

三井化学の原動力。

それは、一人ひとりの

創造性だ。

MITSUI CHEMICALS REPORT

2023

人の数だけ **アイデア** がある。

そのすべてが、**未来**を**変える力**へつながる。

これまでの常識や枠にとらわれない発想を結集し、迅速で柔軟な行動によって、化学の知られざる価値を引き出す。

課題解決に向けたソリューションを次々に提供する。

100年を超え、時代と共に変化を続けてきた私たち。これからも未来を見つめ、地球環境と調和しながら、変革を生み出していく。

0→1 Make it Happen

ゼロからイチを生み出す化学の力で、

イチから**ムゲン**を実現し、

無数の未来を拓いていく。

About This Report

Aiming to deepen dialogue with our stakeholders

Fiscal 2023 marked the third year of VISION 2030, a long-term plan that lays out the Mitsui Chemicals Group's aspiration for 2030 and a roadmap for the Group-wide transformation to achieve its aspiration. This year's report details the VISION 2030 strategy's progress and outcomes thus far, remaining challenges, and future directions in light of changing business environments. Furthermore, being aware that the sources of the efforts to achieve its aspiration are the technological prowess and human resource capabilities the Group has built over more than a century in business, the report also focuses on how the Group will leverage these two strengths to chart a course for future success. We hope this report gives our stakeholders a clear idea of where the Group has been, where it is now, and where it is going.

In creating and editing this report, we have drawn on the International Integrated Reporting Framework issued by the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation provided by the Ministry of Economy, Trade and Industry. The process involved cooperation among the Corporate Communications Division and other divisions across the Group. I have confirmed that the process of creating the report was appropriate and that the content is valid.

Looking ahead, we will continue to use this report and other tools to enhance our disclosure efforts, and enrich dialogues with our stakeholders, thereby reflecting the insights we gain through that engagement in our strategies.

I hope that you will provide us with your continued support and feedback.

HASHIMOTO Osamu

Representative Director, President & CEO

What we hope to convey through this report

Top 3 Takeaways from Mitsui Chemicals Report 2023

1 Focusing on our strengths in technology and human resources, the sources of the Group's value creation

The report features the technological and human resource strengths the Group has developed over years and the history of our product development driven by these two strengths. It also includes a dialogue between the CEO and Executive Advisor about [solutions](#), [technologies](#), and [human resources](#) that were interactively developed through efforts to solve social challenges, and [the keys to creating new businesses](#)

▶▶ **Feature: Creating the Future with the Power of Technology and People**, p. 25

Categorizing the Group's management resources into six capitals

▶▶ **Our Six Capitals**, p. 36

2 Charting out clear pathways toward achieving fiscal 2025 goals for each business

The section for each business explains growth strategies through fiscal 2025 in terms, for example, of investment recovery, organic growth, on an element-by-element basis.

▶▶ **Business Portfolio Transformation**, p. 78

3 Expanding disclosure to deepen dialogue with stakeholders

The report includes the following sections that help deepen dialogue with stakeholders:
- Questions and answers from a discussion between outside directors and institutional investors held in May 2023

▶▶ **Dialogue Outside Directors x Institutional Investors**, p. 93

Analysis of the Group's past M&A activities, which have generated interest and questions from investors

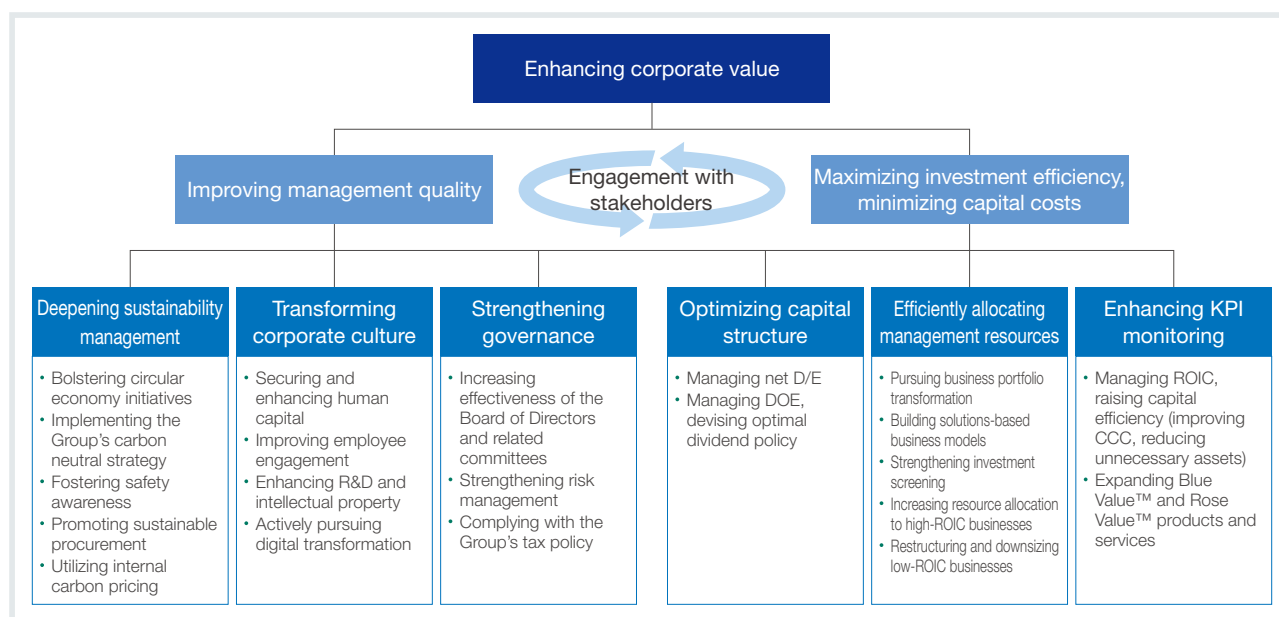
▶▶ **Investment Strategy**, p. 48

Examples of customer engagement through Blue Value™ and Rose Value™ products

▶▶ **Blue Value™ and Rose Value™: Visualizing Contributions to the Environment and Society**, p. 20

Enhancing the corporate value of the Mitsui Chemicals Group

This chart shows how the Group's corporate strategy and initiatives integrating financial and non-financial perspectives contribute to enhancing corporate value.



04 CEO Message



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Scope and Principles

- Period: April 1, 2022 to March, 31 2023 (fiscal 2022). Please note some data may postdate April 2023.
- Scope: Mitsui Chemicals, Inc. and the Mitsui Chemicals Group (Other entities, if included, are identified in the text.)
- Accounting principles: International Financial Reporting Standards (IFRS)



Editorial Policy

In compiling this Mitsui Chemicals Report 2023, we sought to present a comprehensive overview of our various strategies and performance from both the financial and non-financial perspectives with the ultimate goal of creating a platform for meaningful dialogue with all stakeholders. While we have drawn on the International Integrated Reporting Framework issued by the IFRS Foundation and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation, we have tried to avoid a rigid format. Our goal has been to provide a useful document that allows readers to gain a deeper understanding of our efforts toward the creation of value through innovation over the medium- to long-term.

Forward-Looking Statements

This report contains forward-looking statements about future plans and strategies as well as forecasts and expectations regarding the performance of the Mitsui Chemicals Group. Actual results may differ materially from those projected due to a variety of factors, and the Mitsui Chemicals Group cannot guarantee that any forward-looking statements herein are accurate or that targets will be achieved. The outlook for fiscal 2023 contained in this report is as of May 12, 2023.

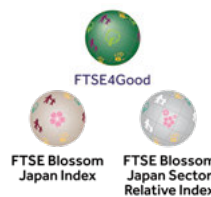
Inclusion in ESG investment indices (as of September 2023)

External Assessments <https://jp.mitsuichemicals.com/en/sustainability/others/evaluation/index.htm>



2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



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FTSE Blossom Japan Index
<https://www.ftserussell.com/products/indices/blossom-japan>

FTSE Blossom Japan Sector Relative Index
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Cover Design

Mitsui Chemicals Group brand message

0→1 MAKE IT HAPPEN

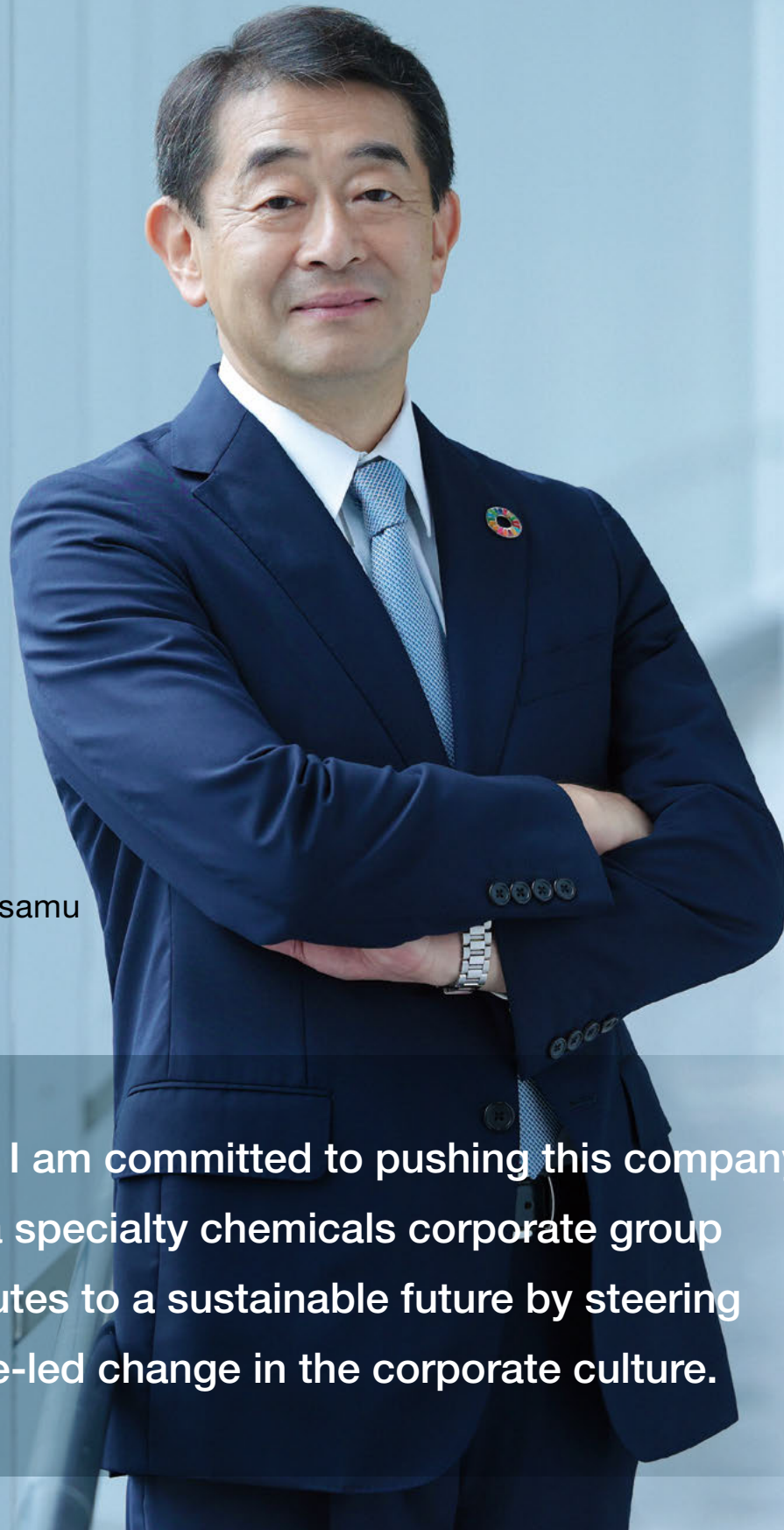
The brand message encompasses the Corporate Mission, vision, and the essence of Mitsui Chemicals.

We, the Mitsui Chemicals Group, aim to be a global solutions company that leads change and contributes to a sustainable future.

<https://jp.mitsuichemicals.com/en/corporate/brand/>



CEO Message



HASHIMOTO Osamu

Representative Director
President & CEO

As the CEO, I am committed to pushing this company forward as a specialty chemicals corporate group that contributes to a sustainable future by steering an employee-led change in the corporate culture.

— New vision for the Mitsui Chemicals Group and my mission as CEO —

Creating a corporate culture that drives people into constantly seeking out new challenges as part of a truly global specialty chemicals company.

I became president in April 2020 when COVID-19 had just started to develop into a pandemic. Honestly, I felt that the timing was “auspicious” because I had already resolved to transform the Mitsui Chemicals Group and the dramatic global changes that COVID-19 brought and the ensuing need to adapt to those changes gave me a good cause to unite the Group around and propelled our evolution forward.

Since we announced the Long-Term Business Plan VISION 2025 in 2016, things have not always gone as we hoped they would, but I think it would now be safe to say that we have finally taken our first step away from our traditional position as a basic chemicals company and toward becoming a specialty chemicals company. Looking back at our performance since the announcement of VISION 2025 until now, operating income in our growth domains fell short of our initial expectations in the three years directly following the plan’s announcement, from fiscal 2017 to fiscal 2019. After accelerating the transformations in fiscal 2020, however, performance has been trending up, and our operating income before special items in growth domains topped 100 billion yen in both fiscal 2021 and fiscal 2022. Notably, our effort to restructure the Basic & Green Materials business segment has paid off with reduced volatility in performance. As such, we are now poised to be a truly

specialty chemicals company.

As mentioned above, I assumed the presidency while these business transformations across the Group were beginning to deliver on their promise. Looking ahead, the next mission for me is to change our corporate culture. We all know that that reshaping a corporate culture that has developed over many years takes longer than business transformations do. That said, I feel that the Group’s recent successes have fostered a climate that motivates our individual employees to take on new challenges with a more proactive, aggressive mindset. We are starting to see positive results from efforts geared toward the embodiment of “self-initiative, autonomy, and collaboration.” Two examples are a recognition system that commends employees who were brave enough to take on a challenge for the sake of it regardless of the outcome and a project where employees formed a task force to design the layout for an optimal working environment at the new Head Office. Ideally, Group-wide efforts to tackle new challenges will help us overcome difficulties and grow closer and closer to what we envision for ourselves. Before that we have to cope with business environments, which are expected to adversely affect the Group, and clear a host of other hurdles.

— Fiscal 2022: Business environment and performance —

Bolstering the Group’s strengths by seeing the adverse business environment as an opportunity.

The market environment in fiscal 2022 was a harsh one, particularly during the second half of the year. Coming off a period of relatively strong performance levels since fiscal 2021, we found ourselves grappling with factors ranging from the slow recovery in the Chinese market to a semiconductor shortage and sharp increases in the prices of raw materials and fuels. However, it is under such situation that we can clearly see the strength of individual businesses. So all we should do now is view the situation as an opportunity, look back on and remember how our previous strategies and investments have succeeded, and thoroughly analyze and assess our business portfolio. If we do all of these, we can keep growing into a company that charges confidently forward toward its goals in the face of whatever environmental changes may come our way.

While strong, healthy businesses will likely be able to withstand the difficulties ahead, the grueling business environment is also bound to expose weaknesses in some of our other businesses that lay hidden behind the solid results

going back to fiscal 2021. Shifts in the environment might also push certain businesses into “different” positions within the portfolio. Now here is what I say to the employees. Even if your business faces challenges that demand restructuring, do not just give up and resign yourself to that outcome but rather think hard about how you could go about changing that outcome—and then put that plan into action. Sports offer a great metaphor. Imagine a baseball team, for example. Not every player makes the top team; some have to go down to the minor leagues. Do players retire the moment they get sent down? No. Instead of giving up, they start working as hard as they can to earn a call-up and make the starting lineup. The same goes for a business. No business simply pulls out of the market right away. There is always the chance, too, that a business in a growth-investment position is beaten by competition and finds itself facing restructuring, opening up a spot for another business to take. That is why all of our businesses need to work to make one another better, identify issues to tackle with

metrics like ROIC and carbon footprints always in mind, and find solutions to the problems they face, a process that helps make the business portfolio stronger on the whole. The road there is by no means a smooth one, of course. The phase is a high-pressure one for not just the company but also its individual employees. How do baseball players develop the strength and physical skills they need to thrive?

— The VISION 2030 strategy: Looking toward the society of the future —

Accelerating business model transformation by leveraging technologies and internal and external collaboration.

Leading the way forward as we work to resolve issues emerging on the horizon is our Basic Strategy, consisting of pillars such as building solutions-based business models and bolstering circular economy initiatives. To bring these pillars of strategy to fruition, we will need to create a viable ecosystem by working with other companies. A perfect example of that collaboration is a current effort in which multiple members of industrial complexes are teaming up to shift to green chemicals by driving transformations in crackers. Given that cutting CO₂ emissions and shifting to green chemicals are now priority goals on a global scale, it only follows that members of the chemical industry should be working to create stronger frameworks for cooperation. In our efforts to build solutions-based business models, meanwhile, our core concept for creating and cultivating new business is to address social challenges in the areas of healthcare, food, and living environments. To that end, we are joining forces with research institutes, startups, and other partners to create digital technology-driven platforms for co-creation.

What gives us an edge in business model transformation—and an essential component of that process—is the technological prowess that we have honed over the course of our history. Specifically, there are three technologies that represent the engines of our growth on the road to 2030. The first one is the precision synthesis technology, which derived from coal chemicals, dating back to the launch of Mitsui Mining in 1912. The second one is the polymer science, rooted in the petrochemical operations that began in 1958 at Japan's first-ever ethylene plant. Joining those two core technology areas is a third one: the bio-related technology, which plays significant roles in the fields of healthcare, food, and living environments I mentioned earlier.

Our current technological situation, however, raises a question: Will they be enough to sustain us in 2050, in the future society that awaits? To help us find answers to that question, we established the Frontier Technology Center in 2021. The new organization is responsible for generating discussion and research on the technology that will be essential in enabling the Mitsui Chemicals Group to solve

They train, putting their bodies under strain and pushing themselves to a reasonable, effective limit. If our employees can get through the struggles they face now, I know that they will come out tougher and truly positive-minded. This is a crucial step in making VISION 2030 a reality—and a step we can only take in today's challenging business environment.

challenges in the future society of 2050. We have also created a new Office of Chief Technology Officer (CTO Office) and firmed up our policy of strengthening technology-driven efforts with a Group-wide reach in 2023. By pooling the Group's assets and expertise from a technological perspective, positioning the CTO as the project owner responsible for overseeing the use of human resources and technology beyond conventional business boundaries, and using that setup to nurture internal co-creation, we intend to explore and discover new business opportunities in growth domains.

Providing powerful support for these types of technology-driven R&D initiatives is corporate transformation through digital transformation (DX)—a pillar of our Basic Strategy. Management capabilities, including visualization and asset optimization, will be crucial to promoting efforts across the Group and maximizing output. Our Digital Science Lab.TM, scheduled to open in 2024, will bring together DX specialists to work on next-generation research and development using the Group's knowledge as a database in a high-performance computing environment. The new organization will work to develop a materials informatics method, which helps streamline the process of performing repeated calculations and experiments for the development of new materials and also facilitate tasks that used to rely on experience and flair of a seasoned engineer, such as exploring and identifying possibilities for new technology applications. At the same time, we are also driving progress on DX for our enterprise resource planning (ERP)—a mission-critical system for managing Group assets in an integrated fashion. Laying a strong foundation for visualizing data on everything from technology to intellectual property and human resources will help form organic connections among assets on a Group-wide and global scale. To make the most of these DX-oriented technologies, we are training data scientists across the Group in line with the target figure set as a key performance indicator (KPI). The goal for the years ahead is to create a linked web of data scientists in our business segments production/technology divisions, and other areas to transform ourselves into a more data-driven organization.

— Corporate value enhancement through integrating the financial and non-financial drivers —

Pursuing our ideal vision as a united Group by integrating our financial and non-financial drivers of value creation.

What matters most to enhance corporate value is to set and keep monitoring KPIs that allow us to clearly see what we need to do for value enhancement and what makes us judge whether or not we are doing the right things. Since setting and disclosing our non-financial KPIs a year ago, our performance on those metrics has met our immediate goals. That said, we will not let ourselves be content with that success. We will continue to review the situation, including whether the KPI levels are appropriate to begin with.

I used to feel that our conventional financial KPIs tended to end up being objectives for business divisions alone; for Group-wide goals, they were somewhat weak. Our non-financial KPIs, on the other hand, have direct links to our material topics and prompt progress that goes straight toward our overall Group vision for 2030. Going forward, I would like to make our employees fully convinced that corporate value is created by our business divisions and functional divisions working together. And this is only possible if we can visualize how our non-financial initiatives ultimately lead to profit and ROIC.

In 2023, we also began reflecting our non-financial KPIs in our formulas for determining executive compensation. Not only will that encourage management to discuss the appropriateness of the non-financial KPIs at a deeper level, but it will also help make both financial and non-financial elements integral parts of management's decision-making process. In terms of corporate governance as well, I believe this is a crucial step in bringing outside directors, inside directors, and the rest of the executive members together to manage the Group in a way that integrates financial and non-financial drivers of value creation.

Our Blue Value™ and Rose Value™ products and services exemplify the fusion of financial and non-financial elements. Since 2023, we have disclosed the gross profits in addition to the sales revenue ratios for these products and services. Blue Value™ and Rose Value™ products not only contribute to solutions to social challenges but also deliver high profit ratios. By increasing their sales revenue ratios, therefore, we generate social value together with financial value—and that adds to our corporate value in turn. In a similar vein, we are also working to increase employees' engagement scores not as an end in itself but rather as a means of improving our organizational capabilities—like boosting the process of creating new products and businesses in new business areas. With higher engagement scores, then, comes an increase in corporate value. We will continue to unite the Group around the idea of linking our non-financial initiatives to performance.



— Momentum of the third wave toward a sustainable future —

Becoming a first mover in green chemicals while recognizing our responsibilities as a chemicals company and embracing the Group's legacy.

As the world focuses more and more on achieving carbon neutrality and bringing about a circular economy, one topic that the Group will inevitably need to address is its naphtha crackers. Although they emit considerable amounts of CO₂, naphtha crackers are also key facilities in petrochemical operations and sit at the top of the stream in product manufacturing for industries of all kinds—giving them an essential role in society. The Mitsui Chemicals Group thus has to fulfill its supplier's responsibility using those naphtha

crackers but also cut its CO₂ emissions, another social demand. To do that, we are currently developing a value chain that includes a shift to bio-based raw materials and fuels at the very start of the process, chemical recycling and mechanical recycling at the end, and everything in between. The effort plays directly to our strengths as a Group, and I think it also represents a responsibility we must carry out.

The process of building that ecosystem also hinges on collaboration with other companies in regional initiatives.

In 2023, we began constructing a framework for securing bio-based raw materials and utilizing clean ammonia through coordination with multiple companies at the industrial complexes where our Ichihara Works and Osaka Works—both plants with naphtha crackers—are located. While it will not be easy to address the many issues that remain, we are committed to making this important shift a reality. One reason is that we have a responsibility to live up to as a chemical company that emits CO₂ in manufacturing plastic. The second reason is that the initiative gives us the opportunity to leverage our strengths in chemicals in contributing toward solutions to social challenges. The Mitsui Chemicals Group has a history of embarking on bold endeavors, using its entrepreneurial spirit to venture into coal chemicals as the first generation of our business, and into petrochemicals as the second generation. Green chemicals represent the third generation, a context where our legacy of taking on challenges will shine.

