

Corporate Governance Guidelines

Mitsui Chemicals, Inc. (“MCI”)

Chapter 1 General Provisions

1. Basic View on Corporate Governance

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

- (i) to maintain and develop trusting relationships with MCI shareholders and all other diverse stakeholders of the MCI Group, and
- (ii) to create a framework that can execute transparent, fair, timely, and decisive decision-making,

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

Accordingly, MCI holds the enhancement of our corporate governance to be one of our key management issues, and we will persevere in the efforts and measures laid out in these Guidelines.

Corporate Vision

Corporate Mission

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

Contributing to Society

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

Corporate Target

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

Chapter 2 Relationship with Shareholders

1. General Meeting of Shareholders

- (1) The General Meeting of Shareholders is both the supreme decision-making body of MCI and a valuable venue for direct and constructive dialogue with shareholders. As

such, MCI will endeavor to take the following measures so that the will of the shareholders is appropriately reflected in our management:

- (i) holding the Annual General Meeting of Shareholders on the day other than that on which most other companies hold their meetings;
 - (ii) sending convocation notices at least three weeks before the General Meeting of Shareholders and publishing electronic data on the MCI website in both English and Japanese prior to sending the notices;
 - (iii) ensuring convenience for our shareholders in exercising their voting rights by implementing online voting and using electronic voting platforms; and
 - (iv) consulting with trust banks to take appropriate measures when institutional investors that hold MCI shares under the name of the trust bank communicate in advance their wish to exercise voting rights at the General Meeting of Shareholders by themselves instead of the trust bank.
- (2) When a considerable number of votes have been cast against a proposal by MCI and the proposal was approved, MCI will analyze the reasons behind opposing votes and why many shareholders opposed, and will consider whether any measures are necessary in response.

2. Basic Strategy for Capital Policy

- (1) MCI recognizes that our most crucial priority is the increase of our corporate value through the growth and expansion of our businesses, and we also hold the return of profits to shareholders as one of our key management issues. Our distribution of profits will comprehensively take into account matters such as the return of profits to shareholders and the strengthening of retained earnings in consideration of future strategies for growth and expansion.
- (2) With regards to shareholder returns, MCI will target a total return ratio gradually, which is the ratio of combined dividends and share buybacks to profit attributable to owners of parent, of at least 30%.
- (3) MCI will endeavor towards improved business performance by allocating retained earnings for proactive investment to accelerate further growth, expansion, and the realization of our optimum business portfolio, for research and development to create innovative new technologies, and for other such initiatives.
- (4) MCI will include return on assets (ROA) ratios and return on equity (ROE) ratios in the management targets of the long-term business plan and conduct our management with an awareness of capital efficiency.
- (5) If MCI adopts a capital policy that results in the substantial dilution, we will seriously examine the necessity and rationale of that policy and provide sufficient explanation to our shareholders.

3. Policy on Cross-shareholdings¹

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

¹ Cross-shareholding: Cross-shareholdings here include not only mutual shareholdings but also unilateral ones for reasons other than pure investment purposes.

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

4. Dialogue with Shareholders and Other Related Parties

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

Chapter 3 Relationship with Stakeholders Other Than Shareholders

1. Building Favorable Relationships with Stakeholders Other Than Shareholders

The MCI Group will endeavor to build and maintain smooth and favorable relationships with our stakeholders in full recognition that our sustainable growth and increased corporate value over the mid- to long-term are the results of the cooperation and contributions of customers, suppliers, creditors, local communities, employees, industry, government, academia, and all other diverse stakeholders.

2. Corporate Action Guidelines, Core Values

- (1) The MCI Group recognizes that the careful and conscious actions of each officer and employee add up, allowing us to earn the trust of our stakeholders. Therefore, we have established the “Mitsui Chemicals Group Action Guidelines” (Always in Good Faith, For People and Society, and Dream-Inspiring Innovation) that set forth our basic views and ideal actions so that we always act in respect of the law and in accordance with corporate ethics.
- (2) The MCI Group has established three Core Values (Challenge, Diversity, and One Team) to capture the spirit of our officers and employees working at sites around the world, to act as a unifying force that ensures we work toward the same goals, and to be a foundation, instilled in each of our officers and employees, for making decisions and carrying out operations on a global scale.
- (3) The MCI Group will ascertain as appropriate the degree to which the Action Guidelines and Core Values permeate the Group through two-way communication and other such means at each location.

3. Addressing Sustainability Issues

The MCI Group will continue and promote the following activities as measures in response to issues involving sustainability.

