aimed at enhancing corporate and shareholder value, net income attributable to owners of the parent, which is a key indicator in the VISION 2030 and is linked to shareholder profits, is used as the indicator.

- Coefficient:

  If net income attributable to owners of the parent exceeds the FY2025 target of ¥110 billion, the coefficient will be increased in order to more strongly motivate members of the board and Executive Officers to achieve the FY 2030 target of ¥140 billion (both of which were the initial targets when VISION 2030 was formulated).

- Evaluation Indicators:

  <ROE evaluation>

  - Evaluation of the percentage of each fiscal year's ROE budget achieved with the aim of efficiently improving return on capital.
  - The evaluation period is one fiscal year (from April to March of the following year), and the evaluation is on a three-point scale, and the evaluation coefficient ranges from 110% to 90%.

  * ROE budget achievement rate = ROE actual value / ROE budget ×100

  <TSR evaluation>

  - MCI's TSR will also be selected as an evaluation indictor, with the aim of improving overall corporate and shareholder value, including stock price, in addition to business performance.
  - The evaluation period is one fiscal year (April to March of the following year), and MCI's TSR is evaluated relative to the TSR of the "JPX-Nikkei Index 400 including dividends," which is the target for comparison. The evaluation is on a seven-point scale, and the evaluation coefficient ranges from 130% to 70%.

    MCI's TSR = (Average closing price of the stock for each day of the end period + dividend per share) / Average closing price of the stock for each day of the start period ×100

    Relative TSR = (MCI 's TSR/TSR of the JPX Nikkei Index 400 including dividends) × 100

    *Starting period: From April 1 to April 30, Ending period: From March 1 to March 31

- Upper and Lower Profit Limits:

  From the perspective of compensation governance, and taking into account the control of excessive compensation payments compared to benchmarks and the responsibility to pay dividends to shareholders, the upper and lower profit limits for restricted stock-based compensation are as follows.

  (The upper profit limit is the amount of profit at which the restricted stock-based compensation amount reaches its maximum, and the lower profit limit is the amount of profit at which the restricted stock-based compensation accrues)

  - Upper profit limit: Net income attributable to owners of the parent of ¥200 billion (set based on the VISION 2030 target)
  - Lower profit limit: Net income attributable to owners of the parent of ¥22 billion (set based on DOE*)

    * Ratio of distribution of equity attributable to owners of the parent company

- Period of Restriction on Transfer:

  Restricted stock is subject to restriction on transfer until the time of retirement or resignation from the position of an officer or employee of MCI predetermined by the Board of Directors such as Member of the Board, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, or employee of MCI, or any other similar position (Position of Restriction on Transfer).

- Lifting of restrictions on transfer:

  Restrictions on transfer shall be lifted for all shares on the condition that the officer or employee has continuously held a Position of Restriction on Transfer during the Period of Restriction on Transfer.

- Acquisition without compensation:

  Should certain events occur during the period of restriction on transfer, such as retirement or resignation from position of restriction on transfer without justifiable reason, such as the expiration of the term of office, death, mandatory retirement age or engagement in business that competes with MCI's business, MCI will acquire all of the allotted stock without compensation.

- Conditions of Payment:

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From the perspective of compensation governance, restricted stock-based compensation shall not be paid if the net income attributable to owners of the parent falls below 22 billion yen, which is set based on the dividend on equity attributable to owners of the parent company (DOE).

- Time of Payment:
  Restricted stock-based compensation will be paid once a year in July.
- Method of payment: Non-monetary (Shares)

(iii) The amount of compensation for members of the board and corporate auditors and the maximum number of shares of restricted stock to be granted

The following resolution was adopted at the 26th Ordinary General Meeting of Shareholders held on June 27, 2023.

[Amount of compensation for members of the board]

- Fixed compensation and bonuses: Up to ¥900 million per year (*1) (including up to ¥60 million per year for outside members of the board)
- Restricted stock-based compensation: Up to ¥350 million per year (*1) (excluding outside members of the board)
- Total: Up to ¥1,250 million per year

[Total number of shares of restricted stock]

- As the maximum number of shares of restricted stock to be granted, the total number of shares of MCI's common stock to be issued or disposed of for eligible members of the board shall not exceed 190,000 shares per year (*1, *2).

(*1) Fixed compensation and bonuses and restricted stock-based compensation each represent the upper limit of the amount of compensation and total number of shares of restricted stock to be granted upon achievement of the respective VISION 2030 performance targets of ¥250 billion core operating income and ¥140 billion net income attributable to owners of parent, which was the initial target when VISION 2030 was formulated.

(*2) However, if, on or after the day of this Ordinary General Meeting of Shareholders, MCI performs a share split (including allotment of shares without consideration) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of shares to be issued or disposed of as restricted stock, the relevant total number shall be reasonably adjusted.

[Amount of compensation for Corporate Auditors]

- Fixed compensation: No more than ¥156 million per year

(iv) Compensation Structure Ratio

- The ratio of compensation for members of the board (excluding Member of the Board, Chairman) is that the ratio of the variable compensation of bonuses and restricted stock-based compensation will be higher for positions with greater executive responsibility.
- As a supervisory role, Member of the Board, Chairman will not receive a bonus, and will receive a higher proportion of fixed compensation than restricted stock-based compensation.

(v) Guidelines for ownership of MCI shares

MCI has established the "Guidelines for Ownership of MCI Shares" with the aim of increasing the MCI Group's corporate value of the medium- to long-term by encouraging awareness of shareholder value and management from a shareholder's perspective by having members of the board own MCI shares.

[Guidelines for ownership of MCI shares]

Within five years of assuming office, Members of the Board shall endeavor to hold a number of MCI shares equivalent to the following target holdings determined according to each position.

- (Representative) Member of the Board, Chairman: 2x annual fixed compensation
- (Representative) Member of the Board, President & CEO: 2x annual fixed compensation
- (Representative) Member of the Board, Executive Vice President: 1x annual fixed compensation
- (Representative) Member of the Board, Senior Managing Executive Officer: 1x annual fixed compensation
- Member of the Board, Managing Executive Officer: 1x annual fixed compensation

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(3) Total amount of compensation, etc. by officer category in fiscal year of 2023 (unit: yen, millions)

(i) Members of the board (of which, outside members of the board)

- Fixed Compensation: 338 (52)
- Bonuses: 72 (0)
- Restricted Stock-based Compensation: 117 (0)
- Total: 527 (52)

(ii) Corporate auditors (of which, outside corporate auditors)

- Fixed Compensation: 117(45)

* The above amounts include payments from April 2023 to the two corporate auditors who retired at the conclusion of the Company's 26th Annual General Meeting of Shareholders held on June 27, 2023.

Please also refer to the Convocation Notice for the Ordinary General Meeting of Shareholders (Business Report) and the Annual Securities Report for information on MCI's executive compensation.