Of course, we will need to have a solid grasp of changes in public consciousness in order to make sure that these

green chemicals take root in society. In Europe, extensive environmental education has nurtured a social climate where consumers are generally willing to pay extra for eco-friendly products. Japan is not fully to that point yet, and it might take a while for the social tide to get there. Whether Japan can make that transition will depend on not just the corporate community but also government support and a host of other factors, but the Mitsui Chemicals Group is not willing to just sit by and wait for change to come—we will actively market our bio-based products and other items, cut costs, and work to provide added value that goes beyond the price premium. Products that put environmental contributions front and center will probably eventually see a boom in sales. When that happens, the key for us as a chemical company will be to keep offering products that have a solid basis in scientific evidence—not “greenwashing” our lineups by claiming environment-friendliness for products with little positive impact. That kind of consistency and integrity is our mission, I believe.

— Toward a corporate group that spearheads change and lives up to stakeholder expectations —

Becoming what we aspire to be by putting employees at the center of our efforts for transformation.

Going back to what I mentioned before, we need to remember that the process of significant change currently underway at the Mitsui Chemicals Group puts substantial pressure on the people in the field. Our employees are the ones who take the policies that management has laid out and put them into practice in the field. If management fails to hold up its end of the bargain with monitoring and support, people in the field get exhausted: baseball players are placed on an injured list, to borrow my earlier example. My job is to keep that from happening by maintaining a perspective on the big picture, implementing things in a balanced, well-paced way, and directing the effort along the growth trajectory.

The core drivers of transformation are our employees. To make sure they propel that progress the right way, I and the rest of the management team need to provide support the right way. Instead of dividing people on the idea side and the execution side, a work specialization framework that characterized the mass-production era, we have to help every employee in our value-creation structure to think and

act on their own, take on challenges, learn from mistakes, and keep that cycle going.

Drawing a clear connection between individual employees' endeavors to try new things and the Group's actual growth and performance will make employees more confident. As that confidence turns into more individual action, the corporate culture will start to change. Those transformations will bring us closer to both the vision we have for the Mitsui Chemicals Group and our targets for 2030.

All these measures and policies ultimately lead to enhancing our corporate value, which I believe will enhance the value we provide to our shareholders and other stakeholders. I also know, however, that we still have work to do in bringing people on board and convincing everyone of the benefits that await. We will continue to engage in dialogue with all of our stakeholders and deliver solid performance, doing everything in our power to inspire more hopes, expectations, and support for our efforts to grow and realize the vision of the Mitsui Chemicals Group.

An essential part of the Mitsui Chemicals Group

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A History of Solving Social Challenges through Technology and Business Transformation

- Establishing a solid customer base for diverse products and applications through technology innovation and accumulation

Precision synthesis technology derived from coal chemicals

We started our business by making fertilizer from exhaust gas produced as a byproduct of the coal business. Since then, we have honed our precision synthesis technology in the course of creating various products.

- **1912**

Started operations at Mitsui Mining's Omuta Works

- **1915** First in Japan

Industrialized synthetic dye alizarin

Utilizing anthracene oil, which had previously been an impurity generated in the production of coke, we developed a process for making alizarin as the first synthetic dye in Japan. As this development was unprecedented in Japan, we drew on overseas research for the development and became a pioneer in the industrialization of synthetic dye in Japan.

- **1932**

Started production of synthetic dye indigo

Amid a suspension of imports in the aftermath of World War I, we succeeded in developing indigo as a domestic dye that was more cost-competitive than overseas products thanks to our many years of research and experiments. Later, we also went on to respond to increased demand caused by the jeans craze of the 1970s.

- **1987**

MR™

In the 1980s, when glass lenses were the mainstream for eyeglasses in Japan and we had no technology or expertise in lens material development, we created the MR-6™, a durable and high refractive index material, by utilizing our forte in polyurethane resin technology. Since then, the MR™ series has been evolved by developing products that, for example, feature higher heat resistance, UV protection, and the use of environmentally friendly plant-derived raw materials.

▶▶ P. 25

TREBON™

By utilizing methods that defy conventional wisdom and conducting rigorous testing, we developed TREBON™, a low fish toxicity insecticide that can be used in rice paddies, contributing to Japanese agriculture. We have since continued to pursue food security around the world through products such as STARKLE™, developed thanks to the challenges taken on by young researchers, and TENEBENAL™, developed in collaboration with a global chemical manufacturer.

▶▶ P. 25

Polymer science to meet varied customer needs

We have cultivated our polymer science by developing resins to meet various needs, mainly with our cutting-edge polyolefin technology.

- **1958** First in Japan

Ethylene plant operations came online
(Japan's first petrochemical complex)

- **1975**

TAFMER™

TAFMER™, which was developed in the process of EPT (synthetic rubber) research, has contributed to automotive lightweighting as a modifier to improve impact resistance of polypropylene bumpers and other materials. Now, it is supporting people's living in various ways, such as contributing to the spread of renewable energy through its use in solar cell encapsulants.

▶▶ P. 26

- **1986**

Established Advanced Composites, Inc.

In order to meet the demand for PP compounds, a key contributor to automotive lightweighting and cost savings, former rivals Mitsui Chemicals and Ube Industries, Ltd. established Advanced Composites, Inc. as a joint venture. The company achieved one of the largest production volumes in North America, leading to a subsequent expansion of market share.

▶▶ P. 26

- **1987**

ICROS™ Tape

With no semiconductor manufacturing equipment and no track record as a tape manufacturer, we took advantage of our expertise in adhesive resins and water-based adhesives to develop this tape for semiconductor wafers. It has earned a high reputation as a product that contributes to the high functionality and efficiency of PCs and other electronic devices, and boasts the top share in the global market.

▶▶ P. 26

- **1995**

APEL™

Following the development of various applications such as automobiles, home appliances, and CD substrates, the multifunctional transparent resin APEL™ has gained the largest share in the global market as a DVD pickup lens material. Since then, we have continued to explore opportunities in a wide range of markets, including camera lens materials for smartphones, automotive sensors, and medical applications.

▶▶ P. 27

Manufacturing process technology

The bedrock of our strong competitive advantage

Through a process of developing and improving various manufacturing methods over the course of our long history, we have continued to raise the level of our technology so that we can stably manufacture high-quality products at low cost.

Contributing to social development

— Supporting a breakthrough in the chemical industry with the construction of Japan's first petrochemical complex —

After the Second World War, when coal chemical products were still predominant in Japan, synthetic resins and synthetic rubbers began to be imported from the U.S., and domestic production of petrochemical products was promoted as a national policy. Against this backdrop, Mitsui Petrochemical Industries was established in 1955 through a joint investment by Mitsui Chemical Industry and seven other companies. In 1958, we constructed Japan's first integrated petrochemical complex, which underpinned the subsequent development of the electrical, electronics, and automobile industries and led the country through a period of rapid economic growth.



The birthplace of petrochemical industry
Iwakuni-Ohtake Works (1962)

Since **1912**: A history of technology innovation

Contribution to solving social challenges

Eye health management and disease prevention through improved quality of vision (QOV)

Stable supply of safe and secure food

Main products

MR™
(ophthalmic lens materials)

TREBON™
(etofenprox)

STARKLE™
(dinotefuran)

Main applications

Plastic ophthalmic lens materials

Insecticides

Market share

No.1
in the world
(Share: 45%)

No.2
in Japan

Contribution to solving social challenges

Automobile lightweighting
Spread of renewable energy

Automobile lightweighting

Increased functionality and efficiency of electronic equipment

Contributes to digitalization as a lens material for various IT devices

Contributes to the reduction of plastic waste as a highly functional packaging material

Main products

TAFMER™
(alpha-olefin copolymer)

Polypropylene compounds

ICROS™ Tape

APEL™
(cyclic olefin copolymer)

EVOLUE™
(metallocene linear low density polyethylene)

Main applications

Auto bumper and instrument panel materials
Solar cell encapsulants

Auto bumper and instrument panel materials

Semiconductor manufacturing process tapes

Smartphone camera lens materials

High-performance packaging materials

Market share

No.2
in the world

No.1
in Asia

No.2
in the world
(Share: Approx. 20%)

No.1
in Asia

No.1
in the world

No.1
in the world
(Share: 50%+)

No.1
in Asia

Contributing to increased production efficiency — Energy-efficient production of high-performance products through processes utilizing metallocene catalysts —

We were the first in the world to commercially produce polyolefins via metallocene catalyst-based processes, which started with the successive construction of dedicated TAFMER™ and EVOLUE™ plants at the Ichihara Works in 1997. Processes utilizing metallocene catalysts are able to achieve more energy-efficient production of high-performance products than before. Using this as the mother technology, we continue to improve the development and production efficiency of high-performance polymers by refining catalyst development, polymerization technology, and material design. Our production sites are not limited to Japan—we are expanding with the construction of new plants in Singapore (4TF, 5TF, 2MX) and China (SSME). Currently, we are constructing a new 6TF plant in Singapore to increase capacity to achieve VISION 2030.

We are also expanding our performance compounding process globally based on the strategy of local production for local consumption, while developing and improving production technology and material design with our domestic production bases as mother plants.

A History of Solving Social Challenges through Technology and Business Transformation

— Transforming to a business portfolio that enables sustainable growth

Concentrating on growth domains

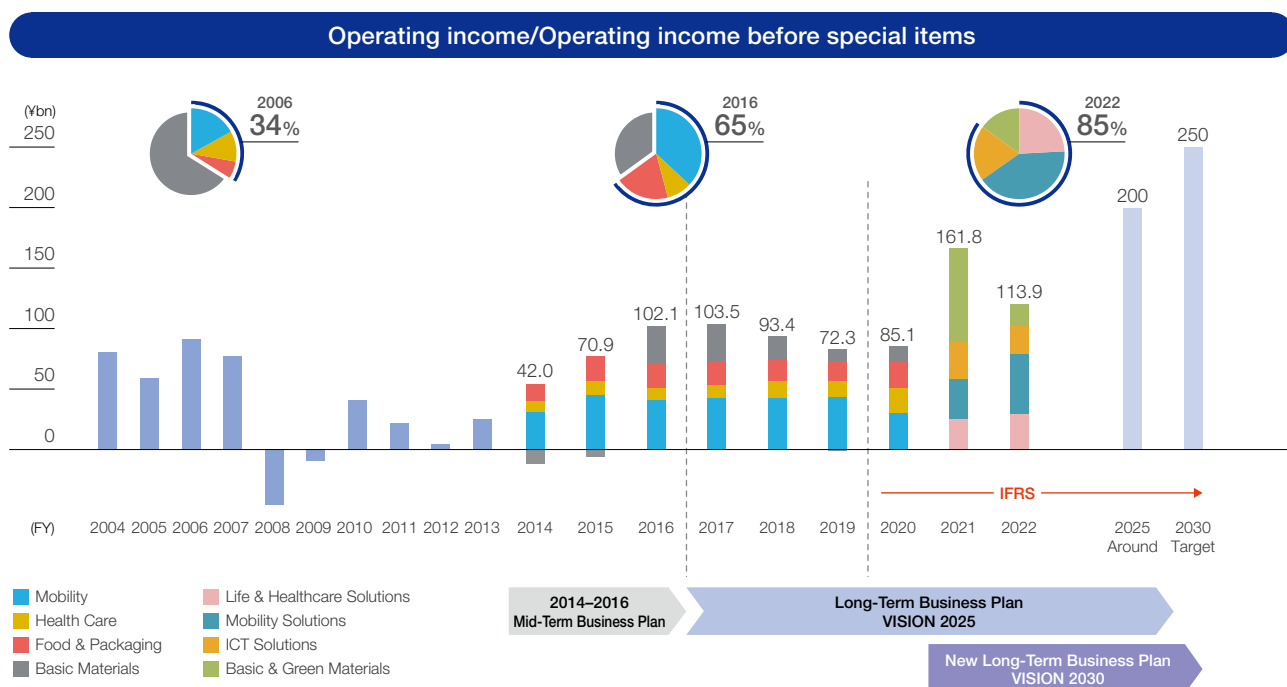
The Mitsui Chemicals Group has formulated its mid-term* and long-term business plans based on a clear understanding of changes in the internal and external environment and the social challenges it should help address through its business activities. We have steadily pursued strategies toward these goals and continued to grow our business.

Following a period that reported net loss in three consecutive years (fiscal 2011 through 2013), the Group developed strategies for each business so that it could achieve growth in fiscal 2014 and onward in areas of higher specialization that would be less susceptible to market environments. Since then, the entire Group has made concerted efforts to propel restructuring in the commodities field and drive Group-wide portfolio transformations.

Conditions remained grueling in fiscal 2016 through 2020, but the Group pressed on with further measures. Working toward their targets, our businesses tirelessly drove expansion and strove for profit growth. Such efforts paid off with the rate of profit contribution of growth domains increasing from 65% in fiscal 2016 to 85% in fiscal 2022.

Determined to maintain that momentum, we will continue to pursue the business portfolio transformations in hopes of rolling out a social issue perspective in all of our businesses and achieving growth by expanding and deep diving into our business domains.

* Instead of formulating mid-term business plans, we now review strategies on an annual, rolling basis to revise our business plans for the next three years.



Review of past business plans

		2014–2016 Mid-Term Business Plan		
Basic Strategy	<ul style="list-style-type: none"> Complete the restructuring of the bulk and commodity product businesses Expand earnings by recouping growth investments Concentrate management resources in targeted business domains 	<ul style="list-style-type: none"> Accelerate the creation of new business and products Improve and strengthen the Group's financial structure 		
Review	<ul style="list-style-type: none"> Implemented 70 billion yen in growth investments over the three-year period from FY2014 to FY2016. Increased operating income in three target domains* from 47.0 billion yen in FY2013 to 71.4 billion yen in FY2016. * Mobility, Health Care, and Food & Packaging 	<ul style="list-style-type: none"> Implemented structural reform in the Basic Materials segment. Examples of restructuring measures from 2013 to 2016: Withdrawal from Keiyo Ethylene, termination of operations at three commodity polyolefin plants and three phenol plants, closure of Kashima Works 		
Main KPIs and achievement status		Achievement status	Result (2016)	Target (2016)
	Operating income	Achieved	¥102.1bn	¥60bn
	Net income	Achieved	¥64.8bn	¥30bn
	Net sales from new businesses/products*	Not achieved	¥75.0bn	¥100bn
		* Total net sales from new businesses/new products launched from 2012 to 2016		
Issues identified	Target for net sales from new businesses and products for the period was not achieved due to delays in their development. Achieving a portfolio transformation and reducing the volatility of the Basic Materials business remained a challenge.			

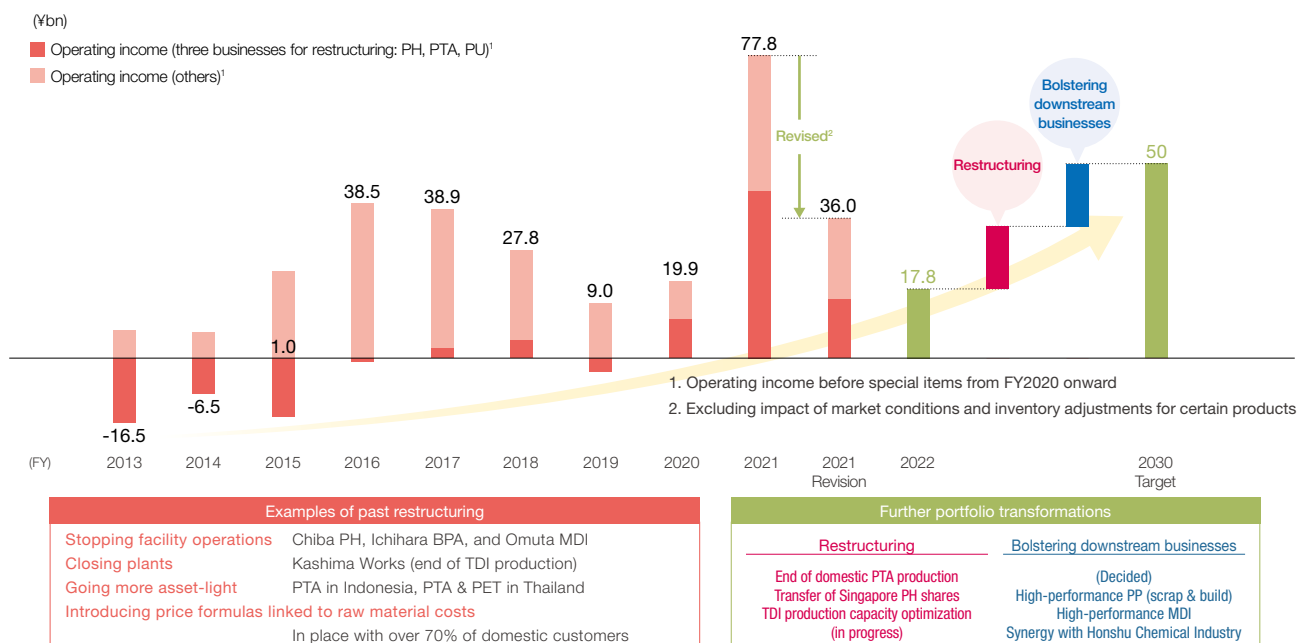
Since 2000 onwards: Progress on business transformations

Structural reforms in the Basic & Green Materials business

We have implemented bold business restructuring by closing and downsizing plants, or stopping facility operations, for commodity product businesses with high export ratios like phenols, purified terephthalic acid, and polyurethane materials through portfolio transformations, thereby securing stable profits.

In addition, we have introduced a formula method to automatically link changes in raw material costs to product prices in an effort to improve our resilience against fluctuations in market prices. As a result, our performance volatility in the basic materials field has improved dramatically. Going forward, we will further strengthen our measures to restructure and downsize low-profitability businesses and optimize cracker capacity in line with demand so that we can propel progress on further restructuring through enhancing our competitiveness at petrochemical complexes, thereby improving our capital efficiency. We will also continue to promote a shift toward green chemicals as we work to lead a Group-wide circular economy revolution.

Securing stable profits through portfolio transformation



Long-Term Business Plan VISION 2025

- Pursuing innovation (shifting to a customer-driven business model)
- Accelerating global expansion
- Strengthening the competitiveness of existing business

- Although the percentage of operating income before special items in the three target domains has increased compared with FY2017, profit levels have remained largely unchanged at around 73 billion yen.
- While promoting restructuring efforts made the Basic Materials business segment less volatile, favorable conditions in the phenols market pushed profits to a record high in FY2021.

	Result (2018)	Result (2021)	Target (2025)
Operating income/Operating income before special items	¥93.4bn	¥161.8bn	¥200bn
Net sales	¥1,482.9bn	¥1,612.7bn	¥2,000bn
ROIC	6.0%	8.7%	8% or more
Blue Value™ products sales revenue ratio	16%	18%	30%
Rose Value™ products sales revenue ratio	13%	20%	30%

We are still only partway through our portfolio transformation, and we believe that it is essential to further increase resistance against market fluctuations. In addition, we must further accelerate the implementation of our growth investments in accordance with changes in the business environment.

A Business Portfolio that Leverages Technology for the Future



Life & Healthcare Solutions

Contributing to improved quality of life and the assurance of food safety and security by offering solutions that support life, health, and comfortable lifestyles

Business domains

- Life care solutions
- Wellness solutions
- Medical solutions

Key products

Plastic ophthalmic lens materials, materials for disposable diapers, masks, and medical gowns, insecticides, fungicides, oral care materials, and others

Pick Up

Accelerating the global expansion of agrochemical products

- We are pushing forward with overseas sales expansion, with a focus on insecticides dinotefuran and TENEBENAL™.



FY2022 results

Sales revenue **¥258.2bn** Operating income before special items **¥29.2bn**



Mobility Solutions

Providing unique materials, features, and services to help solve social challenges and achieve sustainable business growth

Business domains

- Materials business
- Solutions business

Key products

Auto bumper and instrument panel materials, solar cell encapsulant sheets, and others

Pick Up

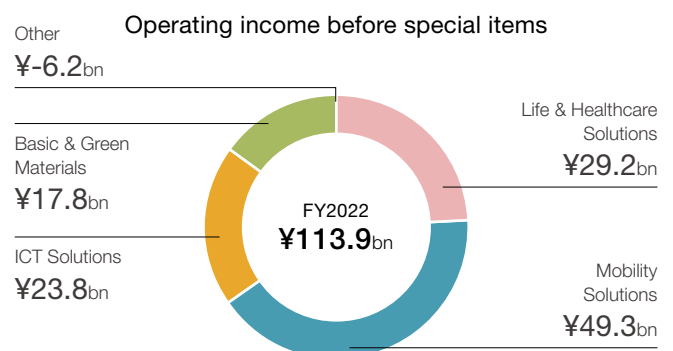
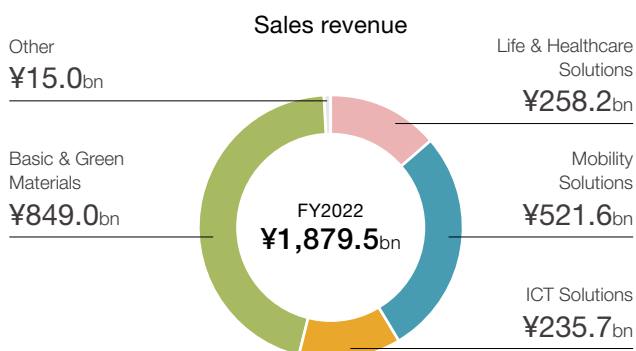
Developing TAFMER™ for use in solar cell encapsulants

- TAFMER™, which boasts the top market share as an automotive material, is being increasingly adopted for use in the rapidly expanding solar cell market.



FY2022 results

Sales revenue **¥521.6bn** Operating income before special items **¥49.3bn**



2022 – Aiming to be a Chemical Group that Creates an Ideal Future Society



ICT Solutions

Creating and growing a “unique” ICT Solutions business that contributes to the evolution of AI, beyond-5G, and other such technologies that can support safe and pleasant infrastructure, healthy living, and a sustainable global environment

Business domains

- Semiconductor & assembly solutions
- Imaging solutions
- Battery material solutions
- Converting solutions

Key products

Tape for semiconductor manufacturing process, industrial films and sheets, smartphone camera lens materials, dust covers for photomasks, high-performance packaging materials, packaging films, and others

Pick Up

Aiming to be the world's No. 1 diversified pellicle manufacturer

- We are expanding business by acquiring FPD and other pellicle businesses in addition to our own pellicle business in the cutting-edge fields (LSI and EUV), and working to develop new products and hone our technologies.



FY2022 results

Sales revenue **¥235.7bn** Operating income before special items **¥23.8bn**



Basic & Green Materials

Accomplishing business restructuring as well as leading the Mitsui Chemicals Group's efforts to bring about a circular economy revolution with the aim of reducing environmental impacts and realizing a decarbonized society

Business domains

- Petrochemicals
- Basic chemicals
- Polyurethane raw materials

Key products

Polyolefins and others

Pick Up

Accelerating promotion of green chemicals

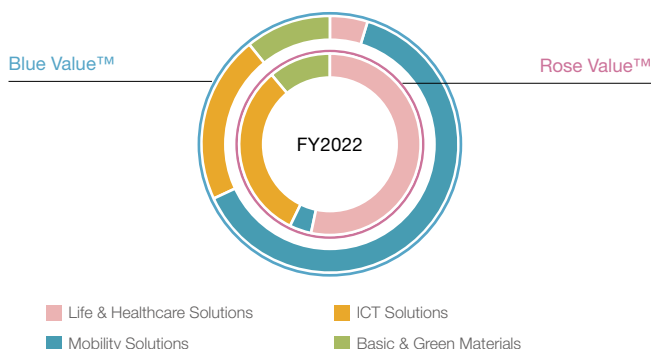
- We introduced Japan's first bio-based hydrocarbons and will expand our bio-based products.