- (1) Through our responsible care activities, the MCI Group aims to contribute to the sustainable growth of both MCI and the chemical industry. We will ensure environmental conservation, safety, labor health, and quality throughout the entire life cycle of our products, establish and carry out measures for doing so, and continue seeking further improvements.
- (2) In the long-term business plan established in fiscal 2016, the MCI Group returned our focus to our Corporate Mission and set our sights on achieving sustainable development of both MCI and society as a whole by contributing to the solution of social issues through our businesses. Therefore, moving towards business strategies based on customer value, we identified the areas in which we can best utilize our strong foundation (mobility, healthcare, food and packaging, and next generation business) as our “Optimum Business Portfolio” and will implement focused measures in these fields.

4. Ensuring Workforce Diversity

- (1) While the MCI Group is dynamically expanding our business activities overseas, we must strive to promote further globalization moving forward. Therefore, we will hire employees with the potential to become globally active leaders regardless of gender, race, or nationality and provide them with appropriate compensation and conditions to match their abilities.
- (2) In recognition that employees are important stakeholders in achieving our Corporate Mission, the MCI Group wishes to create a relationship in which MCI and our employees stimulate and actively enhance one another in achieving that goal. As part of that, we have developed an employee-friendly working environment with a full range of childcare and family care systems, including reduced working hours, nursing care leave, family care leave, and subsidies for babysitting and home-care services, as well as leisure support systems. We will respect the increasingly diverse values of our

employees and continue developing the environment necessary for our employees to maintain a work-life balance.

5. Risk Hotline

- (1) As a point of contact for reporting “risk information” such as potentially unlawful activities by MCI employees or employees of supplier corporations, including raw material suppliers, the MCI Group will establish the Risk Hotline to serve as a system for reporting and seeking consultation on such matters both internally and externally (such as to law firms). Risk information gained through the Risk Hotline will be shared with the corporate auditors, and the Risk and Compliance Committee will investigate that information and examine measures in response thereto.
- (2) MCI’s “Risk Management Rules” will clearly stipulate that no employee will receive any disadvantageous treatment due to reporting or seeking consultation on risk information through the Risk Hotline.

6. Transactions with Related Parties

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

Chapter 4 Corporate Governance Framework

1. Overview of Corporate Governance Framework

The Board of Directors of MCI makes key management decisions and oversees the operations of each individual director, and as a company with a Board of Corporate Auditors, the status of each director’s performance of his or her duties is audited by the corporate auditors and the Board of Corporate Auditors independently from the Board of Directors. Additionally, MCI has implemented an executive officer system in order to clearly divide the roles of overseeing management and executing operations, and positions the president as the highest of executive officers. Furthermore, as consultative bodies to the Board of Directors, MCI has established the Human Resource Advisory Committee in order to ensure the suitability and transparency of procedures for electing directors and corporate auditors, and also the Executive Compensation Advisory Committee in order to ensure the suitability of director compensation levels and the transparency of performance evaluations.

Section 1 Board of Directors

2. Role of the Board of Directors

- (1) The Board of Directors decides business strategies, business plans, and all other important matters related to the management of MCI pursuant to law, ordinance, MCI's Articles of Incorporation, and our Rules For Meetings of the Board of Directors. The Board also oversees the overall management of the MCI Group through reporting on matters such as the performance of duties of individual directors, important operations of subsidiaries and affiliates, and the implementation status of compliance and risk management systems by MCI and our subsidiaries and affiliates. In addition, the Board of Directors works to strengthen its management oversight role by discussing the important policies related to the running of the Company from an intermediate stage while providing advice to the persons executing business.
- (2) MCI will appoint each executive director as executive officers also and clearly divide the roles of each. In conjunction with that, MCI will endeavor to increase the speed of our decision-making process and further strengthen and enhance our management framework by delegating approval authority for matters not decided by the Board of Directors to the executive officers and lower positions under MCI's Authorization Rules.
- (3) The Board of Directors announces management targets set in the long-term business plan and exerts its utmost efforts in order to accomplish the long-term business plan. To that end, it reviews MCI's three-year business plan on a rolling basis every year when a budget is formulated, with the aim of enhancing MCI's ability to respond to business environment while also maintaining its long-perspective. In addition, the Board of Directors provides explanations to the shareholders on measures for accomplishing the long-term business plan and the status of progress of the plan.