(Convocation notice for the general meeting of shareholders)

(URL: https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/release/2024/notice_240529.pdf)

(Securities Reports)

(URL: https://jp.mitsuichemicals.com/jp/ir/library/ms/index.htm)

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

(1) MCI has established the Nomination Committee as a consultative body to the Board of Directors in order to ensure the suitability and transparency of procedures for electing members of the board and corporate auditors. The Nomination Committee deliberates the draft proposals of candidates for members of the board taking into account the qualifications (knowledge, experience, and capabilities) necessary for the Board of Directors to supervise the execution of the long-term business plan and based on the criteria for election of members of the board and corporate auditors, and reports the results of the deliberations to the Board of Directors. The qualifications and criteria were determined based on deliberations by the Committee.

The Board of Directors decides upon the final list of the candidates for members of the board with maximum respect given to the results report of the Nomination Committee. When nominating members of the board, MCI takes into consideration ensuring diversity, including international outlook, gender, and race, and strengthens the supervisory function of the entire Board of Directors. The Committee is chaired by MCI's president and is composed of MCI's chairman and 3 outside members of the board, all of whom meet MCI's independence standards. In addition, the president formulates the list of candidates for corporate auditors in consultation with the full-time corporate auditors in advance and, after obtaining the consent of the Board of Corporate Auditors, reports the list to the Board of Directors so that the Board of Directors deliberates and decides the final list. (See the Guidelines for details of the criteria for election of members of the board and corporate auditors).

(2) MCI's procedures for election and dismissal of the president/CEO are as follows.

(i) The Nomination Committee deliberates the draft proposal of the candidate for president/CEO taking into account the position requirements of the president/CEO and based on the election and evaluation criteria, and reports the results of the deliberations to the Board of Directors. The position requirements and criteria were determined based on deliberations by the Committee.

(ii) The Board of Directors decides upon the candidate for president/CEO and the proposal for their election with maximum respect given to the results report of the Nomination Committee.

(iii) The Nomination Committee will deliberate on dismissal of the president/CEO 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.

(iv) If the Board of Directors receives findings from the Nomination Committee constituting grounds for dismissal of the

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president/CEO, then the Board of Directors will make a decision regarding such dismissal with maximum respect given to 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 Members of the Board and Corporate Auditors based on 4. Above

The criteria of election of MCI's members of the board and corporate auditors are as described in the Guidelines. Career summary and reasons for nomination of each candidate for member of the board and corporate auditor, and the table of skills and experience expected in particular of members of the board and Corporate Auditors of MCI (skills matrix) are described on the convocation notice for the general meeting of shareholders. In addition, reasons for nomination of outside members of the board and outside corporate auditors (including reasons for nomination of independent officers) 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 3-1(3): Disclosure of Sustainability Initiatives, Etc.)

<Basic view>

MCI Group deepens its triple bottom line (economy, environment, and society) management approach and promotes a management that places ESG elements at the core. In addressing global ESG challenges highlighted in the SDGs and other initiatives, MCI Group aims to achieve sustainable development in society and MCI Group by implementing the following.

◇ Seek business opportunities and strive to solve challenges through business activities

◇ Recognize future risks for MCI Group and uphold our corporate social responsibility

Please refer to the following URL for the details of Sustainability Management.

(URL: https://jp.mitsuichemicals.com/en/sustainability/mci_sustainability/management/index.htm)

In VISION 2030, MCI Group has cited aspirations that involve helping to realize a future society in terms of "a circular society in harmony with the environment," "an inclusive society creating diverse value" and "a comfortable society in which people can enjoy healthy lives and well-being," and in order to achieve this, MCI Group identifies material topics to be addressed by MCI Group. In addition, we have set KPIs and targets that are linked to our material topics as non-financial metrics for VISION 2030. By strengthening management monitoring from both financial and non-financial perspectives, we aim to steadily enhance our corporate value. Material topics and KPIs are reviewed annually and revised as appropriate.

MCI Group's material topics are structured such that topics that are directly connected to the creation of both social value and corporate value are grouped under the category of "contributing to a sustainable society," which in turn is underpinned by the categories of "prerequisites for business continuity" and "abilities essential to business continuity." MCI Group pursues five basic strategies in VISION 2030 through efforts for these material challenges. MCI Group is promoting various activities with its ideal vision defined as a corporate group that continues to grow through solving social challenges and creating diverse value with the power of chemistry.

Please refer to the following URL for the details of VISION 2030.

(URL: https://jp.mitsuichemicals.com/en/corporate/vision/)

Please refer to the following URL for the details of Our Material Topics and non-financial KPIs for VISION 2030.

(URL: https://jp.mitsuichemicals.com/en/sustainability/mci_sustainability/materiality/index.htm)

MCI has been working to make specific disclosures of sustainability initiatives and views on human capital and intellectual property on its website, MITSUI CHEMICALS REPORT (integrated report) and others. Furthermore, with regard to climate change, information on the risks and opportunities is also disclosed on its website and MITSUI CHEMICALS REPORT (integrated report) and others after the impact on MCI Group is analyzed based on the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) and others. For details of each topic, please refer to MCI's website as follows.

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(Sustainability)
(URL: https://jp.mitsuichemicals.com/en/sustainability/index.htm)
(Implementing the recommendations of the TCFD)
(URL: https://jp.mitsuichemicals.com/en/sustainability/mci_sustainability/circular_economy/tcfd.htm)
(Human Resources Management)
(URL: https://jp.mitsuichemicals.com/en/sustainability/society/employee/index.htm)
(R&D and Technology, Intellectual Property)
(URL: https://jp.mitsuichemicals.com/en/techno/index.htm)
(MITSUI CHEMICALS REPORT (Integrated Report))
(URL: https://jp.mitsuichemicals.com/en/ir/library/ar/)

(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(3): Succession Planning of the president/CEO)
1. The Board of Directors will continually and systematically oversee matters regarding succession planning for the president/CEO, in consideration of the Corporate Vision and the long-term business plan and in consultation with the Nomination Committee.
2. 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 Members of the Board and Their Quality)
Independence Standards for Independent Outside Members of the Board are described in an Appendix to the Guidelines.

(Supplementary Principle 4-10(1): Disclosure About a Nominating Committee and a Compensation Committee)
Views, authority, roles, etc. on the independence of the Nomination Committee and the Executive Compensation Committee are as stated in the Guidelines and the further note for “Voluntary Committee” of this report. Otherwise, such information has also been disclosed on MCI’s website as follows.
(Securities Reports)
(URL: https://jp.mitsuichemicals.com/jp/ir/library/ms/index.htm)
(MITSUI CHEMICALS REPORT (Integrated Report))
(URL: https://jp.mitsuichemicals.com/en/ir/library/ar/)

(Supplementary Principle 4-11(1): Capability of the Board of Directors as a Whole and Views on Diversity)
1. The number of members of the board 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 independent outside members of the board at a ratio of one third or more of the total members in order to appropriately 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 operations by members of the board.
2. MCI will select members of the board in consideration of the specific characteristics of our businesses and without regard for

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gender, race, nationality, or other such factors so that the members of the board 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. Furthermore, in addition to the above principle, MCI shall also select individuals who have corporate management experience in other companies as independent outside members of the board.