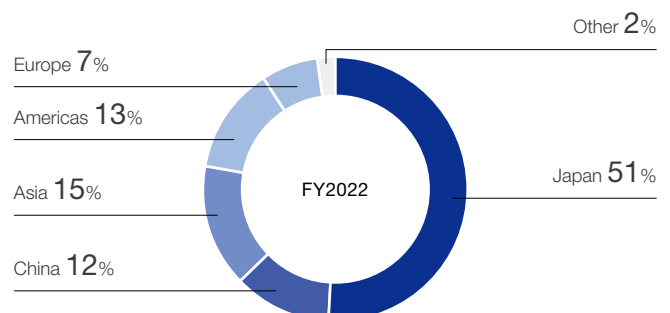
FY2022 results

Sales revenue **¥849.0bn** Operating income before special items **¥17.8bn**

Sales revenue composition by business segment of
Blue Value™ and Rose Value™ products



Sales revenue by region



Corporate Mission

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



Action Guidelines and Core Values

Action guidelines for realizing the sustainable development of society and the company through efforts to contribute to stakeholders

The three pillars of the Action Guidelines are: “Always in good faith,” “For people and society,” and “Dream-inspiring innovation.”

“Always in good faith” forms the basic premise of our corporate existence.

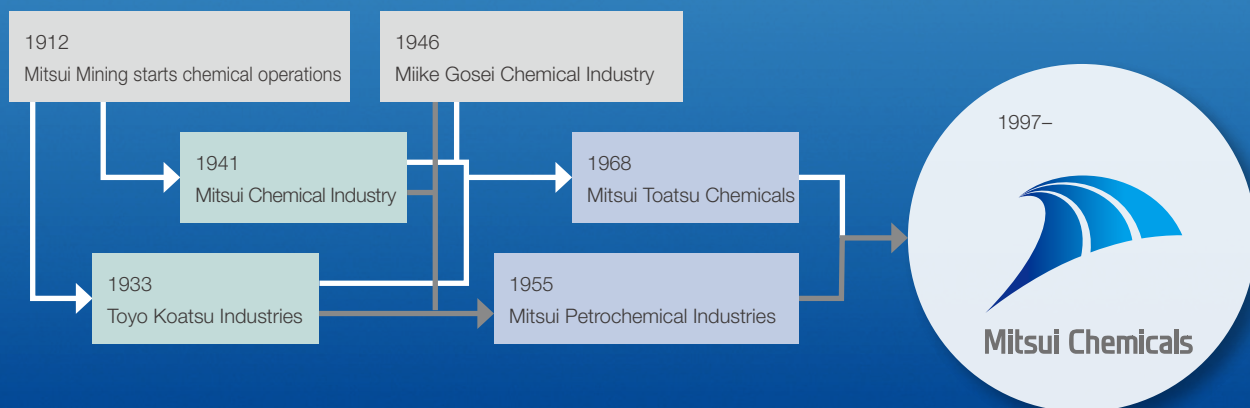
Meanwhile, “For people and society” represents our attitude of respecting all stakeholders.

“Dream-inspiring innovation” was formulated based on the infinite possibilities of chemistry, which can create something out of nothing, and the voices of our employees who wish to make the Mitsui Chemicals Group a company with hopes and dreams, and one that they can be proud of.



Mitsui Chemicals’ core values etched in history Challenge, Diversity, and One Team

The core values of the Mitsui Chemicals today were shaped by our history going back to the coal chemical business of Mitsui Mining in 1912, where multiple companies joined forces to pursue solutions to social challenges through various chemical businesses.



Corporate Target

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

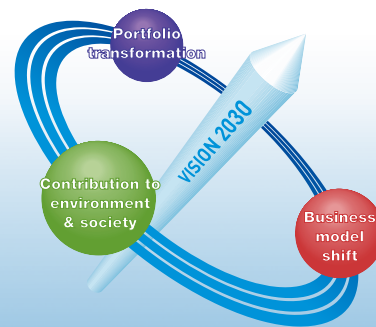
When establishing our new Long-Term Business Plan, VISION 2030, we revised our Corporate Target for the next 15 to 20 years. With this revision, we return once again to our purpose of solving challenges faced by society, and redefine our direction going forward.

Tackling a wide range of social challenges arising from accelerating environmental changes, we will continuously provide solutions making full use of the power of chemistry—the very thing that allows us to create diverse value.

Our Ideal Vision for 2030

Chemistry for a Sustainable World

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



Ideal Future Society

We have defined the ideal future society as “a circular society in harmony with the environment,” “a comfortable society in which people can enjoy healthy lives and well-being,” and “an inclusive society creating diverse value.”

In order to realize such a society, we have identified material topics that should be addressed, and incorporated them into the Basic Strategy of VISION 2030.

A circular society
in harmony with
the environment



Based on our Corporate Mission of keeping in “harmony with the global environment,” we aim to realize “a circular society in harmony with the environment” through the provision of products and services that contribute to reducing environmental impact and effectively utilizing resources.

A comfortable society in
which people can enjoy
healthy lives and well-being



Based on “Promoting human well-being,” one of the five social contribution areas of our Corporate Mission, we aim to realize a “a comfortable society in which people can enjoy healthy lives and well-being,” through the provision of products and services that contribute to improving the health, well-being, and comfort in the lives of the people from all walks of life, even in the face of various changes in the environment.

An inclusive
society creating
diverse value

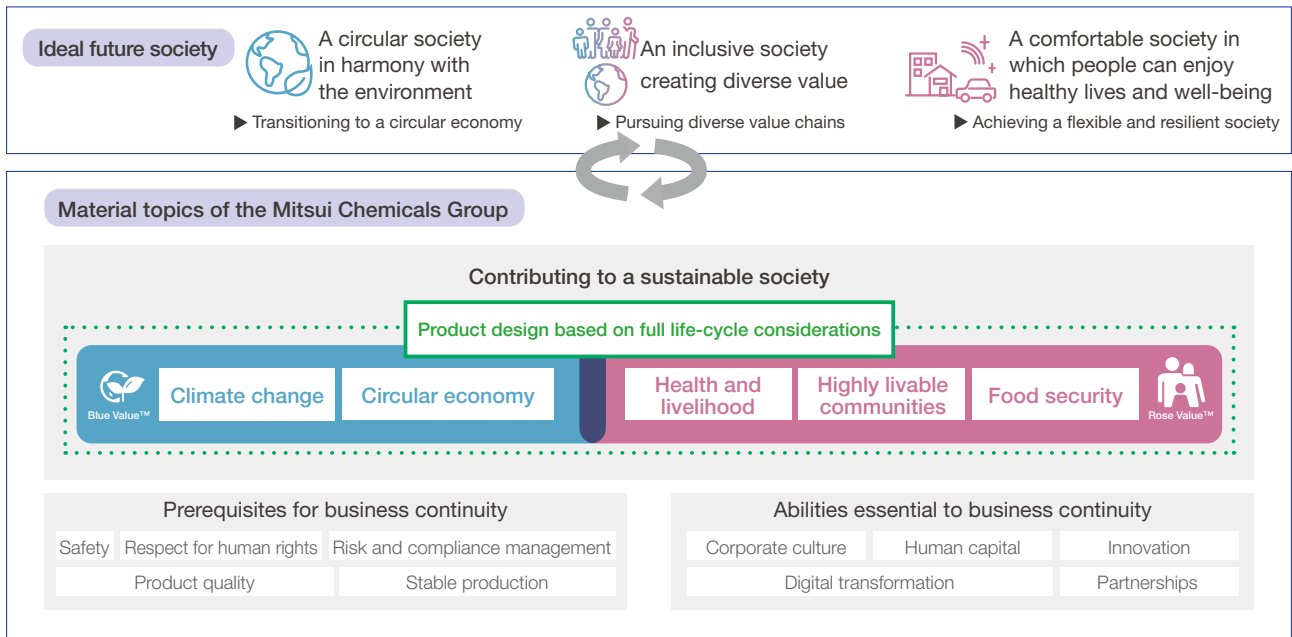


In order to fulfill our mission of “contributing to society through innovation and the creation of materials,” as set forth in our Corporate Mission, we will create new value by sparking chain reactions through recognizing and utilizing diversity, the source of innovation, thereby aiming to realize “an inclusive society creating diverse value.”

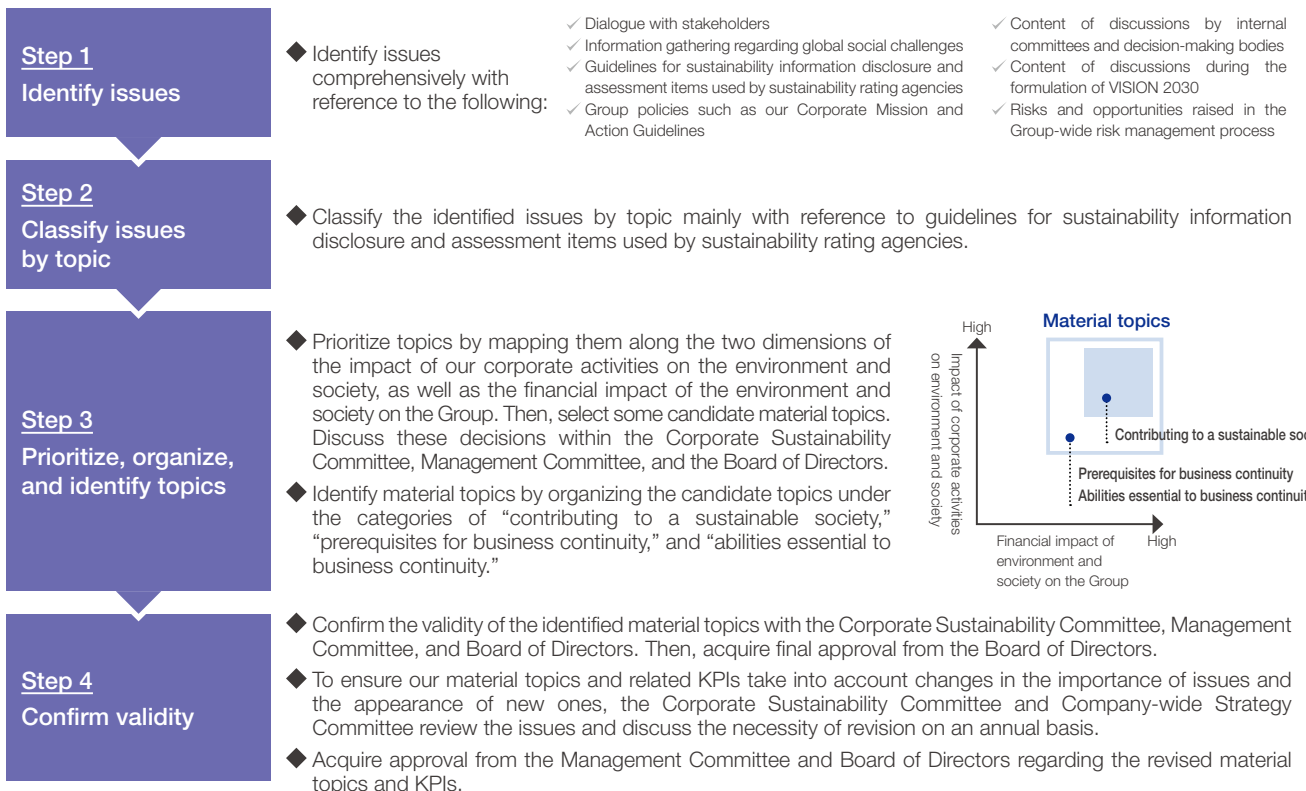
Material Topics for the Realization of an Ideal Future Society

In VISION 2030, the Mitsui Chemicals Group redefined its ideal future society from the standpoints of transitioning to a circular economy, pursuing diverse value chains, and achieving a flexible and resilient society. In order to achieve this, we identified the topics material to our business. The identified material topics are the premise of our Basic Strategy for VISION 2030. We will also monitor key performance indicators (KPIs) related to our material topics as non-financial metrics for VISION 2030, and will ensure that they translate into steady improvement of our corporate value.

▶▶ For more information on non-financial metrics, see P. 41.



Our materiality process



Contributing to a sustainable society

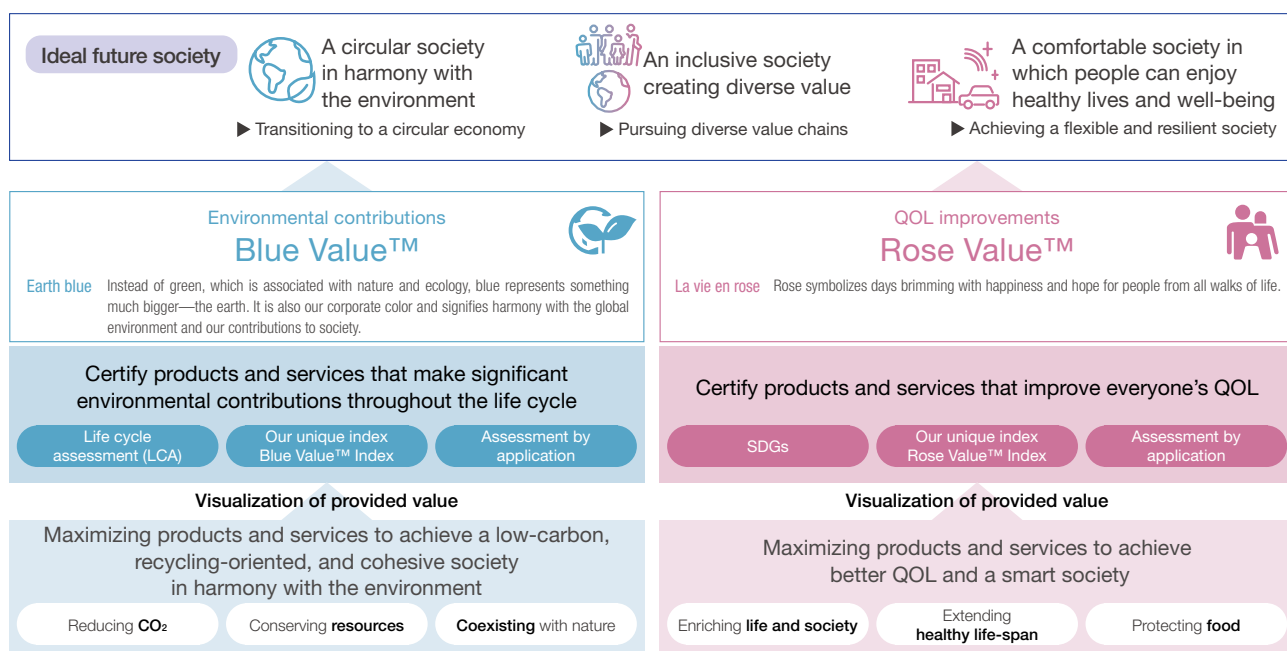
🕒🕒 Opportunities ●● Risks (Examples)

Product design based on full life-cycle considerations	Issues	Due to the intricately intertwined nature of social challenges, we need to adopt a big-picture approach when tackling them. Therefore, our business activities need to take into account the environment and society throughout the entire product life cycle, from raw material procurement, processing, and usage, to disposal and recycling.
	Challenges	The Mitsui Chemicals Group aims to capture new business opportunities and help solve social challenges by cooperating with industry, government, and academia, and by designing businesses that recognize and consider the impact on the environment and society throughout the full product life cycle.
Climate change	Issues	In order to achieve the globally shared long-term goals set forth in the Paris Agreement, the realization of carbon neutrality throughout society is imperative, and efforts to achieve a decarbonized society (climate change mitigation) must be accelerated. There is also a need to adapt to environmental changes, such as the intensification of natural disasters caused by climate change.
	Challenges	We aim to achieve carbon neutrality by 2050, by reducing greenhouse gas (GHG) emissions within our Group, and working to decarbonize the entire value chain, including all products and services. Furthermore, in order to respond to storms, flooding and droughts, which are expected to increase due to climate change, we will conduct water risk assessments, and strive to use water resources appropriately and preserve the water environment.
		<ul style="list-style-type: none"> 🕒● Shift to EVs, renewable energies becoming mainstream 🕒● Transition to renewable raw materials 🕒● Increased demand for low-carbon and decarbonized products and technologies 🕒● Increased demand for products that support disaster prevention/mitigation, infection control, etc. ● Tightening of regulations such as restrictions on GHG emissions and carbon taxes ● Decreased demand for products with high environmental impact ● Shortage and depletion of water resources ● Damage to production sites from storms and flooding ● Supply chain interruptions
Circular economy	Issues	As the world's population grows and global economic activity increases, conventional linear economic activities, based on the premise of mass consumption and disposal of resources, are placing a heavy burden on the global environment. In addition, the garbage problem caused by improper disposal of waste has led to the loss of natural capital. Cooperative and collaborative efforts are required across society as a whole, in order to facilitate the transition to and strengthen support for a "circular economy," which enables greater environmental and social sustainability.
	Challenges	We are working to enlarge and widen the circle of the circular economy through the development of new materials, recycling systems, and value chains, in order to expand our product lineup of bio-based chemicals and bio-based plastics, promote their usage across society, and accelerate the recycling of plastic resources.
		<ul style="list-style-type: none"> 🕒● Increased opportunities for solutions business that take an ecosystem perspective 🕒● Increased demand for resource conservation and recycling technologies 🕒● Increased importance of traceability throughout the product life cycle ● Tightening of regulations on use of single-use plastics and decreased demand for plastics ● Tightening of regulations/international standards related to natural capital ● Increased risk of litigation arising from extended producer responsibility, etc. ● Reputational damage due to shift in consumer sentiment
Health and livelihood	Issues	Health is a fundamental human right, and good health forms the basis of social activities. Therefore, efforts are needed to create a society where each and every person can lead a fulfilling life.
	Challenges	We aim to support the realization of well-being by providing products and services that contribute to universal health coverage*, including vision care, dental care, medical supplies, hygiene products, and universal design products. * Universal health coverage: All people can access appropriate health promotion, prevention, treatment, and rehabilitation services at an affordable cost.
		<ul style="list-style-type: none"> 🕒● Increased demand for products in mobility, medical equipment, pharmaceutical packaging materials, ICT fields, and residential construction materials in line with growing demand for healthier and more affluent lifestyles for all 🕒● Increased demand for services/products that support participation in society by all people regardless of age, gender, race, disability, etc. 🕒● Growing needs for comfortable and safe lifestyles and support for pre-symptomatic illness, in addition to measures concerning illness and health 🕒● Increased demand for products that improve hygiene and prevent the occurrence and spread of infectious diseases ● Uncertainty due to the VUCA era ● Increased risk of litigation in the health care and medical sectors
Highly livable communities	Issues	In order to continue providing a sense of safety and security in people's lives, there is a need to develop communities that are durable, adaptable, and able to respond to changes in the natural environment and the population structure.
	Challenges	We aim to contribute to the building of resilient communities that can flexibly respond to any type of change, by expanding our lineup of products and services that contribute to disaster prevention and mitigation, the extension of infrastructure lifespan, and the strengthening of networks.
		<ul style="list-style-type: none"> 🕒● Increased demand for smart and resilient community development in accordance with population size (community ICT/infrastructure improvements) 🕒● Increased demand for products that support disaster prevention/mitigation, infection control, etc. ● Recruitment and training of personnel for an advanced ICT society
Food security	Issues	Food shortages due to poor harvests and supply chain disruptions, which are caused by climate change and international conflicts, have become a social issue. Furthermore, particularly in developed countries, there is a need to address food loss and waste that occur in supply chains and households.
	Challenges	We are working to innovate agrochemicals and agricultural technology, as well as to improve food packaging products. By improving food productivity and ensuring safety and stability in food distribution, we aim to contribute to the reduction of food loss and food waste, and to the assurance of food security*.
		<p>* Food security: A state in which all people have physical and economic access to sufficient, safe, and nutritious food at all times</p> <ul style="list-style-type: none"> 🕒● Response to improvement of food preservation/distribution technologies (cold supply chains, etc.) 🕒● Increased demand for products and services that contribute to stable production and supply of food, as well as to reduced burden on workers 🕒● Development of new technologies and expansion into new markets through collaboration with food and beverage manufacturers 🕒● Increased demand for packaging containers that contribute to reduced food loss/food waste ● Tightening of regulations on agrochemicals and food packaging materials

Blue Value™ and Rose Value™: Visualizing Contributions to the Environment and Society

The Mitsui Chemicals Group's Blue Value™ and Rose Value™ help visualize the contributions our products and services make to the environment and society and enable us to share those values with stakeholders. We have established Blue Value™ and Rose Value™ to respectively represent environmental contributions and quality-of-life (QOL) improvements embodied by our products and services. We assess and review products using our unique Blue Value™ and Rose Value™ indices, and certify those that make significant contributions as Blue Value™ and Rose Value™ products, respectively.

We also believe Blue Value™ and Rose Value™ inform our efforts toward addressing the following material topics of our Group, which were set in order to realize our ideal future society: climate change, a circular economy, health and livelihood, highly livable communities, food security, and product design based on full life-cycle considerations. By maximizing our contributions throughout the entire product life cycle through expanding and providing Blue Value™ and Rose Value™ products and services, we hope to achieve corporate growth for the Group and realize our ideal future society.



Examples of Blue Value™ & Rose Value™ products

Blue Value™ products			Rose Value™ products											
Basic & Green Materials Exhaust gas reduction and weight reduction AdBlue™* 			Use of bio-based raw materials Bio-based hydrocarbon derivatives ECONYKOL™ 		Vision correction and comfort Do Green™ MR-174™ 		Comfort and fit MR™ 		For water purifier filters SYNTEX™ 		Stable production STARKLE™ TENEBENAL™ Mosquito control VECTRON™ 			
Nextyol™ 			ICT Solutions Reduction of battery material manufacturing loss HI-ZEX MILLION™ 		Mobility Solutions Paintless auto parts and weight reduction PP compounds MOSDIO™ 		Disaster prevention and mitigation Geopool 		Toughness Coat™ 		Mitsui Gas Pipe System 		Prevention of oil dispersion TAFNEL™ Oil Blotter™ 	
Power generation diagnostics and power generation loss reduction Diagnostics and consulting services for solar power generation plants SOLAR ASCE™ 			Reduction of semiconductor manufacturing loss and environmental impact Mitsui PELLICLE™ 		TPX™ 		ICROS™ Tape 		Ultra-compact and high image quality APEL™ 		Maintaining medicinal product quality 		Easy-open and keep-fresh films CMPS™ SPASH™ 	

* AdBlue™ is a trademark of the VDA (Verband der Automobiindustrie).