3. Structure and Operation of the Board of Directors

- (1) The number of directors of MCI will be 12 or less, as stipulated in the Articles of Incorporation, and the appropriate number within that range will be decided at each opportunity in consideration of the status of authorities delegated to executive officers and the need to streamline decision making in response to business expansion. MCI will select in principle multiple independent outside directors in order to reflect the opinions of individuals from outside MCI with rich experience and insight, such as corporate managers, academics, and legal professionals, in the management policies of MCI and to increase the effectiveness of the oversight of director operations.
- (2) MCI will select executive directors in consideration of the specific characteristics of our businesses and without regard for gender, nationality, or other such factors so that the executive directors as a whole possess balanced business experience in areas including business planning, operations, production and technology, research and development, accounting and finance, and general, personnel, and legal affairs.
- (3) The Board of Directors will be operated with due attention to each of the following items in order to achieve more active deliberations.
 - (i) Unless under special circumstances, materials for Board of Directors meetings will be distributed in advance, ensuring a reasonable amount of time necessary to examine them.
 - (ii) The contents of materials for Board of Directors meetings will be explained to outside directors and outside corporate auditors in advance.
 - (iii) The schedule of Board of Directors meetings for the following fiscal year will be determined by December of each year, and notification of the meeting schedule and expected items for deliberation will be provided in advance.

- (iv) Meetings will be held about once per month and about 11 times per year, and extraordinary Board of Directors meetings will be held whenever necessary to prevent a delay in decision making.
 - (v) Each meeting will ensure at least 120 minutes for deliberation.
- (4) In order to affirm and improve the effectiveness of its decision making, the Board of Directors will analyze and evaluate the effectiveness of the Board as a whole every year through such methods as self-evaluation by each director and disclose a summary of the results.

4. Election of Directors

- (1) MCI's election standards for directors are as follows.
- (i) Executive directors
 - Possess knowledge and experience enabling the director to accurately and fairly oversee the management of MCI for the realization of the Corporate Vision
 - Possess excellent insight, a broad perspective, strong ethics, fairness, and integrity
 - (ii) Outside directors
 - Possess excellent insight and rich knowledge and experience in areas such as corporate management, legal compliance, finance and accounting, corporate ethics, scientific and chemical technology, global management, and crisis and risk management
 - Be able to view MCI's management as a whole, objectively evaluate it, and grasp the essential issues and risks
 - Be able to provide beneficial, unreserved advice on increasing MCI's corporate value from the point of view of an external stakeholder
- (2) To ensure the suitability and transparency of procedures for electing directors and corporate auditors, MCI establishes the Human Resource Advisory Committee as a consultative body to the Board of Directors. The committee is composed of MCI's president and outside directors.
- (3) The Human Resource Advisory Committee deliberates the list of candidates for directors proposed by the president based on the above standards for election of directors, and reports the results of the deliberation to the Board of Directors.
- (4) The Board of Directors decides upon the final list of the candidates for directors with maximum respect given to the results report of the Human Resource Advisory Committee.
- (5) The Board of Directors will oversee succession planning for the CEO and other key positions in consideration of the Corporate Vision and the long-term business plan.

5. Policies and Procedures for determining Compensation for Directors and Corporate Auditors

- (1) MCI's basic policies regarding the determination of compensation for directors (excluding outside director) are as follows.
- (i) Compensation will be commensurate with the entrustment of MCI's management and will be tied to the growth and performance improvement of the MCI Group.
 - (ii) Compensation schemes will be devised to reflect both corporate performance and the performance of the individual director.

- (iii) Compensation for higher positions will more strongly reflect their contributions to mid- and long-term corporate growth, and deepen the sharing of values with shareholders.
- (iv) We will ensure transparency and maintain accountability to our shareholders and other related parties regarding the determination of compensation for directors.
- (2) Compensation for directors (excluding outside directors) will be comprised of monthly compensation (a fixed amount), bonuses and the restricted stock compensation. The proportion of compensation comprised of bonuses and the restricted stock compensation will be appropriately set to function as an appropriate incentive for the sustained growth of MCI and a tool for sharing values with shareholders.
- (3) Compensation for outside directors and corporate auditors will be comprised solely of monthly compensation (a fixed amount), the level of which will be established referring to third-party surveys regarding compensation for corporate managers in Japan and other information.
- (4) MCI has established the Executive Compensation Advisory Committee as a consultative body to the Board of Directors in order to ensure the suitability of director compensation levels and the transparency of performance evaluations. The president will serve as the chair of the Executive Compensation Advisory Committee, which will be comprised of the representative directors, outside directors and outside corporate auditors.
- (5) The Board of Directors will determine the compensation for MCI's directors after consulting with the Executive Compensation Advisory Committee.