(Supplementary Principle 4-11(2): Status of Concurrent Positions Assumed by Members of the Board and Corporate Auditors)
The status of MCI's members of the board and corporate auditors concurrently serving as outside members of the board or outside corporate auditor of other listed companies has been disclosed on the convocation notice for the general meeting of shareholders. Currently, Member of the Board TANNOWA, Member of the Board MIMURA, Member of the Board KIHARA, Corporate Auditor SHINBO, and Corporate Auditor GOTOH also serve as outside members of the board or outside corporate auditors of other listed companies, but when including MCI do not constitute more than four companies in total. We consider their commitments do not reach a level where they are incapable of appropriately fulfilling their roles and duties as MCI's members of the board and corporate auditors.

(Supplementary Principle 4-11(3): Analysis and Self-Evaluation over Effectiveness of the Board of Directors as a Whole)
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 each member of the board and corporate auditor, and discussions by only outside members of the board and outside corporate auditors, etc.

<Measures taken in fiscal year of 2023>
MCI took the following measures in fiscal year of 2023.
(i) Realizing more effective management of the Board of Directors in response to the increase in and diversification of projects in line with progress on VISION 2030
- Taking into consideration the importance and scale of the projects, discussions on direction and reports on progress were conducted as appropriate to ensure the effectiveness of the final deliberations and approvals.
  Important matters were explained in advance to the members of the Board of Directors to deepen their understanding of such matters and ensure the effectiveness of deliberation and approval on the day at meetings.
- Opportunities were provided to discuss the evaluation of past years' investment projects to further improve the effectiveness of future investment plans.
  Outside members of the board and outside corporate auditors were given opportunities to attend important internal meetings to promote their understanding of each business unit's activities.

(ii) Involvement in and monitoring operation of the newly established risk management system by the Board of Directors
Based on the new risk management system, which began operating in April 2023, key risks across MCI group identified by the executive side and the most important risks for fiscal year 2024 formulated from among them were discussed and approved.
Through periodic reports on business operations, etc., the Board of Directors highlighted risks that it was aware of and confirmed how to address them.

(iii) Enhancing communication between shareholders/investors and outside members of the board and outside corporate auditors
- Dialogue with investors through opportunities such as ESG briefings and small meetings was expanded to include outside directors in addition to internal directors.
- The status of communication with shareholders and investors at CEO presentations, business strategy presentations, earnings presentations, etc. was also shared with outside directors and outside corporate auditors.

<Method for evaluating the effectiveness of the Board of Directors in fiscal year of 2023>
MCI conducted a survey of all members of the board and corporate auditors in early December 2023. For the survey, MCI appointed a third party to undertake tasks including consideration and compilation of survey items. Interviews were also conducted with newly appointed outside corporate auditors.
Subsequently, from January to March, based on the results of the survey, discussions were held among members of the Board of Directors, in addition to discussions open only to outside directors and internal directors respectively, to discuss future issues and measures.

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At the end of March, the results of the survey and the results of each discussion and debate were reported to the Board of Directors to inform discussion of future issues and measures.

<Evaluation results>

The members of the board's and corporate auditors' self-evaluation scores of fiscal year of 2023 were on a par with those of the previous fiscal year on the whole. MCI has also confirmed that progress for 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) Selection of Agenda Items for Board of Directors Meetings

- From the perspective of ensuring opportunities for diverse discussions that contribute to the company's growth, the agenda for the Board of Directors meetings will be further enhanced by increasing the number of topics to be discussed, including matters such as company policies and strategic themes.

(ii) Operational Improvements to Facilitate Deeper Discussions at Board of Directors Meetings

- Further deepening discussions at Board of Directors meetings by ensuring greater time between explanations given in advance and Board of Directors meetings in order to promote prior understanding of matters by outside members of the board and outside corporate auditors. In addition, to further deepen understanding of MCI, a prerequisite for discussions, increasing opportunities for outside members of the board and outside corporate auditors to visit MCI locations.

(iii) Improvement of Internal Control System Operational Performance Reporting

- In order to further ensure the effectiveness of risk management and internal control systems, MCI will enhance the substance of reports about such activities to the Board of Directors. (e.g., incorporation of issues related to internal audit and compliance, which were previously reported separately, into risk management reviews at Board of Directors meetings to deepen discussions in a more factual manner.)

(Supplementary Principle 4-14(2): Training Policy for Member of the Board and Corporate Auditor)

1. MCI will provide newly elected outside members of the board 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 members of the board and corporate auditors with opportunities to sufficiently understand the roles and duties expected of members of the board and corporate auditors and will provide, introduce, and offer aid for expenses for training opportunities to suit each individual member of the board or corporate auditor during their terms of office with the goal of continually updating the initial training.

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

1. 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 MCI Group's business strategies and business plans, and we will sincerely listen 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 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 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. Each MCI Group officer in charge of Corporate Communications Division, Corporate Administration & Legal Division, Finance & Accounting Division, Human Resources Division, Global Human Resources Division, and Corporate Sustainability Division will handle the overall coordination of dialogue with shareholders and other related parties.

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In addition, related departments such as Corporate Communications Division, Corporate Planning Division, Corporate Administration & Legal Division, Finance & Accounting Division, Human Resources Division, and Corporate Sustainability Division will work to achieve organic cooperation through such means as having certain staff members serve in multiple departments and regularly sharing information.

4. 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. MCI Group is committed 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.

[Actions to Achieve Management Mindful of Capital Costs and Stock Prices] [English disclosure available]【Last revised: December 6, 2024】

6. MCI Group aims to enhance its corporate value by promoting the five basic strategies espoused in VISION 2030 and pursuing transformation into business portfolios from the perspective of social issues.

In order to realize management that is conscious of cost of capital and stock prices, MCI Group is working on the following items to achieve its ROE target of 13% or more that exceeds cost of equity, and to improve its P/B ratio.

(1) Accelerating business portfolio transformation

- Accelerating profit growth in growth domains
- Managing business portfolio by reviewing ROIC & profit growth potential of each business (including potential reorganizing of portfolio in growth domains from a best-owner perspective)

(2) Improving capital efficiency

- Promoting further restructuring in Basic & Green Materials, to reduce volatility and adopt an asset-light structure.
- Transitioning to advanced chemical complexes and shifting to the green chemicals business.
- Strengthening regional and multi-company collaborations to accelerate the shift.
- Promoting shift toward an asset-light structure by reviewing ownership of cross-shareholdings (zero, as a general rule), affiliated companies, etc.

(3) Enhancing cash generation capabilities

- Improving cash flow from operating activities via increased earnings, an improved cash conversion cycle, etc.