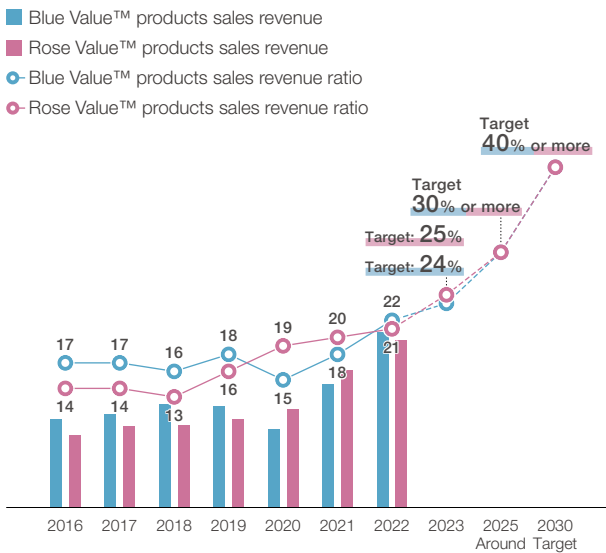
Incorporating into business strategy

In VISION 2030, we set the sales revenue ratios of Blue Value™ and Rose Value™ products as non-financial metrics, with their targets both set at 40% or more. In order to encourage proactive investment that will lead to the growth of sales of Blue Value™ and Rose Value™ products and services, we have also created a mechanism for reflecting ESG elements in investment decisions. Since fiscal 2019, we have mandated that the application format for large-scale

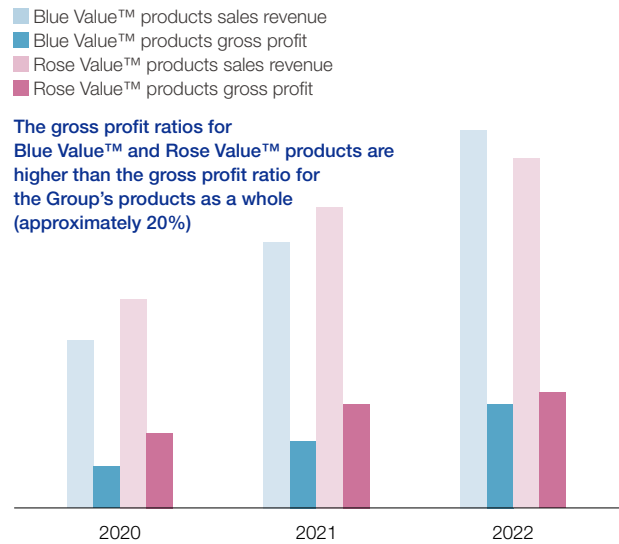
investments include descriptions of the opportunities and risks the project entails from social issue perspectives, such as by indicating the project's Blue Value™ and Rose Value™ contribution categories.

Furthermore, since fiscal 2020, we have set annual targets for the expansion measures and sales revenue of certified products in each business division and worked to incorporate them into their business strategies.

Blue Value™ and Rose Value™ products sales revenue ratios



Blue Value™ and Rose Value™ products gross profit

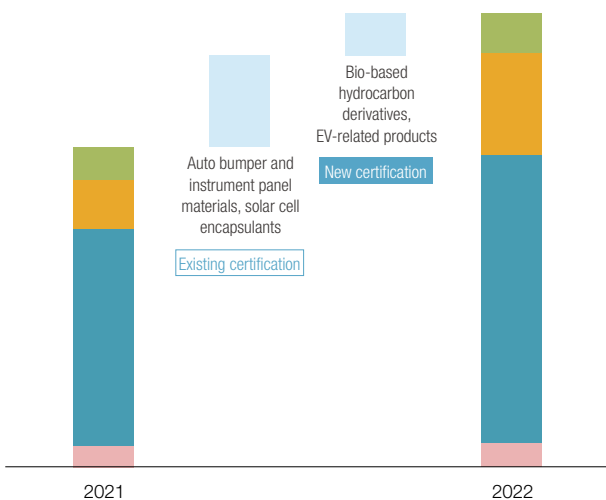


The gross profit ratios for Blue Value™ and Rose Value™ products are higher than the gross profit ratio for the Group's products as a whole (approximately 20%)

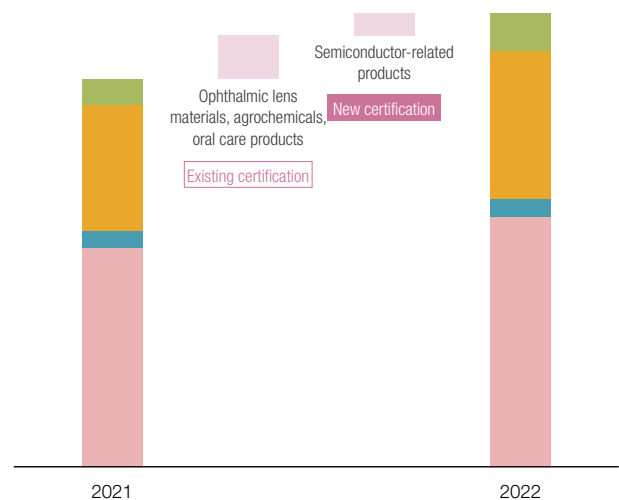
Blue Value™ and Rose Value™ products sales revenue ratios: YoY comparisons

Life & Healthcare Solutions | Mobility Solutions | ICT Solutions | Basic & Green Materials

Blue Value™



Rose Value™



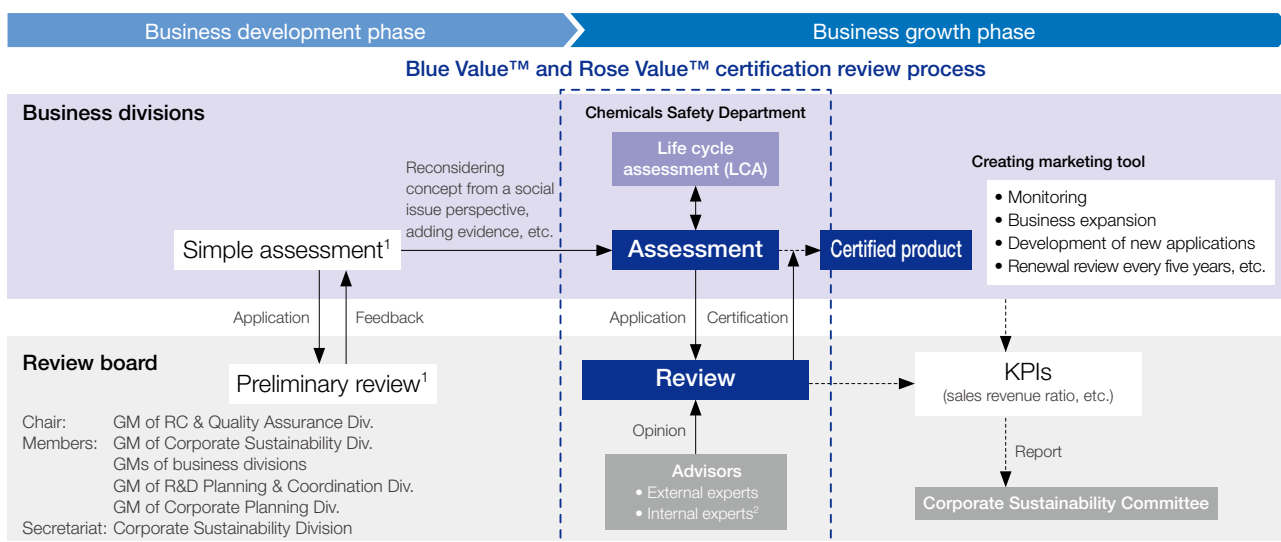
Assessment, review, and certification process

Business divisions assess the contributions their own products and services make to the environment and improved QOL based on the respective Blue Value™ and Rose Value™ assessment indices, and submit an application to the review board. Assessment and application are conducted according to the envisaged use of the product or service. This is because the same product or service could have a different impact on the environment or QOL throughout the entire life cycle based on its envisaged use. When submitting an application, applicants also provide evidence of the product or service’s contribution impact and whether there are any negative impacts or other factors throughout the entire life cycle.

The review board will confirm and deliberate on factors such as the rationale behind the assessment of the contributions, whether the concept and selling points of the submitted products and services are consistent with the contribution categories of Blue Value™ or Rose Value™, and whether the level of contribution is sufficient. In order to

ensure objectivity and validity of the certification, we also obtain opinions from external experts.

The certification criteria are updated as appropriate to reflect changes in material topics, business strategy, and the external environment, with advice from external experts. During fiscal 2022, in response to developments including initiatives to ban gasoline automobiles in Europe and other areas, we expanded our lineup of Blue Value™-certified products with several products that contribute to the electrification of automobiles in hopes of further accelerating our growth strategy. In addition, certified products and services are reviewed every five years to assess any changes in their value and to determine whether their certification can be continued. Starting in fiscal 2020, we began preliminary review of pre-launch R&D products and services. We utilize this preliminary review as reference in discovering candidates of Blue Value™ and Rose Value™ products and services.



1. Optional assessment/review; it is also possible to apply for review only

2. GMs of Planning & Coordination Div. of Production & Technology Center, Chemicals Safety Department, and Intellectual Property Div.

External experts (Blue Value™ and Rose Value™ advisors)

In the Blue Value™ and Rose Value™ product certification process, we design assessment methods and criteria for review based on advice from the external experts shown on the right. We also ask these experts to present their opinions on the level of contribution made by the product in question prior to the review board’s examination.

Messages from external experts

https://jp.mitsuichemicals.com/en/sustainability/mci_sustainability/contribution_value/blue_value.htm

https://jp.mitsuichemicals.com/en/sustainability/mci_sustainability/contribution_value/rose_value.htm



Dr. ITSUBO Norihiro
Waseda University
Professor, School of
Creative Science and
Engineering






Mr. ADACHI Eiichiro
Senior Counselor,
Japan Research Institute,
Limited

Blue Value™ assessment index and certification criteria

- Products and services are assessed based on three contribution categories: (1) reducing CO₂, (2) conserving resources, and (3) coexisting with nature.
- We use the Blue Value™ Index, our unique assessment index that is a simplified version of Life-cycle Impact assessment Method based on Endpoint modeling (LIME2)*. More rigorous and quantitative evaluations are also conducted as needed.
- The environmental impact of a product throughout the entire life cycle is comparatively assessed against general products on the market and our own existing products.
- Certification criteria are that the product's environmental contributions over its entire life cycle must be recognized as being of a sufficient level in one or more of the three contribution categories, and that no negative impacts are found in the assessment of any of the three contribution categories.




* Damage assessment-type life cycle environmental impact assessment method based on environmental conditions in Japan

Contribution category	Blue Value™ Index		Related assessment items
	Assessment index		
Reducing CO₂ 	Reduction of GHG emissions · Reduce GHG emissions at the raw materials acquisition, manufacturing/processing, and end products use/disposal stages	Saving of energy, electricity, and fuel · Reduce energy such as electricity and fuel at the raw materials acquisition, manufacturing/processing, and end products use/disposal stages · Use end products in the field of energy conservation	<ul style="list-style-type: none"> · Weight and volume reduction · Long service life · Natural energy sources · Non-fossil raw materials · Environmental cleanup The above items are assessed for their contributions to any category of the assessment index.
Conserving resources 	3Rs, ease of sorting, conservation of resources · Use reusable/recyclable materials at the manufacturing/processing stages for products and intermediate and end products as well as reduce material usage · Reuse and recycle products and intermediate and end products · Possible separation at the time of disposal		
Coexisting with nature 	Ecosystem conservation (human health/environmental organisms) · Reduce the impact on human health and ecosystems from chemical substances across product lifestyles; specifically, reduce the addition of chemical substances toxic to humans and harmful to ecosystems, curb their formation, and use chemical substances that are less toxic	Prevention of environmental contamination · Reduce the impact on the global environment excluding people/living organisms from environmental pollutants across product life cycles; specifically, reduce the addition of environmental pollutants harmful to ecosystems, curb their formation, and use chemical substances that do not pollute the environment	

* GHG emission-related global warming substances, chemical substances harmful to ecosystems, and environmental pollutants are all substances for which characterization factors have been calculated in LIME2.

Rose Value™ assessment index and certification criteria

- Products and services are assessed based on three contribution categories: (1) enriching life and society, (2) extending healthy life-span, and (3) protecting food.
- We use the Rose Value™ Index, our unique assessment index developed based on the Sustainable Development Goal (SDG) targets and other social issue perspectives, including universal design and amenity, resilient and smart city, universal health coverage, and food security.
- Assessment is not limited only to the contribution made by the final product, but broadly considers contributions in the interim processing stage and the resultant contribution to the supply chain.

Contribution category	Rose Value™ Index for assessment	
Enriching life and society 	Improving comfort in people's lives Provide products, buildings, and spaces that take into consideration the needs of a variety of people	Enhancing nursing care Specialized nursing and caregiving is a component of "improving comfort in people's lives."
	Ensuring the sustainability of communities Promote disaster prevention/mitigation measures, longer service life of infrastructure, and shift to ICT in communities	
Extending healthy life-span 	Supporting physical well-being Assist, improve, and heighten functions throughout the body, either directly or indirectly	Advancing medical care and pharmaceuticals Raise the level of medical technology and service in every phase of health, from pre-symptomatic disease to illness, or improve aspects of medicine functionality, quality, and production
	Preventing and taking action against infectious diseases Prevent or take action against infectious diseases	
	Improving accessibility to nutrition and water Simplify and/or improve production and/or the delivery of nutrition and water	
Protecting food 	Improving food productivity Raise food yields as well as work efficiency; improve related equipment capabilities	Guaranteeing safe and stable food distribution Secure and raise the level of safety and stability in food distribution
	Reducing food loss and food waste Reduce waste from the perspectives of maintaining food freshness, extending "best-before date," packaging for contents separation and compartmentalization, loss when shipping, and other factors	

Customer Engagement

We asked CEO and President SAKAMOTO Noboru of Yukigaya Chemical Industry Co., Ltd., a Mitsui Chemicals partner that specializes in the manufacture of special foams, about why his company decided to start using ECONYKOL™ from the Blue Value™ product family.



Center right: SAKAMOTO Noboru, CEO and President, Yukigaya Chemical Industry Co., Ltd.
 From Mitsui Chemicals' Polyurethanes Division, Basic & Green Materials Business Sector: YOSHINAGA Yuki (left), General Manager, HASHIGAMI Masahiko (center left), and KANAYAMA Manabu (right)

Kanayama: ECONYKOL™ is a polyol for polyurethanes based on castor oil from castor beans. We decided to focus on castor beans because of their potential in contributing to carbon neutrality. ECONYKOL™, a plant-derived product, produces about half of the CO₂ emissions that fossil-derived polyols do on a full life-cycle basis. Use of bio-based raw materials does not increase atmospheric CO₂ because the CO₂ emitted in the final disposal (incineration/decomposition) phase is what plants have absorbed via photosynthesis during growth. Castor oil is also a raw material that is not in competition with food production, which is another reason that we chose it.

Yoshinaga: India is a massive producer of castor beans, accounting for roughly 70% of global production. The country is home to a substantial castor-bean farming community, and our plant for manufacturing the raw materials for ECONYKOL™ is right nearby. Since Indian castor-bean farmers tend to run relatively small operations, a good number of which experience ups and downs in their profitability, we see ECONYKOL™ as providing a form of economic support for the local castor-bean farmers. We are also part of the Sustainable Castor Association, an NGO that promotes sustainable castor-bean farming with a focus on environmental and social friendliness. The organization provides Indian farmers with support, working to improve quality of life for castor-bean farmers, ensure their stable incomes, enhance their farming skills, and assist them in other ways.



Mr. Sakamoto: Yukigaya Chemical Industry has come out with a range of sustainable sponges: cosmetic sponges made with 100% fair trade natural rubber were our first offering, followed by cosmetic sponges made with ECONYKOL™. We reached out to Mitsui Chemicals about the work we

were doing on sustainable products, and that was when we found out about ECONYKOL™. The material was well-suited for use in a cosmetic sponge; the soft, velvety texture ECONYKOL™ delivered gave the sponge such a comfortable feel. I hope our cosmetic sponges can help more manufacturers and consumers take action for sustainability.

Hashigami: Pairing efforts in biomass with initiatives to promote recycling has the potential to eventually give shape to a bio-circular social system where the resource cycle could take place completely within Japan. By recovering and then reusing imported ECONYKOL™, it would be possible to get around the need for new resources and even cut transportation costs. I hope ECONYKOL™ can be a driver for that type of cycle.

Mr. Sakamoto: Making a few modifications to the products we make can help bring about solutions to social issues, I think. In our case, for example, opting for ECONYKOL™ and fair trade materials instead of what we had been using is bound to have a positive impact on solutions to issues relating to the environment, human rights, and more. I want people to understand that even small changes can have a positive impact on society.



ECONYKOL™
https://jp.mitsuichemicals.com/sites/default/files/media/document/econykol_e.pdf

Feature: Creating the Future with the Power of Technology and People

Over more than a century in business, the Mitsui Chemicals Group has contributed to solutions to social challenges by developing and providing a wide array of products. At the core of that legacy are sophisticated technological prowess in far-reaching fields and a multitude of human resources with entrepreneurial mindset to take on daunting challenges.

Product development through new endeavors to meet the needs of the times

Always sensitive to significant changes in people's needs over time, the Mitsui Chemicals Group has applied that awareness to product research and development. Overcoming countless challenges and struggles along the way has enabled us to secure a substantial share of the global market and contribute to better lifestyles for people around the world.

Revolutionary ophthalmic lens materials: The product of determined persistence from one researcher to the next

In the early 1980s, when light, safe plastic lenses made with allyl diglycol carbonate (ADC) resin accounted for more than 80% of the American market, glass lenses were still prevalent in Japan. However, ADC resin had its shortcomings: due to the material's low refractive index, high-power ADC lenses tended to be thick. Chemical companies in Japan were thus looking to develop a high refractive index lens material that could replace ADC resin. Mitsui Toatsu Chemicals, Inc. was one of them. Although the company's lack of technology and expertise in developing lens materials pushed it to the brink of abandoning the project, the leader in charge of development ordered work to continue. Researchers on the project began tackling the massive amounts of research records that their predecessors had kept. That effort led to research on thiourethane resin, which combined the introduction of sulfur atoms with polyurethane resin technologies that the company specialized in. This ultimately gave shape to the high refractive index MR-6™ lens material in 1986. As we continued to respond to the demands of lens manufacturers, we accumulated evaluation technologies that helped us form a basis for what would become a new MR™ series of products boasting even higher refractive indices, heat resistance, UV protection, and more. Now, having solidified our position as a leading company in the global market for ophthalmic lens materials, we are continuing to grow by meeting new needs that emerge, such as by developing Do Green™ lens materials made with plant-derived raw materials.



MR Series lenses

Life & Healthcare Solutions

Ensuring food security through innovative ideas and patient, steady efforts

In 1978, Mitsui Toatsu Chemicals, Inc., which played a role in resolving food shortages in Japan in the post-World War 2 period, launched development on an insecticide to meet demands for low-fish-toxicity products usable in paddy fields. Lacking expertise in insecticide development, the company brought together a select group of employees from its plants to propel the effort. The team embarked on a series of tests using methods that defied conventional wisdom and, in 1987, successfully developed etofenprox (trade names: TREBON™, etc.). For over 30 years since, the product has been a long-running bestseller. The company's initiatives in insecticides saw other successes as well. In 1989, a group of young researchers with just a few years' experience at the company began developing a next-generation active ingredient. Performing synthesis experiments on upwards of 300 compounds a month, the team eventually created dinotefuran (trade names: STARKLE™, etc.), which hit the market in 2002. We then proceeded to expand our corresponding sales and development frameworks with the establishment of Mitsui Chemicals Agro, Inc., which was formed in collaboration with Sankyo Agro Co., Ltd. in 2009. After sales representatives and researchers visited agricultural sites across the globe to

collect data and obtain firsthand insights into needs, we made our way into the global market, spanning over 50 countries, in 2013. Subsequent initiatives have fostered even more contributions to food security for the world. Examples include the sale of TENEBENAL™ (trade names: BROFREYA™, etc.), which we developed through a full-scale collaboration with BASF (Germany) in 2019, and our acquisition of the agrochemicals business of Meiji Seika Pharma Co., Ltd. in 2022.



Dinotefuran shipment in Brazil



Collaboration with BASF on the commercialization of a new insecticide

Agrochemical

Life & Healthcare Solutions

Venturing into the ever-changing automotive industry on a foundation of trust

PP compounds, which combine polypropylene with additives to enhance functionality, began to find applications in the automotive industry in the 1980s as companies looked for ways of reducing vehicle weight and cutting costs. Amid intense market competition, Mitsui Chemicals researchers worked constantly to clear the high bars that customers set. The ensuing years saw the industry undergo a reorganization phase, during which Mitsui Chemicals teamed up with Ube Industries, Ltd.—a former rival—to establish a joint venture. Through this initiative and other efforts, the two companies began collaborative work and created a solid production framework leveraging each other’s technological capabilities and customer networks. In 2004, we established Mitsui Advanced Composites (Zhongshan) Co., Ltd. to enter the Chinese market. Employees headed abroad to train locally based employees in production methods, which helped us form trusting relationships along the way. We also expanded our sites and production network into India in 2009 and Brazil in 2012. Driven forward by the engines of the growing automotive industry, we used the global reach of our then-eight-site framework to establish ourselves as the holder of the world’s second-largest market share. In 2020, we launched operations at our site in the Netherlands in hopes of expanding the market for our PP compounds in Europe. What gave us that opening to promote business in Europe, a region where local industries normally have a formidable market standing, was our long-standing, trusting relationship with a U.S. manufacturer that needed a materials supplier in Europe. As the ongoing transformation to connected, autonomous, shared, and electric (CASE) mobility redefines the automotive landscape, we will continue to develop products for the field that make the most of the Group’s technological prowess.

PP compounds



Advanced Composites, Inc. (North America)



Mitsui Prime Advanced Composites Europe B.V. (Netherlands)

Expanding markets through foresight and securing sizable market shares through global teamwork



The TAFMER Plant in Singapore



It was in 1971 that the Group’s research on ethylene-propylene terpolymer (synthetic rubber) gave shape to TAFMER™. A modifier that blends into polypropylene to dramatically improve its characteristics, TAFMER™ began seeing an increase in demand around 1981 as a solution for impact resistance in polypropylene bumpers and other products. The TAFMER™ sales team and general manager already had their sights set on expanding operations for the product before other chemical companies had even made their way into the modifier market. The team pursued a bold, aggressive sales strategy that involved marketing TAFMER™ on a broader scale—even to competing resin manufacturers—and that gave the product a growing presence in the market. As TAFMER™ found applications in the industrial sphere and packaging materials, we managed to establish a solid position in the modifier market around the turn of the century. The ensuing years have seen more and more automobile manufacturers offshore their production activities. Quickly recognizing the implications of that shift, we charged ahead of the competition by building a large-scale TAFMER™ plant in Singapore and launching operations at the facility in 2003. We have worked hard to grow the TAFMER™ business. In addition to honing our competitive edge in the global market through ongoing price strategies and improvements in production efficiency, we built a new plant for the product in 2010 to meet lively demand. In recent years, government-driven promotion efforts have aided the spread of renewable energy. In that context, the Group’s successful efforts to develop TAFMER™ for improving solar cell durability have expanded the modifier’s usage scope to include solar cell encapsulants.