6. Director and Corporate Auditor Training Policy

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

Section 2 Board of Corporate Auditors

7. Role and Structure of Board of Corporate Auditors

- (1) As a body independent from the Board of Directors, the Board of Corporate Auditors will conduct audits on such matters as the directors' performance of duties, internal corporate control, business performance, and financial status through such means pursuant to law and ordinance as requesting reports on MCI's businesses, exercising its authority in the election and dismissal of accounting auditors, and investigating the status of operations and assets.
- (2) The number of MCI's corporate auditors will be six or less, as stipulated in the Articles of Incorporation, of which at least half will be outside corporate auditors.

8. Enhancing the Functions of Corporate Auditors

- (1) Corporate auditors will attend management meetings and other key internal meetings to regularly exchange opinions with the president and other management and will check approval forms from executive directors and minutes from key meetings.
- (2) Corporate auditors, the accounting auditor, and the Internal Control Division will cooperate among themselves through such means as exchanging opinions on each body's annual audit plans and audit results and will conduct their respective audits.
- (3) MCI's corporate auditors will conduct audits of subsidiary and affiliate companies and exchange information with the corporate auditors of those companies as necessary based on the results of audits by the Internal Control Division and the corporate auditors of each company.
- (4) Full-time employees with expert knowledge in fields such as law and accounting will be assigned directly under the corporate auditors to support the corporate auditors' duties.

9. Election of Corporate Auditors

- (1) MCI's election standards for corporate auditors are as follows. Additionally, at least one person with knowledge of finance and accounting will be elected.
 - (i) Full-time corporate auditors
 - Possess knowledge and experience enabling the corporate auditor to conduct audits of the operations of MCI's directors accurately, fairly, and efficiently
 - Possess strong ethics, fairness, and integrity
 - (ii) Outside corporate auditors
 - Possess excellent insight and rich knowledge and experience in areas such as legal compliance, finance and accounting, corporate ethics, and crisis and risk management
 - Possess knowledge and experience enabling the corporate auditor to conduct audits of the operations of MCI's directors
- (2) The Human Resource Advisory Committee deliberates the list of candidates for corporate auditors proposed by the president based on the above standards for election of corporate auditors, and reports the results of the deliberation to the Board of Directors.
- (3) The Board of Directors decides upon the final list of the candidates for corporate auditors after an agreement is obtained by the Board of Corporate Auditors, with maximum respect given to the results report of the Human Resource Advisory Committee.

Section 3 Independent Outside Directors and Independent Outside Corporate Auditors

10. Independence Standards

The independence standards for independent outside directors and independent outside corporate auditors designated by MCI are as appended.

11. Cooperation with Management and Corporate Auditors

- (1) MCI will regularly hold meetings between the representative directors, corporate auditors, and outside directors to serve as a venue in which to share general conditions and issues of management and to exchange a wide range of other opinions.
- (2) MCI will regularly hold meetings of only independent outside directors and independent outside corporate auditors to facilitate the exchange of information and sharing of understanding from an independent and objective perspective.
- (3) The general manager of the Corporate Administration & Legal Division will serve as the point of contact for outside directors, respond to any requests from them, and function as a coordinator between the outside directors and other bodies such as the senior management and the Board of Corporate Auditors.

Section 4 External Accounting Auditor

12. External Accounting Auditor

- (1) MCI recognizes that the external accounting auditor ensures the reliability of MCI's financial reports and bears other such duties towards shareholders and investors, and we will cooperate with the external accounting auditor to implement measures to ensure appropriate audits.
- (2) The Board of Corporate Auditors will establish standards for appropriately selection of external accounting auditor candidates and for appropriately evaluating external accounting auditors.
- (3) MCI will implement the following measures to ensure the effectiveness of audits by the external accounting auditor.
 - (i) MCI will ensure sufficient time to allow high-quality audits.
 - (ii) MCI will establish regular opportunities for the external accounting auditor to speak to the president and the director in charge of the Finance & Accounting Division in person.
 - (iii) MCI will facilitate cooperation and set up regular meetings between the external accounting auditor and the corporate auditors, Internal Control Division, and outside directors.
 - (iv) If the external accounting auditor discovers any misconduct, they will contact the corporate auditors and the director in charge of the Finance & Accounting Division. That director will then take the central role in implementing measures and seeking to resolve the issue, and the corporate auditors will confirm on each necessary occasion whether appropriate measures are being taken.

Section 5 Committees

13. Establishment of Committees

MCI has established various committees to contribute to the enhancement of our corporate governance.

(1) CSR Committee

Aiming for the sustainable growth and development of both society as a whole and the MCI Group, we are working to increase corporate value by engaging in dialogue with stakeholders and by contributing to the resolution of social issues tied to the three axes of economy, environment, and society through our businesses. The CSR Committee,

chaired by the president, deliberates on policies, strategies, and plans to accomplish these goals.