(4) Capital policy

- Further boosting shareholder returns in line with the rise in profit levels (Policy for fiscal 2025 onward: total return ratio of 40% or more)

(5) Reducing capital costs

- Improving management quality through dialogue with stakeholders
- Improving quality of investor relations activities

(The Company's website (FY24-2 CEO Presentation))

https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/release/2024/event_241126e.pdf

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2. Capital structure

Percentage of foreign shareholders:	30% or more

[Status of major shareholders]

Personal Name/Company name	Number of shares held	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	31,087,500	16.34
Custody Bank of Japan, Ltd. (Trust account)	20,721,720	10.89
STATE STREET BANK AND TRUST COMPANY 510312	4,984,092	2.62
STATE STREET BANK AND TRUST COMPANY 510311	3,852,008	2.02
STATE STREET BANK WEST CLIENT - TREATY 505234	3,655,251	1.92
Mitsui & Co., Ltd.	3,474,100	1.82
Custody Bank of Japan, Ltd. (MITSUI & CO., LTD. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited.)	3,474,000	1.82
Mitsui Chemicals Business Partners Stockholdings	2,784,932	1.46
The Nomura Trust and Banking Co., Ltd. (Investment Trust account)	2,723,000	1.43
JAPAN POST INSURANCE Co., Ltd.	2,642,800	1.38

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

Supplementary explanation

———

3. Company profile

Listed stock market and market section	Tokyo, Prime Market
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

Philosophy and policies on group management

MCI Group shares the Corporate Vision, which is comprised of our Corporate Mission and Corporate Target, and recognizes that the future society we should aspire toward is “a circular society in harmony with the environment,” “an inclusive society creating diverse value,” and “a comfortable society in which people can enjoy healthy lives and well-being.”

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 is operating internal control systems which includes a system to manage group companies by establishing the divisional jurisdiction, delegated to each group company, audits conducted by the Internal Control Division and corporate auditors, and Mitsui Chemicals Group Global Policy Platform(M-GRIP), etc.

M-GRIP is the global foundation designed to provide adequate supports which MCI headquarters’ functional departments offer to MCI Group companies. The functional departments of MCI establish global policies and deploy these global policies 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 their independence and autonomy.

In addition, in fiscal year of 2023, we established and commenced operations of a new risk management system that improves our risk management by comprehensively identifying and prioritizing key risks across the Group. For details, please refer to [2. Business execution, auditing/oversight, nomination, compensation determination and other functions (outline of present system of corporate governance)] as shown below.

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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 (MCI) with a corporate auditor system

[Members of the Board]

Number of members of the board 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 members of the board	8
Appointment of outside members of the board	Yes
Number of outside members of the board	3
Number of outside members of the board selected as independent directors	3

Relationship to the company (1)

Name	Characteristics/Affiliation	Relationship to the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
MABUCHI Akira	From Company/Organization other than MCI											
MIMURA Takayoshi	From Company/Organization other than MCI								△			
KIHARA Tami	From Company/Organization other than MCI											

* Types of relationship to the company (MCI)

* ○: Outside member of the board personally is currently applicable or was applicable until recently

△: Outside member of the board personally was applicable in the past

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

▲: Close relative of the outside member of the board 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

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f. A consultant, accountant or lawyer who receives from MCI a large amount of money or other property benefits other than an 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 (personally) at one of MCI's customers (other than d, e, and f)

i. Executive (personally) of a company that has one or more outside directors/corporate auditors from MCI

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

k. Others

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Relationship to the company (2)

Name	Independent Outside Member of the Board	Supplementary Explanation as to Suitability	Reason for Selection
MABUCHI Akira	○	There are no conflicts of interests between MCI and MABUCHI Akira.	MABUCHI Akira, based on his extensive experience as a corporate manager and a corporate auditor, and in-depth knowledge of the mobility field, on which MCI is focusing, objectively evaluates MCI's overall management and actively provides opinions from the perspective of suitability of the business strategy and governance, etc., at meetings of MCI's Board of Directors, and contributes to improving the effectiveness of MCI's management supervision. In addition, we expect him to contribute to ensuring the transparency and suitability of the nomination system of management as a member of the Nomination Committee and to improving the effectiveness of discussions related to the compensation of management as the Chairperson of the Executive Compensation Committee. Accordingly, we believe that he is the right person for the post of Outside Member of the Board. He also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated him as an independent outside member of the board.
MIMURA Takayoshi	○	MIMURA Takayoshi served as Director and Corporate Advisor of Terumo Corporation until June 2022 and as Corporate Advisor of the company until December 2023. In fiscal years of 2021, 2022, and 2023, MCI sold its products to Terumo Corporation. However, MCI's income derived from Terumo Corporation for such sales is deemed insignificant given that it amounts to less than 1% of MCI's net sales for each of said fiscal years.	MIMURA Takayoshi, based on his extensive experience as a corporate manager and his experience as chairman of the industry association, and in-depth knowledge of the healthcare field, on which MCI is focusing, objectively evaluates MCI's overall management and actively provides opinions from the perspective of the suitability of the business strategy and enhancement of management at meetings of MCI's Board of Director, and contributes to improving the effectiveness of MCI's management supervision. In addition, we expect him to contribute to ensuring the transparency and

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Name	Independent Outside Member of the Board	Supplementary Explanation as to Suitability	Reason for Selection
			suitability of the nomination and compensation system of management as a member of the Nomination Committee and the Executive Compensation Committee. Accordingly, we believe that he is the right person for the post of Outside Member of the Board. He also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated him as an independent outside member of the board.
KIHARA Tami	○	There are no conflicts of interests between MCI and KIHARA Tami.	We expect that KIHARA Tami, based on her experience as a corporate manager, particularly her in-depth knowledge cultivated through leading digital talent strategies at listed companies, will objectively evaluate MCI's overall management, identify fundamental issues and risks, provide useful advice on MCI's corporate management as a whole, and contribute to improving the effectiveness of MCI's management supervision. In addition, we expect that she will also contribute to ensuring the transparency and suitability of the nomination and compensation of management as a member of the Nomination Committee and the Executive Compensation Committee, and accordingly believe that she is the right person for the post of Outside Director. She also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated her as an independent outside member of the board.