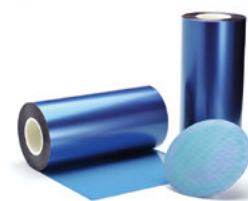
TAFMER™

ICROS™ Tape: The powerful combination of a commitment to quality and customer collaboration

In 1987, Mitsui Toatsu Chemicals, Inc. developed ICROS™ Tape as a protective tape for semiconductor wafers at a time when smaller computers were amplifying the need for thinner wafers. The company did not have any semiconductor-manufacturing equipment at its Nagoya Works or any track record in tape manufacturing, but that would not stand in the way of the endeavor. By drawing on the company’s expertise in adhesive resins and water-based adhesives and repeatedly testing prototypes borrowing a customer’s production line, developers succeeded in turning adhesive resin into a tape product—something that had never been done before. As ICROS™ Tape won high marks from customers, we steadily expanded the product’s reach overseas by taking steps such as training solution providers (SPs) with product knowledge at sales companies abroad. When the collapse of Lehman Brothers and the subsequent financial crisis brought demand down, we developed bumped wafer tapes through a combination of cooperative support from a customer plant and a team of determined engineers who wanted to enhance cost-effectiveness not by releasing budget products but by incorporating new technologies. The ICROS™ Tape production structure has become more robust, too, with the launch of commercial production at a new plant in Taiwan—a major hub for semiconductor production—in 2020. Currently, we are working to develop new products and expand into new fields.



Newly completed plant in Taiwan



ICROS™ Tape

ICROS™ Tape

APEL™: Exploring new needs and evolving into a diverse range of applications

APEL™

APEL™, the Group's unique cyclic olefin copolymer, was developed in 1986 for use in magneto-optical (MO) disks. However, the product met with significant struggles. An influx of new competitors in the market caused a price drop, one of several factors that eventually prompted the Group to pull out of the market. When we pivoted to marketing APEL™ as a substitute for ABS resin in automobiles and home appliances, the spread of polypropylene made it difficult to gain traction. That led to another pivot—an attempt to develop APEL™ for applications in CD substrates, which also failed to materialize as we had hoped. Looking for other applications to target, sales representatives made visits to various customer companies. It was during that phase that a Japanese optical-instrument manufacturer told us about how well APEL™ could perform in DVD pickup lenses. With a general manager at the manufacturer and Mitsui Chemicals sales representatives excited about the possibilities, the project kept going. In the end, we managed to secure the largest global share of that new market as DVDs proceeded to explode onto the scene. We then turned our attention to developing APEL™ for Blu-ray pickup lenses, but Blu-ray disks ultimately gave way to online streaming. There were still other applications to be found, however. A mobile phone manufacturer in South Korea selected APEL™ for use in its camera lenses, leading Japanese companies to do the same and thus once again expanding the material's market. In the years since, the accelerating spread of smartphones and increasingly high-resolution camera specifications have allowed the Group's APEL™ business to bounce back from the global financial crisis and begin pursuing its current efforts to develop new markets for the product in VR, automotive sensors, medical use, and more.

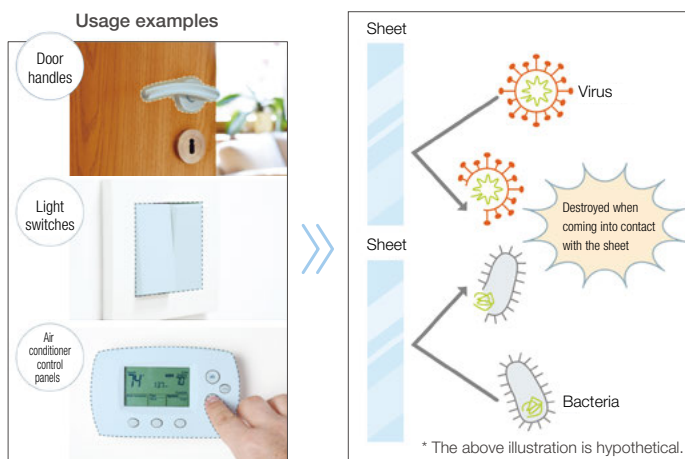


Smartphone and lens module

ICT Solutions

PALFRESH™: Making a difference across a broadening scope, from food security to healthy living

We developed PALFRESH™, a keep-fresh film, in 2014. The film has contributed to food security, mostly in packaging applications, through the many advantages it offers. Not only does PALFRESH™ deliver water resistance and excellent antibacterial properties thanks to the water-insoluble antibacterial and antiviral agents mixed into the material itself, it also underwent extensive testing to ensure that it would clear hurdles on the production side. Since 2020, the COVID-19 pandemic and ensuing demand for antiviral products brought increased attention to the antiviral characteristics of PALFRESH™ both among customers and throughout the Mitsui Chemicals organization. The development team responded by examining the product's properties, finding that its antiviral effects were numerically high. We are now taking steps to expand the market for PALFRESH™ into other antiviral applications in hopes of leveraging its processability across a wide variety of usage scenarios to provide safety and security beyond the food domain.

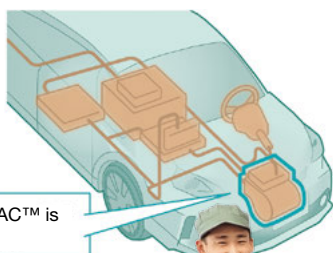


PALFRESH™

POLYMETAC™: Presenting solutions that go above and beyond customer needs

The development of POLYMETAC™ was prompted by a need in the automotive manufacturing sector, where companies were looking for ways to boost the strength of components without using adhesives. The initial stages of development were beset by challenges, ranging from a lack of data to issues on the cost and marketing sides. Amid the difficulties, we hired external professionals with experience in promoting new businesses and advanced expertise in metals and resins. We also engaged in consistent dialogues with our customers. Through those efforts, we managed to create a technology for achieving strength, airtightness, and aesthetic design that grabbed the market's attention and secured applications in automotive parts, smartphones, and more. We are now focusing on developing comprehensive solutions—covering everything from structural design and material selection to molding methods, mold specifications, and inspection methods—for our key targets in the automotive and ICT fields. Looking ahead, we aim to expand the technology's range into health care and other areas.

POLYMETAC™



POLYMETAC™ is used here



Mobility Solutions

Feature: Creating the Future with the Power of Technology and People

Dialogue CEO x Executive Advisor

Transforming the Mitsui Chemicals Group through new business development

The Mitsui Chemicals Group pushes initiatives at its New Business Incubation Center (NBIC) to create new business through collaborations with startups, connections with other outside partners, and cross-organizational ties throughout the Group. NBIC General Manager Saimoto facilitated a discussion with CEO Hashimoto and Executive Advisor Omote (responsibility: New Business Incubation Center) on approaches to business creation and the effects that developing new businesses can have in transforming corporate culture.



HASHIMOTO Osamu

Representative Director
President & CEO



OMOTE Toshihiko

Executive Advisor
(Responsibility: New Business Incubation Center)

Creating new business for VISION 2030 and beyond

Saimoto: First, how do you see the element of new business fitting into the VISION 2030 picture?

Hashimoto: Up through fiscal 2020, especially during the period when the Group's performance was slumping, the focus was more on pursuing the growth of existing businesses and technologies than

on actually developing new businesses—the fact that business-development organizations were directly linked with business segments themselves played into that. When it comes to R&D, there was no clear division between the research function and the development function.

The medium-term business plan we announced in 2014 included the creation of independent development divisions to facilitate business development free of any limitations that current business might

impose. We tried this and various other measures but experienced difficulty in generating results for some time. From that position, we created the New Business Incubation Center in 2020 to take a new approach that would get straight to the issues at hand. That put us in a better position to tackle the creation of new business from a long-term perspective.

Omote: R&D activities cover both long-term projects aiming to create businesses

for the future and also more solid initiatives geared toward the here and now. Given that range, it makes sense to separate R&D from an organizational structure perspective.

Of course, the relative weights of the two sides change according to the situation. Under normal conditions, you can focus more on long-term research; when the economy is down or performance is slumping, you might shift toward activities with a more immediate impact on business results in the near future. So the balance is vital. Existing businesses are responsible for operations that generate cash to cover operating expenditures on a day-to-day basis. On the other hand, capital expenditures are spent by divisions aiming to create new businesses for five years, ten years, or even further down the road. To create value in a sustainable way over the long term, there needs to be some sense of role division between those sides.

Saimoto: When I was in the development division, R&D tended to be lumped together into a single set—but what you say shows that separation is important. At the same time, though, I think the old system of bringing the R&D function under the scope of business divisions for a consolidated, consistent structure had its own strengths.

Hashimoto: If you look at it from an organizational perspective, having the manufacturing, sales, and R&D functions all together inside an individual business division enhanced functionality—it made sure every division had a clear picture of its existing resources and could allocate those resources efficiently. With society growing increasingly diverse and complex, however, it has become harder and harder for a single division to cover everything from daily operations to R&D on new business.

When that happens, the people conceiving ideas and the people executing operations will become divided. It might have worked to separate the creation and execution of ideas in the days when productivity took priority over everything else, but the times have changed. Now, when developing new

business from a long-term perspective is a must, a company needs a framework where people behind planning also take responsibility for the execution and results of those plans.

Omote: Like General Manager Saimoto said, we have to keep in mind that there were plenty of benefits to the setup where business divisions covered all functions: they could take full advantage of their technologies and materials available in the business, and this led to the development of a wide variety of functional materials because they had a clearer idea of who their end consumers were.

It was a wonderful experience working within that structure for me, personally; over the course of my career, I gained skills firsthand not only in research but also in procurement, accounting, and everything else that goes into developing a business. I want people at NBIC to get that kind of experience, too, by having project leaders take it on themselves to see the entire process through.

Hashimoto: If you want to look beyond the needs of customers and consumers and bring about solutions from a social issue perspective, one of the goals in VISION 2030, that is all the more reason to understand the full breadth of operations leading up to implementation—otherwise, you will not be able to validate the legitimacy of your ideas.

From “manufacturing, sales, and research” to “technology, manufacturing, sales, and administration”

Saimoto: A common phrase to describe a business process at the Mitsui Chemicals Group and the rest of the Japanese manufacturers is “manufacturing, sales, and research.” Executive Advisor Omote, you say that people should understand the process in a different way: “technology, manufacturing, sales, and administration.” Could you tell us more about that perspective and the process of getting employees on board with it?

Omote: The “technology” part corresponds to technology, of course, and also research and development. I think our employees are well aware of how important those pieces are. What I see as the biggest key is the “administration” part: the importance of administrative divisions. While administrative divisions tend to seem farthest removed from the front lines where customers are, the smooth, efficient business continuity they aim for ultimately comes down to the goal of providing value to society. In that sense, administrative divisions should go about their work not as organizations nestled deep inside the company but rather with a focus on the world outside.

When we partner with U.S. companies, for example, people from the administrative divisions on both sides will come to meetings and talk about things like shortening procurement lead times. That offers a glimpse of how employees across the entire process, from technology to administration, can come together on equal terms and work as one to provide value.

Hashimoto: Which, in terms of creating new business, means that administrative divisions and everyone else in the company should be involved. The R&D divisions at the forefront are just one part of the picture. That applies to more than just new business, too; it goes relevant to every facet of creating corporate value. In VISION 2030, we expanded on our conventional set of financial KPIs with a group of non-financial KPIs relevant to a wide range of divisions. These new additions represent yet another part of our efforts to show that we are all taking responsibility for—and contributing to—the creation of value for the entire Mitsui Chemicals Group.

Developing human resources through endeavors to create new business

Saimoto: NBIC is currently at work on over 20 different projects. Some are already close to a commercialization phase but others are on a much longer time frame or still at the initial stage of

Dialogue: CEO x Executive Advisor

ideas with unknown potential. What do you think goes into accelerating business creation and boosting a project's chances of success? Also, what kind of mindset should employees embody as they tackle their work knowing that some projects succeed while others fail?

Omote: One thing we are working on is building mechanisms for locating new research topics and switching them in to replace existing projects as quickly as possible. We bring in people from outside the Group to the meetings where we select project ideas. Everybody at the gatherings votes on the selections, and there is plenty of feedback on the decisions. I think the process is one that makes sense and feels comfortable to everyone, including the employees actually doing the research.

There can be stumbling blocks when developing new businesses. Not all projects are successful; we might pull out of some. But regardless of the outcome, the process always fosters growth in the technologies and human resources involved. Even if a project comes to end because it was too premature or because factors in the business environment created too many roadblocks, it is not failure per se as long as we can retain the assets that came out of the project and apply them to the next one.

Hashimoto: In any project, not just a project for creating new business, people grow through the experiences they gain—successes and failures alike. The important thing is to avoid letting short-term ups and downs affect us



too much and keep the focus on developing human resources over the long run. We are currently introducing a data platform that integrates Group-wide information on human resources and a variety of other elements. With that system in place, I think we will be able to make optimal use of the assets that we accumulate through our projects.

Uniting the Group on a global level to create business

Saimoto: NBIC has been engaging in more collaborative arrangements with outside partners, such as establishing a corporate venture capital (CVC) fund and engaging in open innovation with startups, which can help the Group access new technologies and new markets. What do you think is the key to making the most of these types of opportunities?

Omote: The CVC fund and open-innovation projects are means toward

the larger objective of creating new business faster; making the investment is not the goal. We need to look carefully at whether each project fits with the Group's ideals and focus on initiatives where we can utilize our assets. A sizable proportion of the people working in our CVC fund at the moment are outside experts, but I want to see us mobilize more of our human resources—people who fully understand the Group's available assets—and select target areas based on NBIC's hypotheses and visions. If we do that, we can put ourselves in better position to complement our outside partners, providing each other with assets. That will enhance project viability.

Saimoto: Coordination with our own businesses is vital, too. How are you working to strengthen cross-organizational ties?

Hashimoto: Leading up our efforts to bolster cross-organizational ties is our



OMOTE Toshihiko

Joined Nitto Electric Industry Co., Ltd. (now Nitto Denko Corporation) in 1983. After serving as the manager of research and development and the general manager of a business unit, assumed the roles of chief technology officer, chief information officer, and the director of the management infrastructure headquarters. Served on an overseas assignment in San Jose (U.S.) in 2018. Joined Mitsui Chemicals, Inc. in 2022. Specializes in the molecular design, synthesis, and physical property evaluation of high-performance polymers and photofunctional polymers.

CTO Office, which we established in 2023. The idea is to share and spread information from a technological perspective, across business-oriented boundaries, which will facilitate the application of existing technologies to new fields and the development of innovative technologies—both vital to developing businesses.

Omote: As I said earlier, NBIC focuses on exploring and discovering future business opportunities from a long-term perspective, which is a different role from R&D that focuses on developing and nurturing the growth of existing businesses. As NBIC produces hypotheses and actively announces the identified areas for future activity, the CTO Office—with its links to every business division and complete coverage of all the Group's technological assets—will need to respond accordingly.

That back and forth will be crucial. Without that sense of direction, we might find ourselves letting existing business and technologies sway progress and business development get too short-sighted. By staying accountable for what we do on the development side, I think we can create strong, organic connections with the business divisions through the CTO Office.

Hashimoto: And, to go one step further, I want to keep nurturing a corporate culture where divisions on the same level within the organization can actively exchange views on each other's initiatives. I think doing away with barriers along specialization lines will allow different organizations to make one another better through open

discussion, which will, in turn, elevate the Group as a whole.

Saimoto: We recently did a global study as part of our efforts to select ideas for new business development. The results showed that, as we expected, the markets in Europe, the U.S., and China hold quite a bit more potential than Japan. With the Group's technologies, human resources, and other assets still concentrated in Japan, what do you think is the best approach to developing new businesses abroad?

Hashimoto: This ties into what I said earlier, but under our traditional setup, we had regional headquarters that oversaw business operations in their respective areas. Now, though, geographical blocs are displacing conventional concepts of regions. Supply chains are also becoming disconnected. In that context, it will be important to not only give each region more authority but also use data platforms like Workday to help share information on Group assets worldwide.

Omote: Employees at global sites had a solid grip on regulations in the regions where they worked and information pertaining to their own businesses, but they lacked an effective way of obtaining Group-wide information. For regions to create new business on an independent basis, I think we will need to assign employees familiar with the full range of the Group's assets to individual regions and encourage information sharing. That will cultivate mutually complementary relationships with locally based human resources, a

key element in developing new business with a sense of global unity.

Research and development move much faster at U.S. companies than they do at those in Japan, which means results tend to come faster as well. The differences have less to do with gaps in ability than they do with other factors, such as limitations stemming from labor practices in Japan. From my point of view, though, the important thing is enabling employees to take in different, distinctive working environments in different regions. The sense of stimulation they get from those experiences are bound to have a positive effect on efforts to transform the corporate culture in Japan.

Hashimoto: Although changing employees' mindsets takes time, what Executive Adviser Omote said is very true. People can benefit so much from seeing how things are done in model working environments and then going beneath the surface to find ways of making those lessons gained their own. Learning best practices and reading books are both worthwhile uses of your time. But using what you learn—that, I think, is what really makes work fun.

Put ideas in action, think about anything that went wrong, figure out what happened, and go back to square one: that process will definitely benefit performance. That said, coming up short over and over again can obviously sap employees' motivation. Management has to be there to direct the way, too, but not in a top-down way. Providing just the right amount of guidance so that people can make their own way is what management should aim for.

Saimoto: Today's dialogue gave me a fascinating look at the Group's intention of engaging in new technology development to accelerate its human resource development and transformations in its corporate culture toward achievement of VISION 2030. Thank you.



SAIMOTO Yoshihisa

General Manager,
New Business Incubation Center

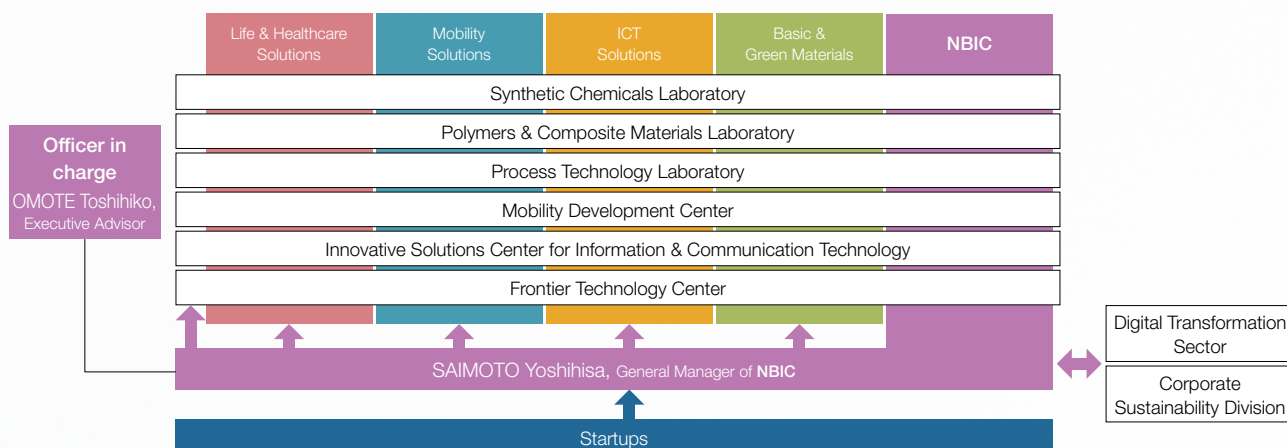
Role of the New Business Incubation Center

The New Business Incubation Center (NBIC) is an organization that helps deepen cross-organizational collaborations and cross-company partnerships, strengthen our business design capabilities, and promote the creation of new businesses that provide new value based on social challenges. It will serve as the driving force for the initiatives in “building solutions-based business models,” which leverage the strengths of the Mitsui Chemicals Group. On top of exploring new business topics and developing new early-stage businesses in all domains, including the four business domains of the Group, it will develop on its own new businesses that do not belong to any of the four business domains. Specifically, in order to create new businesses, the NBIC will implement internal and external collaborations in the following ways.

- 1 Collaborate with the R&D divisions, or build and strengthen collaborations with external partners such as domestic and overseas startups by leveraging corporate venture capital (CVC), in order to create and utilize technologies that will become the core of new businesses.
- 2 Collaborate with the Group’s manufacturing divisions or with suitable external partners, in order to build an optimal supply system for the provision of goods and services.
- 3 Collaborate with the four business sectors to promote market development and the construction and expansion of sales networks globally.
- 4 Collaborate with functional divisions such as digital transformation, corporate sustainability, and finance & accounting, to improve efficiency and conduct organizational management that meets the needs of the times and society.

Moreover, as the NBIC is also responsible for developing entrepreneurial talents and training those who will contribute to new business development through the above activities, it needs to collaborate with the human resources divisions as well.

Therefore, the NBIC’s initiatives require collaborations with various divisions of the Group. As such, it has appointed an independent officer in charge to speed up management decisions.

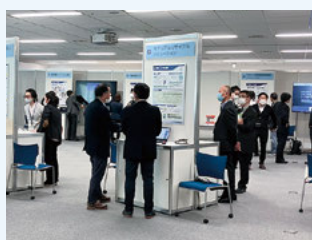


TOPICS

Holding of the NBIC Festival

The NBIC Festival is an in-house exhibition event planned and managed by the NBIC, and is held regularly. The festival is intended to increase employees’ understanding on “building solutions-based business models” as well as improve the business design capabilities and strengthen and promote internal collaboration through an exchange of opinions between diverse human resources. To this end, we exhibit panels showing the NBIC’s new business development strategy, business concepts for all development projects, and the status of development, as well as prototypes and developed products.

The most recent NBIC Festival was held in January 2023. Although a limit was placed on the number of people who were allowed to work at office as a measure of the COVID-19 pandemic, more than 250 employees gathered at the event. The President and many directors and corporate auditors also participated in the occasion. They conversed directly with the people in charge of developing new businesses, and expressed their high expectations for the Group’s new business development. Through this event, it can accumulate a variety of ideas and increase motivation, leading to a virtuous cycle that improves the quality of its new business development efforts.




Our strategies for creating value

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of the TCFD

Value Creation Process

In light of changes in the internal and external environments and demands from our stakeholders, the Mitsui Chemicals Group aims to realize a circular society in harmony with the environment, a comfortable society in which people can enjoy healthy lives and well-being, and an inclusive society creating diverse value as our ideal future society. We draw on six types of capital, the strengths arising from our 100-year history, and other foundations to engage in business activities and create new customer value. Through the materials, services, and solutions created in our various business activities, we will continue to help solve social challenges and build a sustainable future society.

Input Business Model

Financial capital 


Consolidated total assets
¥2,068.2bn

Invested capital
¥1,600.1bn


Manufactured capital 

Manufacturing sites
8 sites in Japan
45 sites overseas

Capital expenditure
¥168.0bn

Intellectual capital 


R&D sites
10 sites
R&D expenses
¥43.0bn

Human capital 

Global human resources
18,933

Social and relationship capital 

Local production for local consumption at global sites
Consolidated companies
165

Natural capital 

Energy consumption
82.8 PJ

Our Strengths

 **100 years of technological prowess**


Technical capabilities cultivated over the course of our history are the source of our diverse products.