(2) Risk Compliance Committee

MCI has established the Risk Compliance Committee as a separate committee within the CSR Committee in order to establish separate policies, strategies, and plans related to risk management and legal and regulatory compliance. Under the Mitsui Chemicals Group Risk Management System, the Risk Compliance Committee endeavors to identify risks at an early stage and prevent them from materializing by steadily implementing the PDCA process on risk, such as by identifying, analyzing, and taking measures against key risks regarding fiscal year targets for each company and division of the MCI Group.

(3) Responsible Care Committee

MCI has established the Responsible Care Committee as a separate committee within the CSR Committee in order to ensure environmental conservation, disaster prevention, chemical safety, labor safety, labor health, and quality throughout the entire life cycle of our chemical products, from development and manufacturing to transport, use, consumption, and disposal. The Responsible Care Committee establishes policies, strategies, and plans for responsible care activities and evaluates the results of those activities.

Chapter 5 Information Disclosure Policy

1. Basic Policy on Information Disclosure

In order to maintain and develop trusting relationships with shareholders, investors, customers, suppliers, employees, local communities, and all other diverse stakeholders of the MCI Group, we will provide fair and highly transparent information disclosure in a timely and appropriate manner and engage in proactive communication efforts throughout the whole of MCI, including top management.

2. Standards for Information Disclosure

The MCI Group will provide timely and appropriate information disclosure under the principles of transparency and fairness in accordance with the Financial Instruments and Exchange Act, all other relevant laws and ordinances, and the Tokyo Stock Exchange's "Timely Disclosure Regulations" (the "Timely Disclosure Regulations").

The MCI Group will also proactively and fairly disclose information that we find to be important or beneficial in furthering our stakeholders' understanding of MCI, even if such information is not subject to the relevant laws and ordinances or the Timely Disclosure Regulations.

3. Methods for Information Disclosure

The MCI Group will disclose the information prescribed in the Timely Disclosure Regulations through the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange in accordance with those regulations, after which we will promptly publish the same information on the MCI website. We will also disclose information that we find to be important or beneficial through such means as publishing it on our website, even if such information is not subject to the Timely Disclosure Regulations.

4. Quiet Period

In order to prevent the leaking of financial information (including quarterly financial information) and to ensure the fairness of information disclosure, the MCI Group will designate the period from the day immediately following the final day of the fiscal term to the day on which fiscal results are announced as a quiet period. During this period, MCI will refrain from commenting or replying to questions on finances or expected business results. However, if a large change in the results outlook is found to be likely during the quiet period, MCI will provide public notice to that effect as appropriate in accordance with the Timely Disclosure Regulations.

Chapter 6 Revision and Abolishment

1. Establishment, Revision, and Abolishment

The establishment, revision (except minor revisions), or abolishment of these Guidelines requires a resolution of the Board of Directors.

Supplementary Provisions

1. These Guidelines are effective from September 16, 2015.
2. The revisions of these guidelines are effective from June 24, 2016.
3. The revisions of these guidelines are effective from May 12, 2017.
4. The revisions of these guidelines are effective from June 27, 2017.

Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors

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

- (1) A person who currently is or has been in the past an executive (such as an executive director, executive officer, senior director, general manager, or other such officer who executes operations) of MCI or a subsidiary of MCI.
- (2) A person for whom MCI is a major business partner* or, if that person is a juridical person, an executive of that person.
*If a business partner has received payments of 2% or more of its annual sales from MCI in any of the past three fiscal years, then MCI is a major business partner thereto.
- (3) A major business partner* of MCI or, if that partner is a juridical person, an executive of that partner.
*If MCI has received payments of 2% or more of its annual sales from a business partner in any of the past three fiscal years, or if a business partner has loaned a monetary amount of 2% or more of MCI's total assets to MCI in any of the past three fiscal years, then that business partner is a major business partner to MCI.
- (4) A large shareholder (a person directly or indirectly holding 10% or more of total voting rights) of MCI or, if that shareholder is a juridical person, an executive of that shareholder.
- (5) An executive of a juridical person for whom MCI is a large shareholder (directly or indirectly holding 10% or more of total voting rights).
- (6) An accounting auditor of either MCI or a consolidated subsidiary of MCI, or a person who is in charge of auditing either MCI or a consolidated subsidiary of MCI as an employee of such accounting auditor.
- (7) An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified public tax accountant, consultant, or other such professional who has received money or other assets, other than officer remuneration, from MCI exceeding an annual amount of JPY 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 JPY 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.

End