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

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Voluntary Committee

	Name of committee	Total number of members	Full-time members	Internal members of the board	Outside members of the board	Outside experts	Others	Chairperson
Committee corresponding to a nominating committee	The Nomination Committee	5	2	2	3	0	0	Internal member of the board
Committee corresponding to a compensation committee	The Executive Compensation Committee	5	2	2	3	0	0	Outside member of the board

Additional Notes

<The Nomination Committee>

- MCI has established the Nomination Committee with the aim of strengthening the independence and objectivity of the functions of the Board of Directors, as well as their accountability, with respect to the nomination, election, and dismissal of senior management and members of the board.
- The Nomination Committee is composed of the chairman, the president, and outside members of the board who meet MCI's independence standards ("independent outside members of the board"), and a majority of the members are independent outside members of the board. In addition, the Chairperson of the Committee is MCI's president.
- The Nomination Committee deliberates and makes decisions on the following matters in accordance with consultations from the Board of Directors.
  i) Policy (including position requirements, election criteria, etc.) and procedures (including evaluation criteria, etc.) on the nomination, election, and dismissal of senior management and members of the board
  ii) Draft proposals concerning the election and dismissal of members of the board to be submitted at the General Meeting of Shareholders
  iii) Draft proposals concerning the election and dismissal of representative directors to be submitted at a meeting of the Board of Directors
  iv) Draft proposals concerning the nomination, election and dismissal of the president/CEO to be submitted at a meeting of the Board of Directors
  v) Succession planning of the president/CEO
- Committee members who have a special interest in a resolution of the Nomination Committee are not allowed to participate in the deliberations or voting for that resolution.

<The Executive Compensation Committee>

- MCI has established the Executive Compensation Committee with the aim of strengthening the independence and objectivity of the functions of the Board of Directors, as well as their accountability, with respect to the compensation, etc. for members of the board, corporate auditors, etc.
- The Executive Compensation Committee is composed of the chairman, the president, and independent outside members of the board, and a majority of the members are independent outside members of the board. In addition, the Chairperson of the Committee is an independent outside member of the board who is elected by resolution of the Board of Directors.
- The Executive Compensation Committee deliberates and makes decisions on the following matters in accordance with

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consultations from the Board of Directors.

i) Draft proposals of the basic policy on compensation for members of the board, corporate auditors, etc.
ii) Draft proposals of the general compensation plan for members of the board, corporate auditors, etc.
iii) Draft proposals of the general evaluation system for members of the board, corporate auditors, etc.
iv) Draft proposals concerning the individual evaluation, amount of individual compensation, and calculation method thereof for members of the board (excluding Representative Member of the Board, Chairman; Member of the Board, Chairman; and Representative Member of the Board, President & CEO)
v) Draft proposals of the procedures and processes for determining executive compensation and the exercise of discretional powers concerning the final payment of compensation.
vi) Draft proposals concerning the compensation for members of the board and corporate auditors to be submitted at the General Meeting of Shareholders

- Although the Committee deliberates the draft proposals of the policy, system, etc. regarding compensation for corporate auditors based on the preceding item and reports the contents of the deliberations to the Board of Corporate Auditors, MCI is not obligated to determine the compensation for corporate auditors based on the deliberation contents. Instead, the compensation for corporate auditors is determined based on discussions at the General Meeting of Shareholders and deliberations among the corporate auditors.
- Committee members who have a special interest in a resolution of the Executive Compensation Committee are not allowed to participate in the deliberations or voting for that resolution.

[Corporate auditors]

Establishment of a board of corporate 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 corporate auditors	Yes
Number of outside corporate auditors	3
Number of outside corporate auditors selected as independent corporate auditors	3

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Relationship to the company (1)

Name	Characteristics/Affiliation	Relationship to the Company (*1)									
		a	b	c	d	e	f	g	h	i	j	k
SHINBO Katsuyoshi	Attorney											
GOTOH Yasuko	Other											
ONO Junshi	Certified public accountant										△	

* Types of relationship to the company

* ○: Outside corporate auditor personally is currently applicable or was applicable until recently

△: Outside corporate auditor personally was applicable in the past

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

▲: Close relative of the outside corporate 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 a corporate 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 an 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 (personally) at one of MCI's customers (other than f, g, and h)

k. Executive (personally) of a company that has one or more outside directors/corporate auditors from MCI

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

m. Others

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Relationship to the company (2)

Name	Independent Outside Corporate Auditor	Supplementary Explanation as to Suitability	Reason for Selection
SHINBO Katsuyoshi	○	There are no conflicts of interests between MCI and SHINBO Katsuyoshi.	SHINBO Katsuyoshi 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 also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated him as an independent outside corporate auditor.

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Name	Independent Outside Corporate Auditor	Supplementary Explanation as to Suitability	Reason for Selection
GOTOH Yasuko	○	There are no conflicts of interests between MCI and GOTOH Yasuko.	GOTOH Yasuko has provided opinions, as needed, to promote sound and efficient corporate management, based on her extensive experience as her experience of serving important roles in national and local government agencies, and her wealth of experience having served as manager and CFO of a listed company, as well as her 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 she is the right person for the post of Outside Corporate Auditor. She also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated her as an independent outside corporate auditor.
ONO Junshi	○	ONO Junshi served as Partner of KPMG AZSA LLC until June 2023. In fiscal years of 2021, 2022. and 2023, MCI had a transactional relationship with KPMG AZSA LLC for the commission of consulting services, etc. However, 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 said fiscal years.	ONO Junshi 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, 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 also satisfies the individual standards under the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines. We thereby designated him as an independent outside corporate auditor.

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[Independent members of the board and corporate auditors]

Number of independent members of the board and independent outside corporate auditors	6

Other details relating to independent outside members of the board and independent outside corporate auditors

The details of the Independence Standards for independent outside members of the board and Independent Outside Corporate Auditors provided as an Appendix to the Guidelines are as follows.

Independence Standards for Independent Outside Members of the Board and Independent Outside Corporate Auditors

In order to be designated by MCI as an independent outside member of the board and an independent outside corporate auditor such member of the board 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 provide incentives to directors	Performance-based compensation system implemented

Supplementary explanation

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Please refer to [Disclosure based on Each Principle of Corporate Governance Code] in this report for an outline of the performance-linked compensation and details of its operation, etc.

Stock option recipients	-

Supplementary explanation

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[Director Compensation]

Disclosure of compensation of individual members of the board	Only certain members of the board's compensation disclosed individually

Supplementary explanation

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

Convocation notice for the general meeting of shareholders and business report
https://jp.mitsuichemicals.com/jp/ir/library/notice/index.htm
Annual security report
https://jp.mitsuichemicals.com/jp/ir/library/ms/index.htm

Compensation total or compensation calculation methods defined by policy	Yes

Disclosure of compensation figures and policies regarding how compensation is calculated

Please refer to [Disclosure Based on Each Principle of Corporate Governance Code] in this report for information regarding the amount of compensation for MCI members of the board and the policy for determining the calculation method, etc.

[Outside Member of the Board (Outside Corporate Auditor) Support System]

1. Support provided to outside members of the board

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

In addition, there are opportunities to inspect sites in Japan and abroad and meet with accounting auditors, as well as to attend important internal meetings.