 **Global platform & diverse human resources**

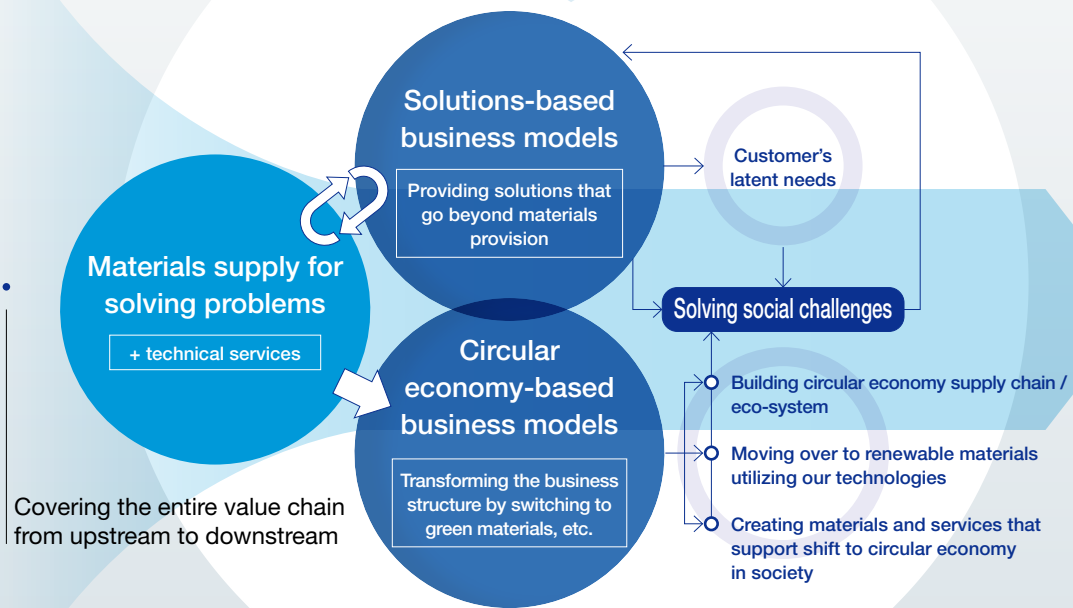
Platform boasting a high ratio of overseas sales and overseas employees

 **Diverse range of products & services**

High value-added and competitive product lineup leveraging our technological capabilities

 **Robust customer base**

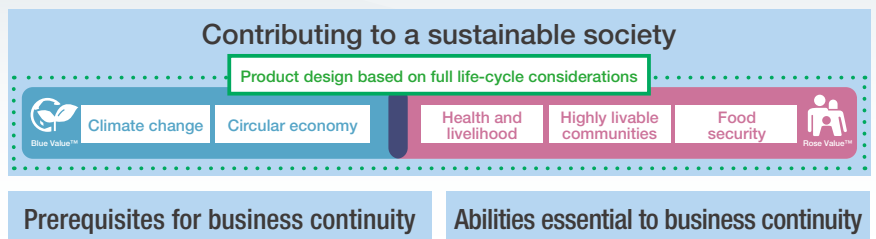
Global top-class market share backed by a strong industry reputation



Social issue perspective

Our material topics

▶▶ P.18



* FY2022 results

Governance as foundation for value creation ▶▶ P. 98

Output

Outcome

Business activities based on strengths

Changing people's lives and society through solutions-based businesses and circular economy-based businesses

Strategy for continuous growth



Pursuing business portfolio transformation



Building solutions-based business models



Bolstering circular economy initiatives



Corporate transformation through digital transformation



Management and business transformation



Life & Healthcare Solutions

▶▶ P.79



Mobility Solutions

▶▶ P.81



ICT Solutions

▶▶ P.82



Basic & Green Materials

▶▶ P.83

A circular society in harmony with the environment



A comfortable society in which people can enjoy healthy lives and well-being



An inclusive society creating diverse value



SUSTAINABLE DEVELOPMENT GOALS

Our Six Capitals

The Mitsui Chemicals Group aims to realize our ideal future society by consistently improving our six capitals through the implementation of VISION 2030 strategies, drawing upon the Group's four strengths: 100 years of technological prowess, a global platform & diverse human resources, a diverse range of products & services, and a robust customer base.



Financial capital

Focusing on a disciplined financial profile and profitability

In addition to strengthening our cash flow management and maintaining a sound financial profile, we will conduct appropriate resource investments mindful of capital efficiency through ROIC management and other frameworks, thereby implementing our VISION 2030 strategies. We will pursue a financial strategy that combines discipline with flexibility and integrate both financial and non-financial perspectives to our management approach in order to maximize our corporate value.

• Strengthening our cash flow management

We will strengthen our cash flow management so that we can implement proactive and appropriate investment activities, including M&A in growth domains.

• Taking ROIC management to a deeper level

We will set short-term targets for the cash conversion cycle (CCC) and other ROIC components alongside our medium- to long-term ROIC targets, and use these targets to effectively utilize our assets and transform our business portfolio through accelerated business restructuring efforts. We will also take other steps to enhance our ROIC in both the financial and non-financial dimensions.

▶▶ Financial Strategy, p. 44



Manufactured capital

Implementing safe, stable, and advanced production technology throughout the Group and across the globe

Over the course of our more than 100 years of history, the Group has nurtured precision synthesis technology and polymer science as our own strengths. Moreover, we have continued to evolve our manufacturing process technology, the pillar underpinning our competitive advantage, with the times in order to efficiently provide high quality products. These production technologies have been highly evaluated by leading companies in various industries as the Group has inherited the history, nurtured people, and constantly provided a diverse range of competitive, high-value-added products and services that meet the needs of the times.

• Continuing to achieve zero major accidents and serious occupational injuries by strengthening and improving our voluntary safety management

Guided by our management policy of "Safety is our top priority," we are working to strengthen our voluntary safety management through the introduction of advanced technologies to production sites, risk assessments, and the promotion and improvement of employee education and training initiatives. Thanks to these efforts, the Osaka Works and the Ichihara Works were accredited under the Super Accredited Businesses System by the Ministry of Economy, Trade and Industry in 2021 and 2022, respectively. Efforts are underway to obtain accreditation for the Iwakuni-Ohtake Works in 2023.

• Realizing efficient, safe, and stable plant operations

At production sites, ethylene crackers, boilers, and other equipment are aging, and maintaining the health of facilities is becoming increasingly important. In response, we are actively investing management resources in facility deterioration diagnosis and repair, and introducing advanced technologies that contribute to facility maintenance planning and enhanced condition monitoring. We are striving to eliminate dependence on the skills of particular individual employees in anticipation of a decrease in the number of skilled engineers, and to efficiently and comprehensively maintain and manage our facilities by using linguistic AI to support the creation of maintenance plans, sensors to monitor the deterioration of equipment, and an abnormality detection system.

▶▶ Responsible Care Safety Initiatives, p. 108



Intellectual capital

Using technologies derived from our core technologies to create products that help address social challenges

Drawing on our core technologies of precision synthesis technology, polymer science, and manufacturing process technology, we will execute R&D measures by hiring external professionals with high-level expertise while implementing a cycle of functions, organization, and technology. We will stay constantly alert to ever-changing needs and trends and use that awareness to create new innovation in materials that leads to solving social challenges, while rolling out an intellectual property strategy that takes full advantage of digital transformation. In these ways, we will continue to build a portfolio of technologies and intellectual property that gives us a competitive edge.

• Recruiting and development of R&D human resources

To acquire and strengthen our human resources in specialized fields that serve to meet changing needs, we will utilize scholarship systems and referral recruitment and strengthen our relationships with joint research partners.

▶▶ R&D and Intellectual Property Strategy, p. 50

• Research and development for venturing into new fields, beyond conventional business domains

Our newly established CTO Office, operating from a technology-management standpoint, will oversee collaborative efforts among business segments to promote Group-wide projects and other initiatives.

▶▶ Bolstering Cross-organizational Initiatives from a Management-of-Technology Perspective, p. 53



Human capital

Creating value through “self-initiative, autonomy, and collaboration” among a diverse mix of human resources

To create corporate value on a continuing basis on the path toward VISION 2030, we will need to build a diverse human resources portfolio and ensure that every individual employee can unleash their full potential. The innovation that emerges out of interaction among diverse human resources across the globe is one of the sources of the Group’s competitiveness. As we work to bolster the links between our business plans and human resources strategy from a medium- to long-term perspective, we will promote to embody the concept of “self-initiative, autonomy, and collaboration” in order to enhance the capabilities of our human resources and organizations and create an organizational culture that maximizes the potential of each and every employee.

• Creating a diverse human resources portfolio to help realize VISION 2030

We will continue to build our human resources portfolio to achieve the VISION 2030 ideal through efforts to utilize the Group-wide integrated human resources platform and a key talent management.

• Improving employee engagement

We will conduct ongoing engagement surveys on a global scale and implement appropriate improvement measures across the Group to foster an organization that maximizes both the potential and output of every employee.

▶▶ Human Resources Strategy, p. 56



Social and relationship capital

Leveraging our customer base to co-create value with a diverse range of stakeholders

Our products are rated highly by industry-leading companies, and we have a strong customer base in the global market through local production for local consumption. We will co-create with our customers and partners, respect the human rights of our diverse stakeholders, and strengthen our relationships through constant dialogue that ensures transparency and fairness, in order to create and provide value together with society in a sustainable manner.

• Promoting open innovation

Through collaborative research with various companies and organizations, including universities, domestic and international research institutions, and startups, we are sowing the seeds of completely new businesses by leveraging and fusing each other’s technologies and knowledge.

▶▶ R&D and Intellectual Property Strategy, p. 50

• Respect for human rights throughout the entire supply chain

In accordance with the Mitsui Chemicals Group Human Rights Policy, we pursue just business throughout the supply chain based on the belief “having a high regard for people” is important.

▶▶ Respect for Human Rights, p. 109



Natural capital

Building circular economy-based business models

VISION 2030 positions *bolstering circular economy initiatives* as part of its Basic Strategy. We are looking to encourage resource recycling and help bring about a circular economy through strategies such as our carbon neutral strategy, which aims to reduce the Group’s GHG emissions and maximize avoided emissions through provision of our products, and the biomass strategy and recycling strategy, which promote the use of renewable resources along with resource collection and reuse.

• Reducing the Group’s GHG emissions and maximizing avoided emissions through provision of our products

In our manufacturing processes, we will promote the transition to low-carbon raw materials and fuels, efforts to conserve energy, and the adoption of renewable energy. We also will pursue the development and implementation of carbon-negative technologies, such as carbon capture, utilization, and storage (CCUS). By providing Blue Value™ products, we aim to maximize avoided emissions over the entire product life cycle.

▶▶ Blue Value™ and Rose Value™: Visualizing Contributions to the Environment and Society, p. 20

▶▶ Bolstering Circular Economy Initiatives, p. 67

• Expanding our lineup of bio-based derivatives and recycling plastic resources

We will work to curb the further use of fossil resources by manufacturing and marketing bio-based chemicals and plastics. We will engage in a variety of activities, including chemical recycling and mechanical recycling of waste plastic, to make effective use of waste plastic and other materials as viable resources.

▶▶ Bolstering Circular Economy Initiatives, p. 67

Long-Term Business Plan VISION 2030

In 2021, we at the Mitsui Chemicals Group formulated a new Long-Term Business Plan VISION 2030, looking 10 years ahead to 2030 in light of the significant changes that were occurring in the external environment and the limitations of the growth strategy that became apparent in the internal environment. Returning once again to our purpose of solving challenges faced by society, the Mitsui Chemicals Group will make full use of the power of chemistry—the very thing that allows us to create diverse value—to tackle a wide range of social challenges that arise in the face of accelerating environmental change. Aiming to become a corporate group that continuously provides solutions to these challenges, we will endeavor to make Group-wide efforts.

Business targets

Financial metrics	Operating income before special items ¥250_{bn}		Net income attributable to owners of the parent ¥140_{bn}	
	ROIC 8.0% or more	Net D/E 0.8 or less	ROE 10% or more	
	Blue Value™ products sales revenue ratio 40% or more	Rose Value™ products sales revenue ratio 40% or more	GHG emissions reduction rate (Scopes 1 and 2) 40% * compared to FY2013	
Non-financial metrics*				
Shareholder returns	DOE: 3.0% or more ; Total return ratio: 30% or more			
Allocation of investment resources	Growth investments: ¥1,800_{bn} (10-year period)			
	Strategic investments: ¥900_{bn}		Internal growth investments: ¥900_{bn}	

* For the entire list of the non-financial metrics, ▶▶ [Numeric targets for VISION 2030, P. 41](#).

Corporate Vision

Corporate Mission	Corporate Target
Contribute broadly to society by providing high-quality products and services to customers through innovation and the creation of materials, while keeping in harmony with the global environment	To be a corporate group that continues to grow by solving social challenges and creating diverse value with the power of chemistry

Material topics

In light of megatrends as well as the internal and external environments we face, we have defined our ideal future society—a vision of society the Mitsui Chemicals Group aims to realize by contributing to solving potential environmental and social challenges—as 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.

To bring about the sort of future society mentioned above, we have identified a number of areas in which the Mitsui Chemicals Group should contribute, as well as pre-requisites and essential abilities needed to make these contributions, as our revised material topics. These material topics will be embedded in our Long-Term Business Plan, including in the plan's Basic Strategy, as we endeavor to achieve our goals.

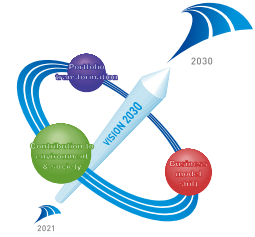
▶▶ [Material Topics for the Realization of an Ideal Future Society, P. 18](#)

Our ideal vision for 2030

As we head toward 2030—a checkpoint for our Corporate Target—we are looking to confront the rapidly changing social environment and social challenges before us in a head-on manner. To this end, we have created a vision for realizing our new growth strategies based on the transformation we are pursuing as a company, with the ideal vision we have for the Mitsui Chemicals Group in 2030 defined as shown on the right.

Chemistry for a Sustainable World

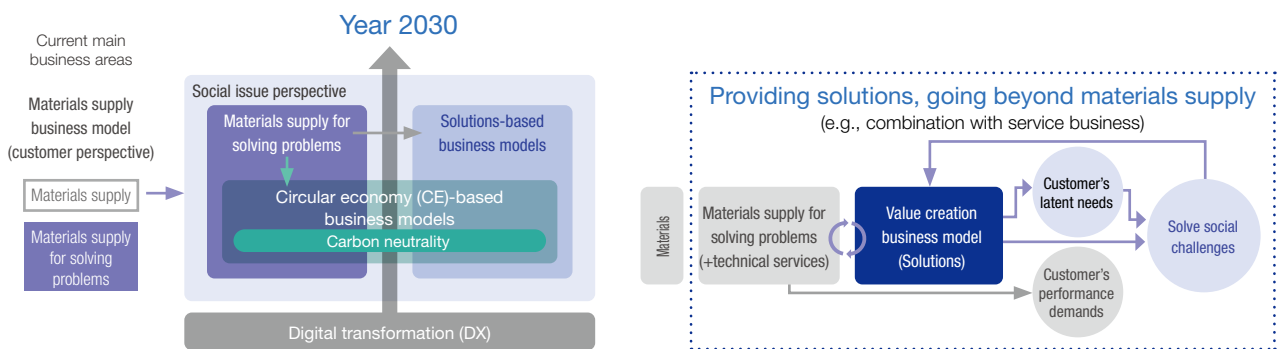
A global solutions company that leads change and contributes to a sustainable future
Mitsui Chemicals



Basic Strategy

STRATEGY 01		Pursuing business portfolio transformation	<ul style="list-style-type: none"> Rolling out a social issue perspective in all of our businesses Achieving growth by expanding and fleshing out our business domains Accelerating structural reform of our existing businesses and transforming businesses with a focus on green materials
STRATEGY 02		Building solutions-based business models	<ul style="list-style-type: none"> Creating new businesses by bolstering our business design capabilities Pursuing cross-organizational ties and strengthening cross-company partnerships
STRATEGY 03		Bolstering circular economy initiatives	<ul style="list-style-type: none"> Building circular economy-based business models for all of our businesses Rolling out circular economy-compatible products by transitioning to alternative raw materials and fuels Developing and acquiring foundational technologies able to contribute to carbon neutrality
STRATEGY 04		Corporate transformation through digital transformation (DX)	<ul style="list-style-type: none"> Applying DX throughout our entire Group and all business domains Creating value by way of business-wide transformation spanning research, production, sales and supply chains
STRATEGY 05		Management and business transformation	<ul style="list-style-type: none"> Popularizing a committed, eager attitude Improving engagement to bolster our organizational strength and transform our corporate culture Combining safe, secure operations with improved competitiveness at all our bases around the world Building sustainable supply chains

Business model transformation



(1) Social issue perspective

We will look to roll out a social issue perspective across all of our companies and businesses. This will allow us to get closer to society, consumers, and customers; capture latent needs and pain points in an advanced and precise manner; and tie this into product and service development, performance testing, and other such efforts.

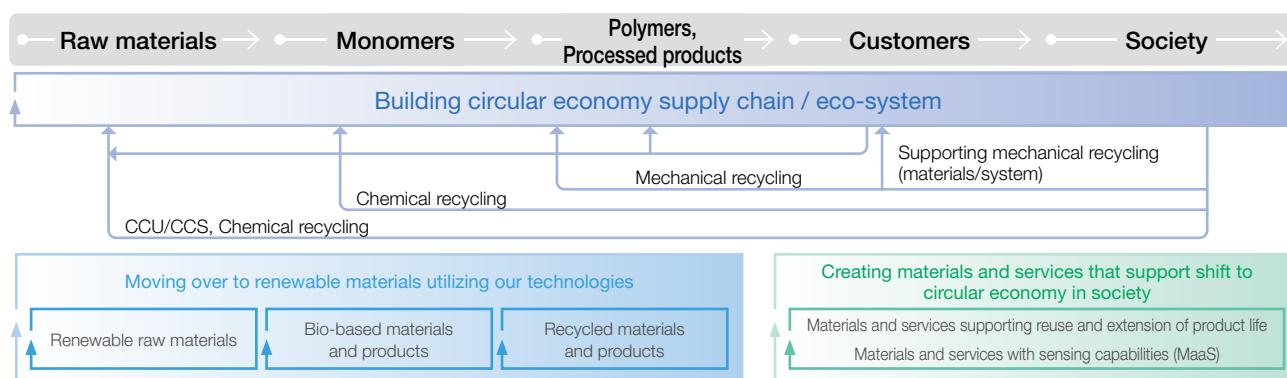
Based on this approach, we aim to further grow and flesh out all of our businesses, and to actively pursue open innovation, as well as tie-ups with external partners, as necessary means toward solving social challenges.

(2) Solutions-based business models

With the demands of society continuing to give rise to increasingly complex needs, we intend to create high added-value offerings that better fit these needs. To this end, we will scale up our solutions-based business models, through which we will combine conventional materials supply with services and more to deliver solutions.

(3) Circular economy-based business models

Having reached the conclusion that it will be difficult to maintain businesses with high energy consumption going forward, we will look to launch circular economy-based business models. This will see circular economy efforts—which are becoming increasingly important—pursued Group-wide and will also involve reforming our business structure by such means as transitioning to greener materials.



(4) Digital transformation

By rolling out Group-wide digital transformation efforts, we aim to further improve our various business models, operational processes, organizational capabilities, and more, thereby realizing corporate transformation (CX).

Revision of business portfolio

We have decided to revise our business portfolio to help carry out our Basic Strategy for creating value. The new four-part portfolio will consist of Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials. Going forward, we aim to achieve operating

income before special items of 250 billion yen in 2030 through an investment strategy that leverages the Group's strengths, with a focus on Life & Healthcare Solutions and ICT Solutions.

▶▶ Business Portfolio Transformation, P. 78

STRATEGY

Strategies to achieve target of 200 billion yen in operating income before special items by 2025, as a checkpoint for attaining our 2030 goals

- We will continue to implement thorough cash flow management to prepare for growing uncertainty in international affairs and sudden changes in the business environment.
- We will press on with effective KPI management based on both financial and non-financial perspectives, using these metrics to drive increases in corporate value.
- We will step up the pace of business portfolio transformation, and aim to further reduce volatility.
- To swiftly implement our carbon neutrality initiatives in society, we will expand and speed up our regional cooperation efforts as a first mover.
- We will strengthen our business foundations by pursuing digital transformation and work style reform.
- We will consider further boosting shareholder returns in line with the rise in profit levels. We will also seek to raise the level of our ROE and aim for additional improvements in capital efficiency.

Numeric targets for VISION 2030

	FY2022 Results	2023 Outlook	2025 Around	2030 Targets
Operating income before special items	¥113.9bn	¥150bn	¥200bn	¥250bn
Net income attributable to owners of the parent	¥82.9bn	¥100bn	¥110bn	¥140bn
ROE	11.1%	12.3%	10% or more	10% or more
ROIC	5.4%	6.3%	7.0% or more	8.0% or more
NET D/E	0.77	0.75	0.8 or less	0.8 or less
Total return ratio	39.8%	30.0% or more	30.0% or more	30.0% or more

Material topics	Non-financial KPIs	FY2022 Results	2023 Outlook	2030 Targets	Responsible executive officer
<ul style="list-style-type: none"> Climate change Circular economy Health and livelihood Highly livable communities Food security Product design based on full life-cycle considerations 	Blue Value™ products sales revenue ratio	22%	24%	40%	IZAWA Kazumasa Responsible officer for Corporate Sustainability Division
	Rose Value™ products sales revenue ratio	21%	25%	40%	
	GHG emissions reduction rate (Scopes 1 and 2) * compared to FY2013	27%	26%	40%	
<ul style="list-style-type: none"> Safety 	Incidence of major accidents & serious occupational injuries	Zero	Zero	Zero (over the course of VISION 2030)	HOSOMI Yasuhiro Center Executive, Production & Technology Center
<ul style="list-style-type: none"> Respect for human rights 	Response to human rights risks	Revised & announced Human Rights Policy; implemented human rights due diligence	Implementation of human rights due diligence; establishment of internal structure for addressing human right risks	Identification & correction of risks by setting up a human rights due diligence system for all of our bases, both domestic and abroad	IZAWA Kazumasa Responsible officer for Corporate Sustainability Division
<ul style="list-style-type: none"> Risk and compliance management 	Incidence of major legal and regulatory violations	Zero	Zero	Zero (over the course of VISION 2030)	NAKAJIMA Hajime Responsible officer for Compliance Management Committee
<ul style="list-style-type: none"> Product quality 	Incidence of PL accidents & serious product quality incidents	Zero	Zero	Zero (over the course of VISION 2030)	YOSHINO Tadashi Responsible officer for RC & Quality Assurance Division
<ul style="list-style-type: none"> Stable production 	Introduction of advanced technologies Implementation of advanced production technology centered on AI/IoT	12 instances	10 instances	100 instances (over FY2021-2030)	HOSOMI Yasuhiro Center Executive, Production & Technology Center
<ul style="list-style-type: none"> Corporate culture 	Improvement of employee engagement score Engagement score	Implementation rate for improvement plans from our FY2021 survey: 100%	36% or more	50%	
<ul style="list-style-type: none"> Human capital 	Key talent management Successor coverage rate for critical positions	211%	235% or more	250%	ANDOU Yoshinori Chief Human Resources Officer
	Diversity Number of executive officers with diverse backgrounds (women, non-Japanese, mid-career hires) * Mitsui Chemicals, Inc.	· Diversity rate of future executives: 17.8%	· Diversity rate of future executives: 20% or more	· 10 or more (including at least 3 women)	
	Ratio of women in management positions (manager-level or above) * Mitsui Chemicals, Inc.	· 5%	· 7% or more	· 15%	
<ul style="list-style-type: none"> Digital transformation 	Health-focused management Average rate of lifestyle-related disease * Mitsui Chemicals, Inc.	· 9.5%	· Less than 9.25%	8.0%	SAMBE Masao Chief Digital Officer
	Frequency of absences from work due to mental health disorders * Mitsui Chemicals, Inc.	· 0.51	· Less than 0.47	· 0.25	
<ul style="list-style-type: none"> Innovation 	Training of DX specialists Number of data scientists	34	83	165 (by FY2025)	
<ul style="list-style-type: none"> Partnerships 	Pipeline expansion Number of development themes in the latter half of our Stage Gate System	Launched corporate venture capital (CVC) operations; Stage 1 themes registered: 38	Stage 1 themes registered: 30 or more	Double or more (vs. FY2020)	SHIBATA Shingo Center Executive, R&D Center
	Value creation for beyond 2030 Number of new areas of development at our Frontier Technology Center	3 candidates	3 or more candidates	3 or more areas	
<ul style="list-style-type: none"> Partnerships 	Sustainable procurement ratio	Engaged in communications with partners to solidify our efforts in this area Improvement request meetings: 9 companies	Promotion of sustainable procurement; opinion exchange held with partners to build shared vision: 12 or more companies	80%	SAMBE Masao Chief Digital Officer

Pursuing deeper integration of financial and non-financial performance



IZAWA Kazumasa

Managing Executive
Officer & CSO

Working toward effective management of non-financial KPIs

In VISION 2030, we reviewed our material topics and set KPIs linked to them. In order to make steady progress toward our ideal vision, we have appointed Executive Officers to be in charge of the progress of each KPI, but this is not sufficient. Both material topics and KPIs should be subject to continuing discussions about their validity. Furthermore, the issue of how non-financial initiatives are contributing to the achievement of financial targets is also an important one in our efforts to enhance corporate value. Based on the above, we conducted a review in fiscal 2022 from two perspectives: top-down and bottom-up. Going forward, we will conduct effective management of non-financial KPIs in conjunction with the risk management system reviewed in fiscal 2022, and steadily implement a management system that integrates both financial and non-financial metrics.