Through such initiatives the outside members of the board 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

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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 members of the board and outside corporate auditors at least 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
SATO Akio	Honorary Advisor	・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	1999/6/29	Lifelong
FUJIYOSHI Kenji	Honorary Advisor	・Activities relating to economic organizations ・Advice and support as required by the chairman and the president	Employment type: Part-time Compensation: No	2009/6/24	Lifelong
TANAKA Toshikazu	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	3

Other matters

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

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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)

At MCI, the Board of Directors including outside members of the board independent of business execution makes material management decisions and supervises the execution of duties by each member of the board and the duties of other executive officers, etc. As a company with a Board of Corporate Auditors, the status of each member of the board'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 Company-wide Strategy Committee. 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 Rules For Meetings of the Board of Directors. The Board of Directors also oversees the overall management of MCI Group through reporting on matters such as the performance of duties of individual members of the board, 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 13 occasions in fiscal year of 2023, and focused on the following matters from the perspective of improving the effectiveness of the Board of Directors. Of the eight Members of the Board, one is female.

(1) Realizing more effective management of the Board of Directors in response to the increase in and diversification of projects in line with progress on VISION 2030

(2) Monitoring the Board of Directors involvement in and operation of the newly established risk management system

(3) Enhancing communication between shareholders/investors and outside members of the board

2. Outside Members of the Board and Outside Corporate Auditors

MCI believes that fulfillment of the management's accountability and ensuring management transparency are made possible

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by receiving opinions from independent members of the board 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.

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

When selecting candidates for outside members of the board and outside corporate auditors, MCI considers each individual based on the selection criteria as provided for in MCI Guidelines. Moreover, all the outside members of the board 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 members of the board and Independent Outside Corporate Auditors provided as an Appendix to the 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 members of the board and outside corporate auditors are independent company members of the board and corporate auditors. Furthermore, there are no special interests between MCI and any of its outside members of the board and outside corporate auditors.

3. Nomination Committee

MCI has established the Nomination Committee as a consultative body to the Board of Directors with the aim of strengthening the independence and objectivity of the functions of the Board of Directors, as well as their accountability in relation to the election and dismissal of members of the board and the president/CEO, and the nomination of those candidates. The Committee is composed of the chairman, the president and 3 outside members of the board, all of whom meet MCI's independence standards. The Chairperson of the Committee is MCI's president.

The Committee met five times in FY2023, mainly to discuss the following topics

i) Succession planning of the president/CEO
ii) President/CEO mid- to long-term business execution targets/evaluations
iii) Board of Directors Skill Matrix
iv) Draft proposal for the election of members of the board for the next fiscal year

Committee members and their attendance are as follows.

- Member of the Board, Chairman, TANNOWA Tsutomu: Attended 5 meetings (of 5 meetings held)
- Representative Member of the Board, President & CEO, HASHIMOTO Osamu (Chairperson): Attended 5 meetings (of 5 meetings held)
- Outside Member of the Board, YOSHIMARU Yukiko: Attended 5 meetings (of 5 meetings held)
- Outside Member of the Board, MABUCHI Akira: Attended 5 meetings (of 5 meetings held)
- Outside Member of the Board, MIMURA Takayoshi: Attended 5 meetings (of 5 meetings held)

The Committee members as of the date of submission of this report are as follows.

- Member of the Board, Chairman, TANNOWA Tsutomu
- Representative Member of the Board, President & CEO, HASHIMOTO Osamu (Chairperson)
- Outside Member of the Board, MABUCHI Akira
- Outside Member of the Board, MIMURA Takayoshi
- Outside Member of the Board, KIHARA Tami

4. Executive Compensation Committee

MCI has established the Executive Compensation Committee as a consultative body to the Board of Directors with the aim of strengthening the independence and objectivity of the function of the Board of Directors, and its accountability in relation to the compensation, etc. of members of the board and executive officers. The Committee is composed of the chairman, the president and 3 outside members of the board, all of whom meet MCI's independence standards. The Chairperson of the Committee is elected from the outside members of the board who meet MCI's independence standards.

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The Committee met eight times in FY2023, mainly to discuss the following topics.

i) Payment of bonuses for members of the board
ii) Granting of restricted stock-based compensation
iii) Examination of compensation levels
iv) Revision of the compensation system for members of the board and corporate auditors

The Committee members and their attendance are as follows.

- Member of the Board, Chairman, TANNOWA Tsutomu: Attended 7 meetings (*) (of 8 meetings held)
- Representative Member of the Board, President & CEO, HASHIMOTO Osamu: Attended 8 meetings (8 meetings held)
- Outside Member of the Board, YOSHIMARU Yukiko: Attended 8 meetings (of 8 meetings held)
- Outside Member of the Board, MABUCHI Akira (Chairperson): Attended 8 meetings (of 8 meetings held)
- Outside Member of the Board, MIMURA Takayoshi: Attended 7 meetings (of 8 meetings held)

(*) Under the Rules of the Executive Compensation Committee, committee members who have a special interest in a matter to be resolved by the committee are not allowed to participate in that committee meeting. In fiscal year of 2023, one meeting was not attended by TANNOWA because it concerned a matter where interests were involved.

The Committee members as of the date of submission of this report are as follows.

- Member of the Board, Chairman, TANNOWA Tsutomu
- Representative Member of the Board, President & CEO, HASHIMOTO Osamu
- Outside Member of the Board, MABUCHI Akira (Chairperson)
- Outside Member of the Board, MIMURA Takayoshi
- Outside Member of the Board, KIHARA Tami

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 its decision-making process and further strengthen and enhance its 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 23 occasions in fiscal year of 2023. The Management Committee consists of the president, senior ranked executive officers, 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 Company-wide Strategy Committee

MCI has established the Company-wide Strategy Committee, which is held to hold strategic discussions on corporate management and business operational issues of MCI from a Companywide perspective. The Company-wide Strategy Committee met on 19 occasions in fiscal year of 2023. The Company-wide Strategy Committee consists of the president, senior ranked executive officers, and members designated by the president.

8. Status of Corporate auditor audits and internal audits

As being independent from the Board of Directors, corporate auditors have conducted audits on such matters as the members of the board's 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. Specifically, the full-time corporate auditors attend not only the meetings of the Board of Directors but important meetings of MCI such as

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Management Committee, in addition to have regular meetings with the president and others to exchange opinions. They also officially receive and check the final-decision documents of executive directors and records of important meetings and hear reports and explanations from each division. In addition, the corporate 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 SHINBO Katsuyoshi has been widely experienced as an attorney for many years and has extensive knowledge and insights on compliance and risk management. Outside Corporate Auditor GOTOH Yasuko has been widely experienced, first by serving important roles in national and local government agencies, and then as a manager and CFO of a listed company and has extensive knowledge and insights on finance and accounting. Outside Corporate Auditor ONO Junshi has been widely experienced as a certified public accountant for many years and has extensive knowledge and insights on finance and accounting. The Board of Corporate Auditors met on 16 occasions in fiscal year of 2023, with particular audit focus on the following matters:

- initiatives to achieve VISION 2030
- ESG key issues, initiatives, and stance
- Status of risk and compliance-related concerns and responses

In addition, MCI has established the Internal Control Division as an internal organization consisting of nineteen 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 Board of Directors and 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.