Sustainability in the Mitsui Chemicals Group

In response to global corporate sustainability issues indicated by SDGs and other initiatives, we aim to achieve the sustainable development of society and the Group through the following efforts.

- Seek business opportunities and strive to solve challenges through business activities
- Recognize future risks for the Group and uphold our corporate social responsibility

Aiming for “integration of financial and non-financial performance”

Non-financial performance is the foundation of financial performance: Addressing the “prerequisites for business continuity” **fosters trust**

Non-financial performance is the financial performance of the future: Improving our “abilities essential to business continuity” **accelerates growth**

Non-financial and financial performance mutually affect each other: “Contributing to a sustainable society” enables us to **maximize profits**

Review of non-financial KPIs by management

All non-financial KPIs were reviewed at the meeting of the Company-wide Strategy Committee, which was attended by the CEO and the other executive officers with specific titles. Opinions such as the following were raised and issues were recognized: “Non-financial targets cannot be achieved by functional divisions alone, and collaborations with business divisions are essential,” “KPIs should be the key

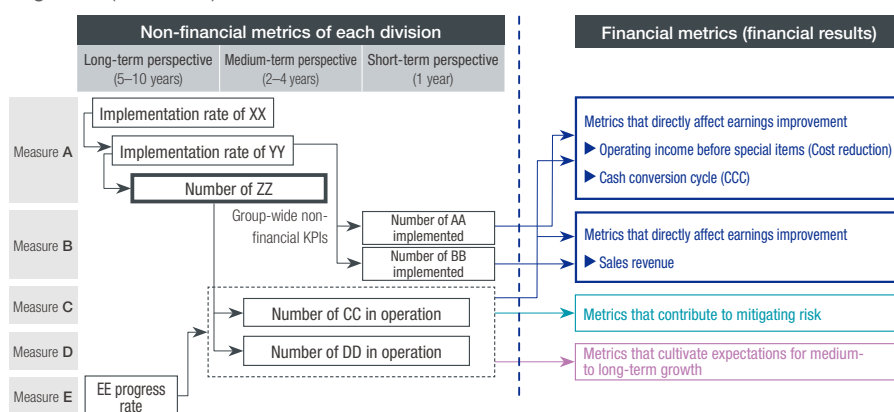
factors that need to be controlled in order to realize the Group’s ideal vision,” and “The deductive causal relationships between KPIs should be shown.” Although we did not make any changes to our material topics or non-financial KPIs in fiscal 2022, management will continue to discuss them, taking into consideration that they will be reviewed as necessary.

Financial/non-financial relationship analysis by all functional divisions

We instructed all functional divisions to create a logic tree that visualizes the relationship between the non-financial metrics set by each division and their financial results. This is because we wanted employees working on non-financial initiatives to have a sense of ownership, by reminding them that they are also responsible for enhancing corporate value on a financial level. In addition, we wanted to encourage employees to have deeper discussions about the validity of the metrics and measures. Consequently, we have achieved a certain level of results. For instance, some divisions decided to reconsider their metrics after realizing that “there are some metrics that will not logically linked to financial results.”

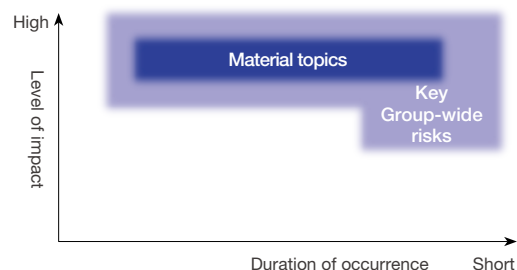
We will continue to refine the logic tree in each division, dig deeper into the organic relationships between financial and non-financial metrics throughout the Group, and work to visualize them.

Logic tree (Illustrative)



Linking material topics to Group-wide risk management

In April 2023, we renewed our risk management system in our belief that material topics should be linked to key Group-wide risks. We believe that through the process of identifying key Group-wide risks, we can conduct a multi-layered review of material topics and non-financial KPIs linked to them, thereby pursuing effective KPI management.



UPGRADED Renewal of risk management system

Up until now, the Group has viewed risks as threats, and each division and committee has implemented its own management approach of detecting risks early and preventing them from occurring. On the other hand, from the perspective of the entire Group working as one to implement VISION 2030 in order to enhance corporate value, the Board of Directors voiced the need for a review of this approach. In response, we focused on three points in this renewal. First, we will conduct risk management that aims not only to minimize threats but also to maximize opportunities. Second, we have appointed officers with specific titles as risk owners, and established a Risk Management Committee as a place for each owner to bring up

for discussion risks in their respective areas of responsibility. This allows us to comprehensively and holistically understand risks and prioritize them from a Group-wide perspective. Third, we will incorporate the results of the discussions into management systems such as rolling strategic plans and annual budgets, and implement the PDCA cycle accordingly. Since risks are moving targets, we will strive to increase our effectiveness while visualizing the status of our response. At the same time, we will encourage management and employees to improve their risk management literacy to transform our organizational culture into one that pursues maximizing opportunities.

▶▶ Risk Management, p. 112

Financial Strategy

As CFO, I am committed to working on to achieve VISION 2030 and enhance our corporate value by strengthening our cash flow management, maintaining a sound financial profile, and improving our non-financial value.

NAKAJIMA Hajime

Representative director

Senior Managing Executive Officer & CFO



Summarizing fiscal 2022 performance

In fiscal 2022, worsening conditions in the economic environment during the second half made for an increasingly harsh business environment and led to a decline in the Group's profits compared to fiscal 2021. Despite the challenging conditions, however, our operating income before special items in growth domains came to 102.3 billion yen, up 14.0 billion yen year on year, exhibiting a solid growth trajectory. Our Basic & Green Materials business segment managed to remain profitable and record an operating income before special items of 17.8 billion yen in the face of a decline in sales volume, slumping market conditions, smaller inventory valuation gains, and other unfavorable conditions.

Amid a harsh business environment, fiscal 2022 was a

year in which our resource investments in growth domains and restructuring efforts yielded solid results and made us confident about the direction of our portfolio transformation. Although conditions may remain daunting in the first half of fiscal 2023, we need to maintain the momentum on our portfolio transformation and make progress on the long-term goals in VISION 2030 so that we can continue to enhance our corporate value.

As our strategies and efforts to enhance our corporate value are covered in the CEO Message, I will discuss in this section those initiatives from my perspective as CFO: how we will work on the financial side to support the range of measures discussed by the CEO.

Strengthening our cash flow management toward future M&As and other initiatives

First, I would like to look back at changes in the Mitsui Chemicals Group portfolio from the standpoint of cash flow (CF) management. In the wake of the Lehman Brothers collapse and ensuing global financial crisis, the Group posted a significant loss (95.2 billion yen in net loss for fiscal 2008). We responded by restructuring our petrochemical and basic chemicals areas and making a drastic change of course toward functional materials. However, as our cash flows from operating activities in the period following the shifts were low, we initially prioritized the restructuring of unprofitable businesses and barely managed to allocate cash toward keeping existing businesses afloat. Our cash flows from investing activities hovered around an outflow of 50 billion yen, preventing us from making any sizable growth investments for some time; the lone exception was fiscal 2013, when we acquired an oral care business of Heraeus Holding GmbH (Kulzer).

Around fiscal 2015, however, our restructuring efforts began to pay off. Our cash flows from operating activities

rose to roughly 100 billion yen, and we finally reached a point where we could allocate cash toward growth investments around fiscal 2016. These investments have borne fruit in the form of rising profits in growth domains since fiscal 2020, putting us in an optimal position for the next phases of growth.

Nevertheless, we will need to make aggressive investments with an emphasis on growth domains to reach 250 billion yen in operating income before special items by 2030. That requires not only organic investments for initiatives like capacity expansion but also inorganic investments, including M&A. Cash flow management will thus take on an even greater importance than before.

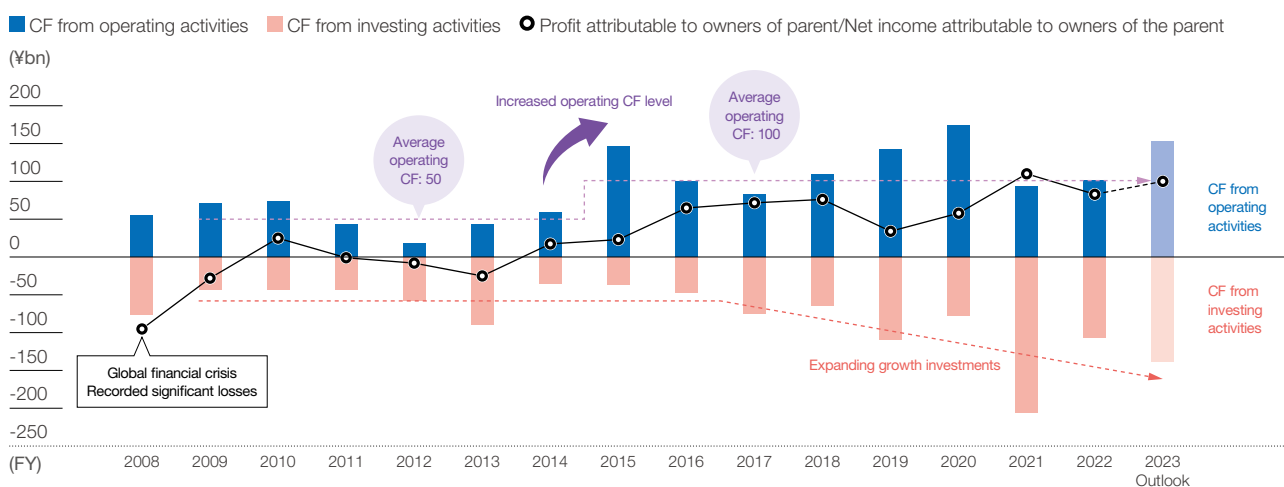
As we have not necessarily had a high success rate in our M&A initiatives, our investors have raised questions about how we plan to apply the lessons of the past toward better results in the future. In response, we have reviewed our previous M&A projects (see **Investment Strategy** ►► p. 48) and established review meetings specifically for M&A to

examine everything from the exploratory stage to post-merger integration (PMI) in hopes of pushing our chances of success higher.

My role as CFO is to keep a close, objective eye on risks and returns, aiming to minimize risks, and halt projects as necessary. But at the same time, I will work to provide as much support as possible through funding to initiatives that are sufficiently consistent with our strategies and promising

in terms of potential cash returns so that we will be able to proactively execute strategies even if our net D/E ratio temporarily exceeds our target of 0.8 as a result of the initiatives. Elevating our investment-success rate is a vital step for not only expanding our earnings but also improving our investment efficiency, which is measured by return on invested capital (ROIC), and I am firmly determined to bring that effort to fruition.

Cash flows



Taking ROIC management to a deeper level

The Mitsui Chemicals Group incorporates ROIC into its business management. In aggressive growth-investment phases, a company's ROIC may experience short-term drops. The Life & Healthcare Solutions business segment is one example: while profits are demonstrating steady growth, the segment's ROIC is on a decline. The downward trend is a temporary one, stemming from aggressive, strategy-driven investments in capacity expansion, other investments, M&A activities, and initiatives to form partnerships. To keep business-promotion efforts positive and active at these junctures, we set ROIC targets not for individual fiscal years but rather from a medium- to long-term perspective.

That said, however, our single-year targets do include ROIC components, such as cash conversion cycle (CCC), in addition to profit targets, providing us with insights that we can use to enhance asset efficiency. For example, we configure a specific CCC target for each business division and monitor progress on a quarterly basis. The Group had 440.0 billion yen in inventories as of March 31, 2023. An increase of 3% in that total would mean a reduction in cash flow of more than 10 billion yen. As we work to apply cash resources to growth investments more efficiently and effectively, we will need to take steps to improve our CCC.

We will also continue to boost our Group-wide ROIC

through a variety of efforts to review asset holdings across the Group, such as reducing cross-held shares and selling and disposing of idle facilities and equipment. We monitor ROIC levels on a business division basis for every accounting period to assess whether our strategy-based measures are heading in the right direction. In addition, we are exploring ways to accelerate business restructuring through strategy discussions based on a classification of businesses according to ROIC and profit growth. For example, we decided in June 2023 to address the low ROIC levels in Mitsui Chemicals Tohcello, Inc.'s packaging film business by forging a business alliance arrangement with other companies, thereby enhancing performance.

We are thus working to develop and establish a management framework mindful of cost of capital. However, the Group-wide average ROIC as of fiscal 2022 is just over 5%—still short of our return on equity (ROE), which exceeds 10%. To bring our corporate value up to a level comparable with those at other specialty companies, we will need to deepen our ROIC management even further.

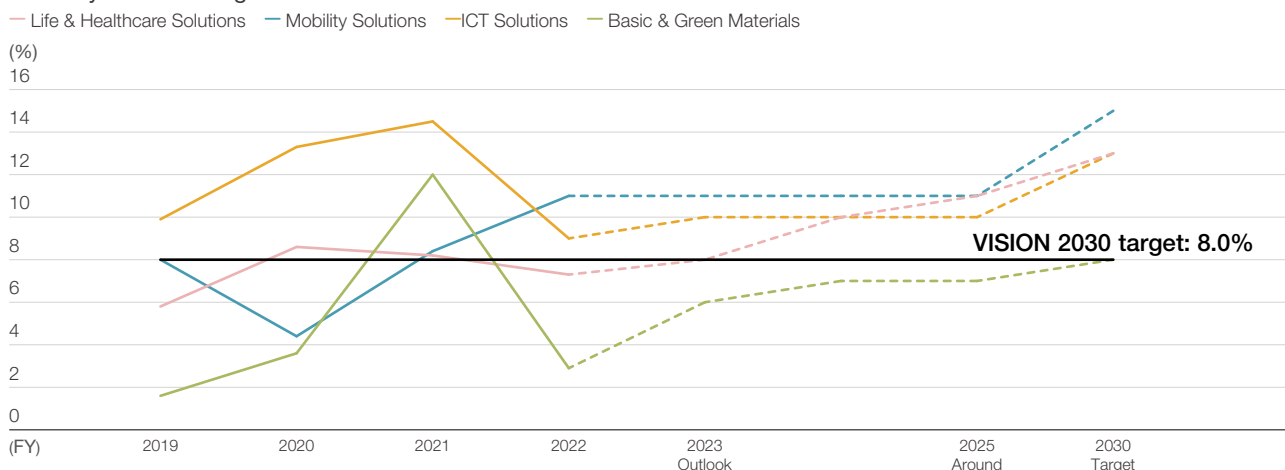
Crucial to that effort will be a stronger awareness of the connections between non-financial components and ROIC. Safety and quality, for example, are core components of business foundations that enhancements in corporate value

Financial Strategy

rely on. The same idea applies to human capital. If we can implement measures to transform our corporate culture step by step and help our employees see things from a new perspective, I think we will be able to execute portfolio

transformations even more quickly and further enhance corporate value. Embracing that mindset, we are working to build structures that will facilitate ROIC improvements from both the financial side and the non-financial side.

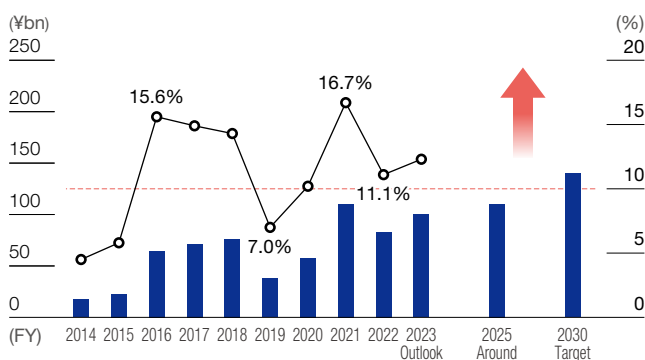
ROIC by business segment



Seeking to increase the P/B ratio by raising the level of ROE, accelerating profit growth in growth domains, promoting further restructuring, boosting shareholder returns, etc.

ROE

■ Profit attributable to owners of parent/Net income attributable to owners of the parent
 ● ROE -- 10% ROE



Acceleration of business portfolio transformation	<ul style="list-style-type: none"> Accelerate profit growth in growth domains Manage business portfolio by reviewing ROIC and profit growth potential of each business
Reduction of volatility	<ul style="list-style-type: none"> Stabilize and improve earnings in Basic & Green Materials Implement further steps to restructure and downsize low-profitability businesses Optimize cracker capacity Implement investments in green chemicals initiatives while ensuring profitability
Enhancement of cash generation capabilities	<ul style="list-style-type: none"> Improve cash flows from operating activities via increased earnings and an improved CCC
Capital policy	<ul style="list-style-type: none"> Further boost shareholder returns in line with the rise in profit levels

Strengthening shareholder returns

Committed to providing stable and continuous dividends, we have revised our policy on shareholder returns in accordance with profit growth. In fiscal 2017, the second consecutive year that our operating income exceeded 100 billion yen, we established a policy targeting a total return ratio of at least 30% and flexible acquisition of treasury stock. We also added to our policy on shareholder returns with a new target—a DOE of 3.0% or higher, signifying stable dividends—in our record-setting profit year of fiscal 2021, albeit amid certain market conditions and other temporary factors. What made these changes possible was the fact that the level of our cash flows from operating activities was higher than before.

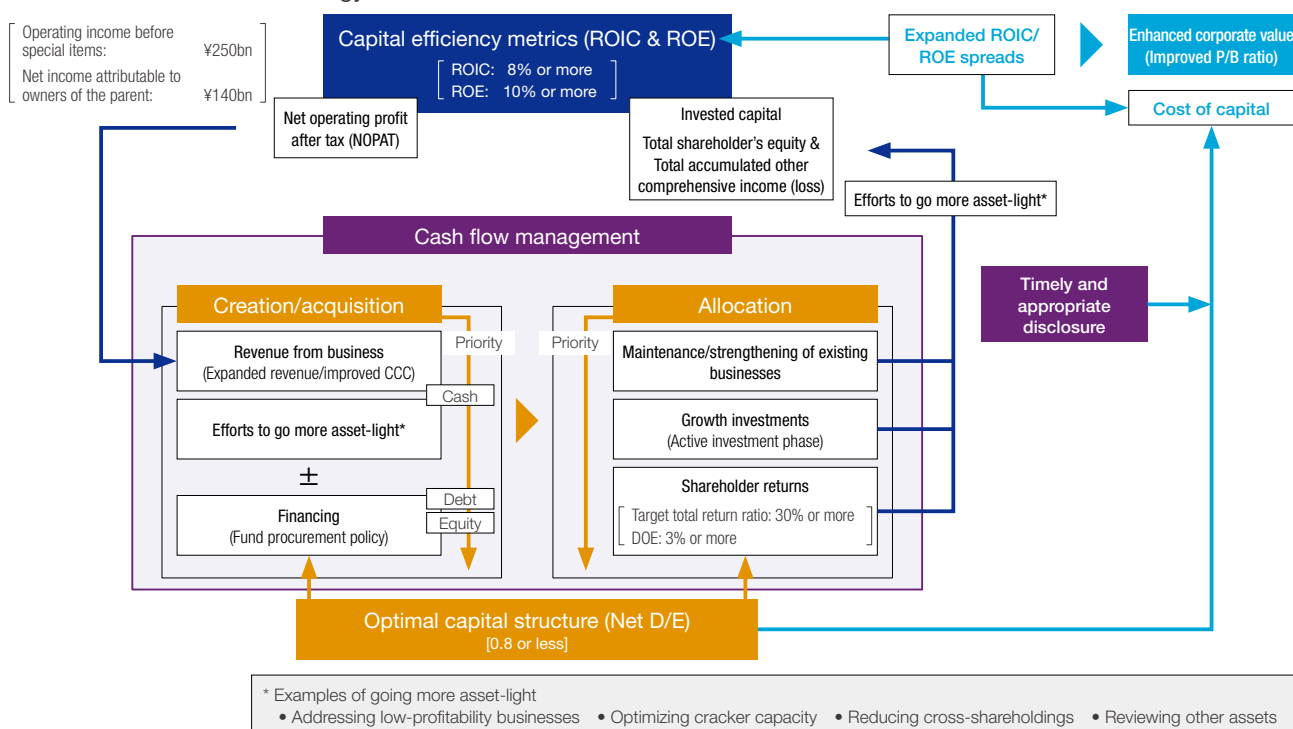
The Group's basic approach to cash allocation assigns first priority to investing resources (including R&D expenses and labor expenses) to maintain and strengthen existing businesses, second priority to growth investments (including R&D expenses and labor expenses), and third priority to returns to our shareholders. Working toward our targets for operating income before special items in VISION 2030, namely 200 billion yen around fiscal 2025 and 250 billion yen in fiscal 2030, we will continue to use cash to maintain and strengthen businesses and to drive growth. As the past trends in our cash flows from operating activities show, we will continue to root our cash allocation in this basic approach and pursue portfolio transformations to increase

our cash flows from operating activities. Once we are confident that the improvements will hold firm, we will then turn our attention to reviewing the levels in our policy on shareholder returns.