YURA Tomohisa

NAKANO Tsuyoshi

SEKIGUCHI Shuichi

10. Establishment of various committees

MCI has established various committees to enhance our corporate governance.

(1) Risk Management Committee

Based on the recognition that risk management is management itself, MCI established a risk management system from a company-wide perspective to minimize threats to growth and maximize opportunities based on an understanding of environmental changes, and MCI began operating the system in FY2023. The definition of risk management has been revised aiming not only to minimize "threats" but also to maximize "opportunities", and the risk management owner has been clarified to ensure that management is comprehensively aware of risks, prioritizes risks to be addressed from a company-wide perspective, and discusses response policies, and the Risk Management Committee (chaired by the President) was established. Priority risks (draft) identified by the Committee and the corresponding response policies are then decided by the Board of Directors, and are deployed in the management planning system to visualize the status of risk response and evaluate the effectiveness of risk management, thereby ensuring continuous PDCA (Plan-Do-Check-Act) and improvement of effectiveness in risk management.

The Risk Management Committee met on two occasions in fiscal year of 2023.

Please refer to the Annual Securities Report for the company-wide priority risks established through the operation of the risk management system.

(Securities Reports)

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(URL: https://jp.mitsuichemicals.com/jp/ir/library/ms/index.htm)

(2) Corporate Sustainability Committee

The Corporate Sustainability Committee (chaired by the president) discusses MCI Group's group-wide policies, strategies, and plans for promoting ESG (the abbreviation for environment, social, and governance), and obtain approval from the Management Committee. MCI continually targets sustainable development for MCI Group and society at large. To that end, we 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 business activities, as well as fulfilling its social responsibility as a company. The Corporate Sustainability Committee met on four occasions in fiscal year of 2023.

(3) Compliance Management Committee

The Compliance Management Committee (chaired by the Responsible officer for the Corporate Administration & Legal Division) has been established to promote compliance management across the Group.

The Committee determines annual plans and policies related to compliance management, and implements measures related to compliance (prevention, detection, initial and permanent responses, and measures to raise awareness). The Compliance Management Committee met on four occasions in fiscal year of 2023.

(4) Responsible Care Committee

The Responsible Care Committee (chaired by the director in charge) was established to oversee 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 (hereinafter "RC Activities"). 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 year of 2023. Important policies, strategies, and plans drafted by the Committee are approved by the Management Committee.

(5) Corporate DX Committee

The Corporate DX Committee (chaired by the President) was established to utilize data and digital technology to transform products, services, and business models based on the needs of customers and society, as well as to transform the operations themselves, organization, processes, and corporate culture and environment, with the aim of establishing a competitive advantage and achieving sustainable development for MCI group. The committee deliberates, discusses, and reports on Group-wide policies, strategies, and plans for promoting digital transformation, and also considers measures to strengthen cybersecurity. The Corporate DX Committee met on three occasions in fiscal year of 2023.

3. Reason for adopting present system of corporate governance

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

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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 27th fiscal period (for the fiscal year ended March 31, 2024) was held on June 25.
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 MCI’s website	English extract posted on official website.
Others	The convocation notice for the 27th general meeting of shareholders (for the fiscal year ended March 31, 2024) was disclosed on the official website on May 29, before being mailed out on June 3. In addition, the notice was submitted to the Tokyo Stock Exchange on the day before it was mailed out (June 3), 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 MCI Group, MCI will provide fair and highly transparent information disclosure in a timely and appropriate manner and engage in proactive communication efforts throughout the whole of MCI Group, including top management. <Standards for Information Disclosure> 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” (hereinafter “the Timely Disclosure Regulations”). MCI Group will also proactively and fairly disclose information that we find to be important or beneficial in furthering our stakeholders’	

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	Supplementary Explanation	Explanation from Representative
	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> 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 MCI's 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, 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 MCI 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. In addition, since fiscal year of 2022, we have been holding ESG briefings in the presence of Outside Directors providing them with opportunities to explain MCI's management from their perspectives. Furthermore, in 2023, we have been holding small meetings between Outside Directors and institutional investors to exchange views on MCI's overall management.	Yes
Holding of regular meetings for overseas investors	Institutional investors in North America, Europe and Asia are visited twice or three times a year (or online meetings are held) 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	Yes

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	Supplementary Explanation	Explanation from Representative
	several times a year.	
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 MCI established the Mitsui Chemicals Group Action Guidelines. In 2012, MCI went on to formulate a set of fundamental Core Values – "Challenge," "Diversity" and "One Team" – to underpin its 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," MCI Group has always taken a triple bottom line management 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 stakeholders in mind. MCI pursues 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, MCI places 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 MCI conducts its 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 initiatives in terms of diversity, inclusion (inclusion and collaboration) and equity, intending to forge a company where each one of the employees can work in a lively way.

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	Supplementary Explanation
	Since fiscal year of 2018, MCI has set up 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 gender minorities, besides to be cognizant of reasons to the organizational needs of diversified human resources, and the societal background of diversity. Since fiscal year of 2020, MCI is carrying out e-learning to recognize unconscious bias due to gender or age for general managers. Since fiscal year of 2021, MCI is carrying out training for general managers based on the results of division-specific analysis acquired through the e-learning of the previous fiscal year. Furthermore, in fiscal year of 2023, MCI invited outside lecturers to conduct training, including work to raise awareness of diverse values, for key workplaces where we plan to newly assign women or increase the number of women assigned to them. Furthermore, to address LGBTQ matters, MCI strengthened training for line managers in fiscal year of 2020, and introduced the “Mitsui Chemicals LGBTQ Ally Declaration” in fiscal year of 2021 as an activity to demonstrate understanding with related parties. Moreover, we expanded the applicable scope of some benefit programs to same-sex partners in two stages, in fiscal year of 2022 and fiscal year of 2023. In addition, several other voluntary seminars will be held to promote understanding of disabilities, multicultural understanding, women’s health, balancing work with medical treatment, and other issues related to minorities working in the corporate world, which helps raise employee awareness.

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IV Details of internal control systems, etc.

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

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

(1) Members of the board of MCI and its subsidiaries who are responsible for business execution must, in accordance with the Rules For Meetings of the Board of Directors of the respective company, obtain approval by the Board of Directors for the execution of important business. The members of the board responsible for business execution report to the members of the board 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 members of the board 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 establishes a Whistleblowing System that enables employees of the Company and its domestic and overseas subsidiaries, as well as suppliers, plant subcontractors, and other business partners, to report information. MCI shall make the existence and use of the Whistleblowing System known to all employees of the Company (including employees seconded to subsidiaries) through periodic compliance education and posting on the Company's network system and official website.

(7) 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 for ensuring efficient execution of duties by members of the board of MCI and its subsidiaries

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

(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 of Directors 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.

3. System related to storage and management of data relating to the execution of duties by members of the board

In accordance with Rules For Meetings of the Board of Directors and other company regulations, data relating to the execution

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of duties by members of the board are compiled, stored and managed in either printed or electronic format at MCI, thereby ensuring members of the board's access to such data.

4. System for ensuring efficient execution of duties by members of the board of MCI and its subsidiaries

(1) MCI defines risk as "uncertainty and change brought about by events surrounding the Group that affect the achievement of management strategies and goals." The "Risk Management Committee" chaired by the President selects and determines "key risks across the Group" through "enterprise-wide risk reviews" which are then deliberated on by the Management Committee and resolved on by the Board of Directors. The Risk Management Committee conducts enterprise-wide risk reviews and deliberates on the basic policies, strategies, plans, and key measures for risk management across the Group. Each responsible officer incorporates the key risks across the Group into the rolling strategy and budget in his or her area of responsibility, and establishes a system to steadily implement the PDCA cycle.

(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) 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.

(4) 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.

(5) To raise employee awareness and increase the effectiveness of risk management measures, MCI conducts risk management training for employees of the Company and its subsidiaries.

5. System for reporting to MCI matters relating to the execution of duties by members of the board 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 has been maintaining and applying the "Mitsui Chemicals Group Global Policy Platform" (M-GRIP) since 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 deploy these global policies 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

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Employees with specialized knowledge in legal, accounting, etc. 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 of employees assisting corporate auditors from members of the board and the effectiveness of instructions provided to the employees concerned

In MCI, employees assisting corporate auditors 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 members of the board 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 of MCI

(1) In accordance with regulations governing audits by corporate auditors and other company regulations, members of the board 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 on MCI 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 auditors, 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 take similar actions.

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 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, 2, 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 view and status of preparation for elimination of any form of organized criminal activity

1. Basic view 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 "MCI will give

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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.

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V Others

1. Matters Regarding Takeover Defense Measures

Takeover defense measures	No

Supplementary explanation

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

a. Each general manager shall inform the general managers of the Corporate Administration & Legal Division and the Corporate Communications Division of information that may become a Decision (including those concerning subsidiaries) in advance;

b. The general manager of the Corporate Administration & Legal Division shall escalate any matter falling under Decisions 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 member of the board in charge of the Corporate Administration & Legal Division and the president.

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

2) Factors Occurred

a. Each general manager will, when obtaining information that may fall under Factors Occurred (including those concerning subsidiaries), immediately contact the president, the member of the board in charge of the Corporate Administration & Legal Division, the general managers of the Corporate Administration & Legal Division and the Corporate Communications Division and other necessary persons.

b. The general manager of the Corporate Communications Division will immediately report any matter falling under Factors Occurred of the information obtained to the member of the board in charge of Corporate Administration & Legal Division and the president and provide timely disclosure.

3) Financial Results

a. The general manager of the Finance & Accounting Division will draft Financial Results (including revisions to the results outlook) and contact the general managers of the Corporate Administration & Legal Division and the Corporate Communications Division after being reviewed by the member of the board 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 Communications Division will provide timely disclosure immediately after resolution made by the Board of Directors.

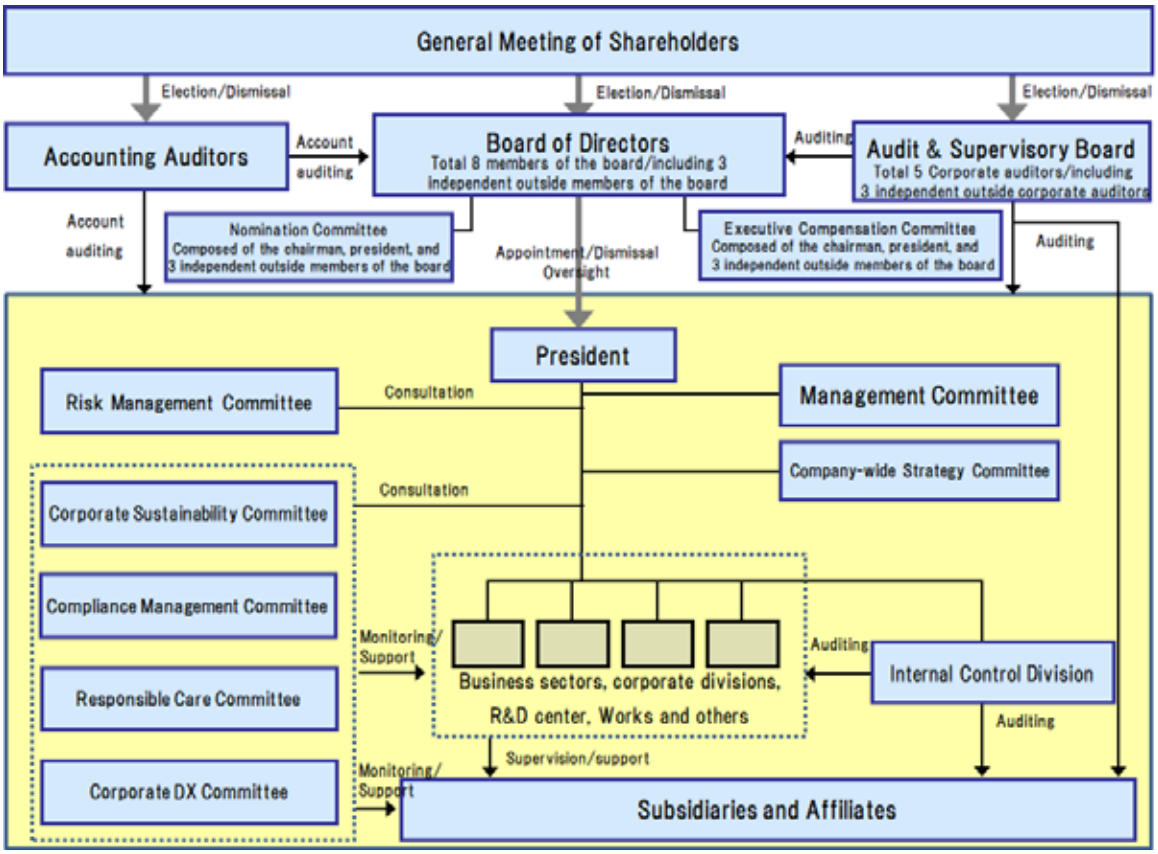
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(2) At the same time as timely disclosure to the Tokyo Stock Exchange, the general manager of the Corporate Communications Division will release corporate information to the press as well by distributing materials and holding a press conference.

DISCLAIMER: The information in this document is presented in good faith and it is the current intention of MCI Group to pursue and perform any existing and future actions mentioned herein in good faith. However, please note that they are subject to future risks and, as such, actual results may differ materially from those presented, and MCI Group cannot guarantee that all matters set forth in this document are accurate or will be achieved.

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