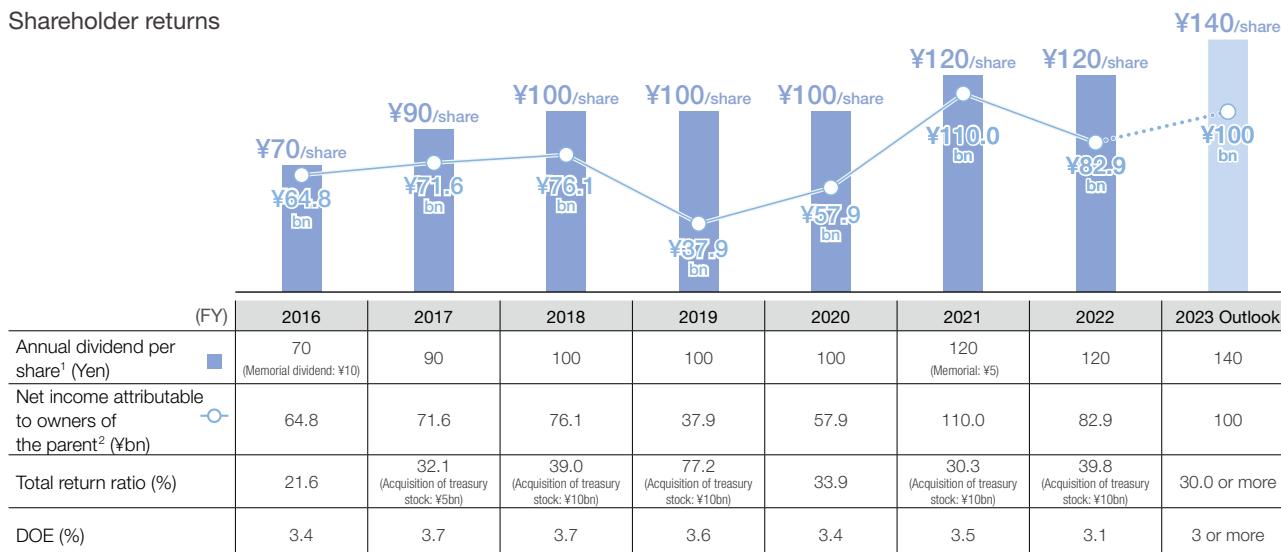
My discussion of the Group's financial side has touched on topics including M&A activities, ROIC management, and shareholder returns, which are three areas that shareholders and investors often ask about in the many dialogues I have had the opportunity to be a part of. As CFO, I intend to give

full consideration to not only strengthening cash flow management and maintaining a sound financial profile but also the perspective of non-financial value as I strive to make business decisions to realize the goals of VISION 2030 and work with our CEO and CSO to enhance the Group's corporate value. I also look forward to engaging with our investors and other stakeholders in more and more dialogue, which will give me the opportunity to share details on what we are working to do.

Overview of the financial strategy



Shareholder returns



¹ Mitsui Chemicals conducted a 5-to-1 share consolidation on October 1, 2017. Annual dividends per share have been adjusted retrospectively to reflect the share consolidation for all periods presented.

² Mitsui Chemicals has voluntarily adopted International Financial Reporting Standards (IFRS) from fiscal 2020. Figures for fiscal 2019 and before are profit attributable to owners of parent under Japanese Generally Accepted Accounting Principles (J-GAAP).

Investment Strategy

Looking back at past M&As and increasing the probability of future success

To date, the Mitsui Chemicals Group has engaged in numerous M&As and capital alliances, particularly in growth domains. We have received many questions from investors regarding our past M&A projects. Based on the reflections, knowledge, and insight gained from these projects, we have organized a path to improving the success rate of future projects.

Overview M&As of the Group

Looking back at past M&A projects, M&As that are an extension of existing business domains have a high probability of success. On the other hand, projects that aim to acquire both new products/technologies and new markets tend not to yield the results we initially expected, such as taking longer than expected to get on track for growth.

Taking advantage of the lessons learned in the past, we have set a policy of focusing on M&A projects that are an extension of existing products/technologies or existing

markets. However, in order to realize the transformation to a solutions-based business model, there may be times where we will need to acquire highly difficult projects that involve new products and new market domains. In such cases, we conduct strict risk management. In addition, with a recognition that the post-merger integration (PMI) process is of utmost importance in an M&A project, we have established a detailed decision-making process to be used before and after the implementation of a project.

Review Past M&As implemented

In the figure below, we have divided M&As into the Ansoff Matrix with two axes: market (new/existing) and product/technology (new/existing). Based on the matrix, we reflected on specific past projects, and found that since fiscal 2010, our Group's M&A efforts have focused on growth domains, particularly Life & Healthcare Solutions. Projects that involve existing products and markets (the quadrants 1 to 3) had a relatively high probability of success. On the other hand, representative examples of the quadrant 4 (new products and new markets) are the acquisitions of Kulzer and ARRK. This field had a high difficulty level and projects took time to achieve results.

The Ansoff Matrix and specific past cases

Market	New	③ (E.g., Overseas agrochemicals partnership)	④ High difficulty level (E.g., Kulzer, ARRK)
	Existing	①	② (E.g., Vision care-related products)
		Existing	New
		Products/Technology	

Business	FY	Major M&As or partnerships	
Life & Healthcare	Vision care	2011	Acquisition of ACOMON in the low refractive index field
		2012	Acquisition of shares of KOC in medium to high refractive index field
		2020	Acquisition of COTEC in the field of hydrophobic and anti-reflective coating materials
		2022	Acquisition of Coburn, an ophthalmic lens processing equipment manufacturer
	Oral care	2013	Acquisition of Kulzer, Heraeus Holding GmbH's dental materials business
		2020	Business partnership and capital alliance with SHOFU, a manufacturer of dental materials and equipment
	Medical care	2021	Partial acquisition of shares of Japan MDM, a manufacturer of medical devices
	Agrochemicals	2011	Partial acquisition of shares of Sotus (Thailand) (Made additional acquisitions in FY15 and FY16) Partial acquisition of shares of Iharabras (Brazil)
		2016	Established a joint venture for an agrochemical registration in India (51% stake) Business partnership with Cuulong (Vietnam) (20% investment)
		2017	Business partnership with Agricon (Indonesia) (30% investment)
2022		Acquisition of Meiji Seika Pharma's agrochemicals business	
Mobility	Solutions business	2014	Acquisition of Kyowa Industrial, a mold solution company
		2017	Turning ARRK, which provides development support for new products in the industrial goods sector, into a subsidiary via a tender offer
ICT	Semiconductor & optical materials	2023	Acquisition of Asahi Kasei's pellicle business
Basic & Green Materials	Common	2021	Turning Honshu Chemical Industry into a subsidiary via a tender offer

Examples Successful cases of M&As

Regarding M&A projects in domains related to the vision care business, the acquisition of ACOMON, acquisition of shares of KOC, and acquisition of COTEC, all fall under the quadrant 2. Accordingly, after each M&A, our business expanded steadily along with the expansion and growth of our Group's ophthalmic lens materials business. Moreover, regarding our partnerships in the agrochemical products domain, we conducted the acquisition of shares in Thailand's Sotus and Brazil's Iharabras, established a joint venture as a registered business in India, and formed business partnerships with Vietnam's Cuulong and Indonesia's Agricon. While they all fall under the quadrant 3, through such partnerships with overseas agrochemical manufacturers, our Group's overseas sales of agrochemicals have expanded and are driving the growth of our agrochemical products business. Therefore, it can be said that the probability of success is higher for projects that fall under the quadrants 1 to 3, which include existing domains of our Group.

Examples Cases where it was difficult to achieve the expected results after the M&A and time was required

In the field of dental materials, where demand is stable and expected to grow in the medium to long term due to the aging of the global population, our Group's dental materials business had already established a certain market position centered on the Japanese market. However, global expansion was an issue. Furthermore, in response to the shift of materials from metals to resins, we acquired Kulzer in 2013 with the aim of creating synergies with our Group's specialty polymer technology. However, since Kulzer already had a global presence and a rich product lineup that was more diverse than we had expected, the project involved the quadrant 4 (new products and new markets), and seemed almost like an exclave to us. As a result, it took a considerable amount of time before we secured stable earnings. Approximately 10 years have passed since the acquisition, and during this period, knowledge and technology regarding the dental materials business have been accumulated within the Group. Therefore, the dental materials business now falls under the quadrant 1 (existing products and existing markets). Furthermore, in the business field of dental materials with progressing digitalization, companies that have chemical technologies in the 3D printing and ink are still few and far between. Thus, by leveraging our Group's technological superiority and improving our competitiveness through collaborations with SHOFU and Sun Medical Co., Ltd., which have strengths in the Asian and Japanese markets, we are finally seeing potential for this business to become a growth driver in the Life & Healthcare Solutions business segment.

Future policy Taking approach based on the M&A quadrant and adding decision-making process

Based on the above review, we aim to improve the probability of success in future M&A projects by implementing the following policies.

• Main M&A target domains

We will focus on the quadrant 2 (existing technology and new markets) and the quadrant 3 (new technology and existing markets), which have a high probability of success.

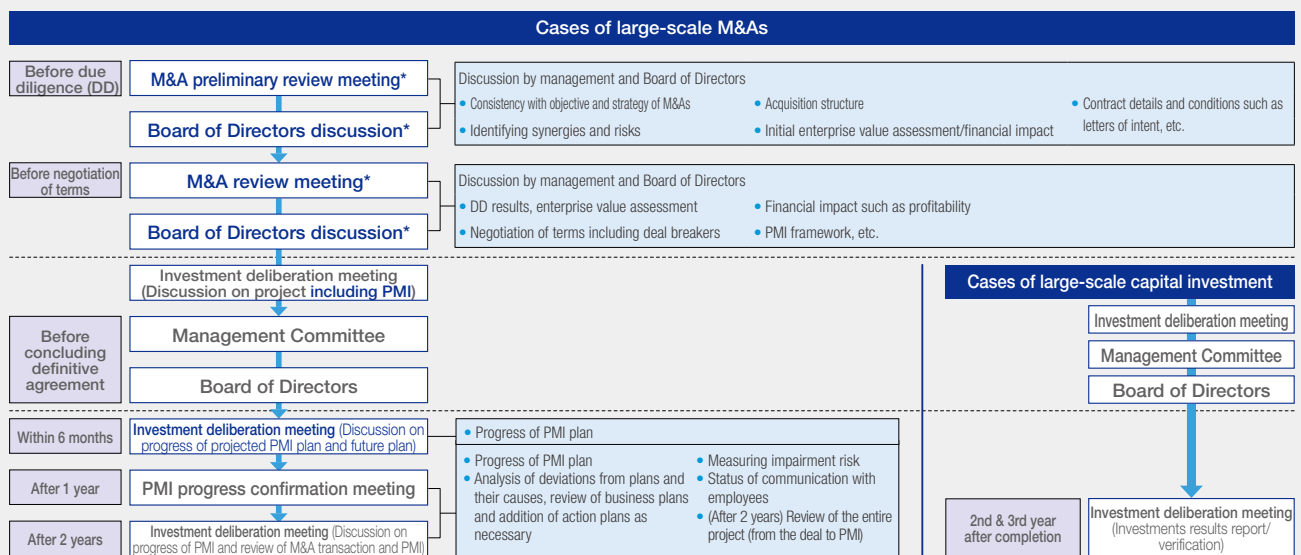
• Restructuring the decision-making process with an emphasis on PMI

Returning to a basic lesson that the post-merger integration (PMI) is important in any M&A, discussions should be conducted not only by management but also by the Board of Directors regarding strategic adaptability, synergies, and the direction of the business after the acquisition. To enable the above, in October 2019, we established a new decision-making process for cases of large-scale M&As.

• Risk management of projects in new domains

In order to transform into a solutions business, we may proceed with projects in the quadrant 4 (new technology and new markets), but we will strictly manage risks in such cases. For example, at the start, we can make a relatively small-scale investment, such as a minority equity investment or partnership. When we have accumulated enough information, knowledge, technology, etc. and the business reaches the stage where it belongs to the quadrant 2 or 3, we can then take steps to increase our resource input such as by increasing our investment. Therefore, we believe that it is necessary to capture growth opportunities while controlling risks in this manner.

Decision-making process of investments



* Held based on standards of monetary amounts

TOPICS

—Cases of corporate culture fusion through PMI—

Acquisition of agrochemicals business (formerly MMAG) of Meiji Seika Pharma Co., Ltd. (January 2022)

In this project, we held face-to-face town hall meetings at all sites by Day 1 (the start date of operations under the new system after the completion of the acquisition), and actively communicated with employees by explaining the overview and long-term plans of our Group and the former Mitsui Chemicals Agro, Inc. (formerly MCAG). On Day 1, the head offices, branches, and laboratories of both companies were consolidated and work was carried out on the same floor, creating a sense of unity. Furthermore, in April 2023, the two companies merged both in name and reality, and began a new chapter as Mitsui Chemicals Crop & Life Solutions, Inc. This acquisition expanded our pipeline of active ingredients. In addition, the creation of synergies can be expected, which will expand sales of the environmentally friendly active ingredients owned by the former MMAG not only domestically but also globally, by utilizing the overseas sales channels of the former MCAG. Through this merger, the two companies are working together as one to realize synergies as soon as possible.

R&D and Intellectual Property Strategy

R&D Policy and Strategy
<https://jp.mitsuichemicals.com/en/techno/strategy/index.htm>

Strategy toward achieving targets of VISION 2030

As part of VISION 2030, the Mitsui Chemicals Group has formulated an R&D strategy that combines two approaches in order to promote R&D from a long-term perspective: short- to medium-term, and medium- to long-term.

Based on Mitsui Chemicals' core technologies of precision synthesis technology, polymer science, and manufacturing process technology, we will strengthen human resources, which are of paramount importance, while implementing a cycle of functions, organization, and technology to execute the following two R&D measures.

(1) Forecast-based R&D

R&D originating from our proprietary technologies that are our strengths, in which we identify and address social challenges that we aim to solve in each of our business segments

(2) Backcast-based R&D

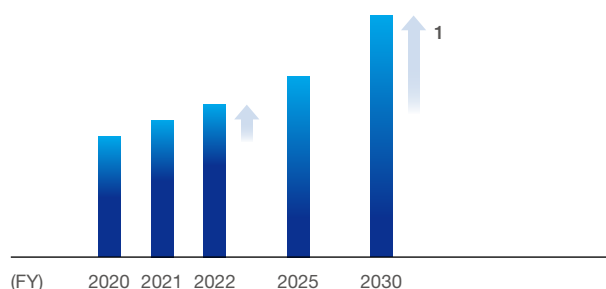
R&D from a long-term perspective, in which we look forward to a difficult-to-predict world of 2030 and beyond, consider what sort of future we want to create out of a wide range of possibilities, and then backcast from this to decide which issues to try and solve

Progress of VISION 2030

Progress of forecast-based R&D: Pipeline creation that utilizes our proprietary technology

We have introduced a Stage Gate System for new product development, and we divide new products into five stages from thematization to market launch, and conduct such activities as safety evaluation, investigation of environment-related laws and regulations, and risk assessment necessary for each stage. Under VISION 2030, we believe that activation of the pipeline and securing a certain number of themes are necessary as a precondition for innovation creation, and we have set a non-financial target of increasing the number of development themes, especially in the latter half of the Stage Gate System.

Number of development themes in the Stage Gate System



TOPICS

Practical applications of polyurethanes that use bio-based C5 isocyanate and its derivatives

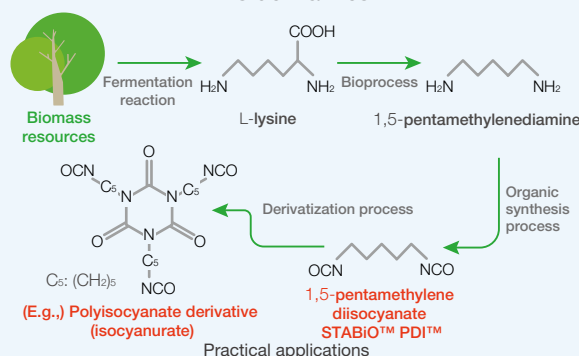
Utilizing our core technologies of precision synthesis technology and polymer science, we have produced the world's first new isocyanate and its derivatives (STABio™ PDI™) in about 30 years, and commercialized them in Japan.

STABio™ PDI™ is a new bio-based isocyanate that has reduced dependence on fossil resources. The isocyanate hardening agent developed based on this isocyanate is capable of shortening the hardening time and enables a hardening reaction at a lower temperature than conventional agents using fossil resources. It also has improved chemical resistance, thereby realizing resource and energy savings in polyurethane products. Taking advantage of these features, it is used in the energy domain as a coating material for silicon solar cells, and in the mobility domain as a hardening agent for structural adhesives that contribute to reducing vehicle weight.

Furthermore, in the healthcare domain, we have commercialized a type of high refractive index ophthalmic lens material (Do Green™ MR-160DG™) that has obtained biomass certification, in order to meet environmental needs.

This technology development won the "Minister of Economy, Trade and Industry Award" of the 22nd Green & Sustainable Chemistry (GSC) Awards in 2023.

Production process of bio-based C5 isocyanate and its derivatives



Energy domain	Mobility domain	Healthcare domain
Coating materials for solar cell backsheets	Structural adhesives	High refractive index lenses



At the award ceremony
 (Left to right: USUI Yuta, NAKAGAWA Toshihiko, YAMASAKI Satoshi, RYU Akinori)

Progress of backcast-based R&D: New value creation for beyond 2030

Looking ahead to the world after 2030, we use a method that combines science fiction ideas with scenario planning to draw a worldview of “the future we want to create” from among infinite possibilities, and backcast candidates for new areas of development to realize that future. In fiscal 2022, in addition to the area of carbon neutrality, we have begun R&D on the three new areas as follows.

By collaborating with other companies, domestic and international startups, and universities, we will acquire new technologies not found in existing technology platforms and open up new business domains. In addition, going forward, we will continue to review, update, and add candidates for new development areas from time to time.

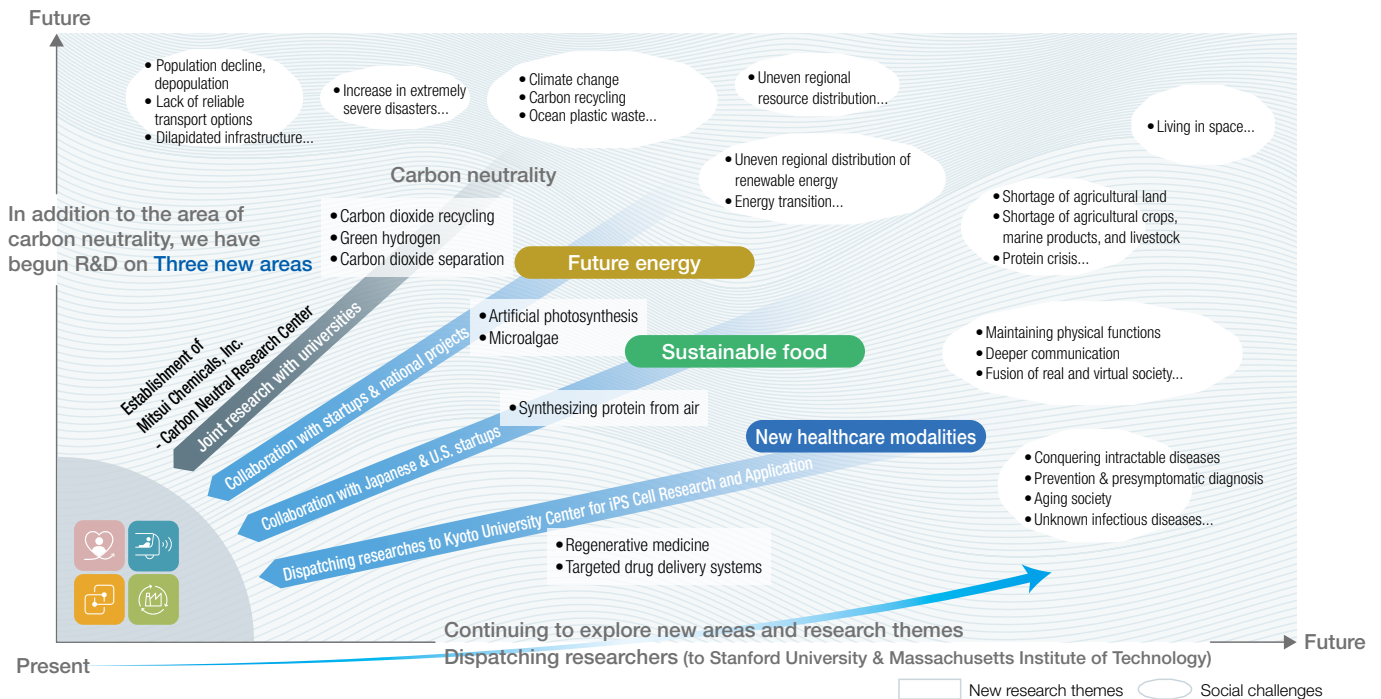
Three new areas

Future energy

Sustainable food

New healthcare modalities*

* Modalities: Modes of treatment including low molecular weight drugs, antibody drugs, nucleic acid medicine, cell therapy, gene and cell therapy, and gene therapy



New healthcare modalities

Joint research with Kyoto University Center for iPS Cell Research and Application

We have begun a joint research project with Rege Nephro Co., Ltd. and Kyoto University Center for iPS Cell Research and Application (CiRA) to develop exosomes as a new modality (therapy). We have dispatched our employees to the Kyoto University Center for iPS Cell Research and Application to conduct research and development on exosome isolation from cell culture supernatant samples, exosome characterization, and mass production methods.

Exosomes are granular substances with a diameter of 50-150 nm that are secreted from cells. Recently, they have been attracting attention as a new type of intercellular communication medium that contains substances such as nucleic acids (miRNA, mRNA, DNA, etc.) and proteins. Numerous clinical trials that use exosomes have been registered around the world. Along with the elucidation of their physiological and pathophysiological functions, clinical application research using these functions, and in particular the development of diagnostic and therapeutic methods, is rapidly progressing.



× Rege Nephro

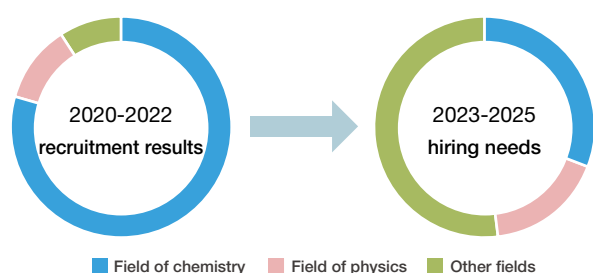


Recruiting and development of R&D human resources

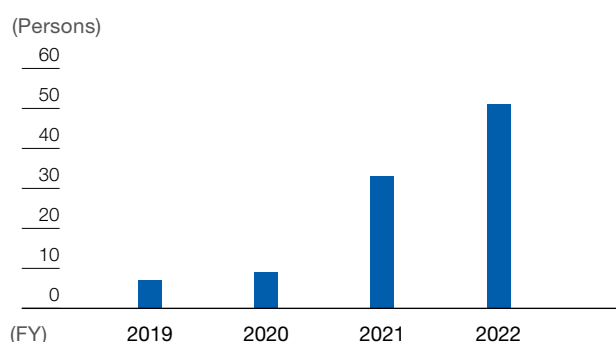
With the transformation of our business portfolio and the strengthening of our digital transformation (DX) foundation, our needs in the major domains including biology, medical engineering, DX, and machinery are changing. We will use a variety of methods to acquire and strengthen human resources from other fields. For regular

recruitment, we will consider the use of scholarship systems, and actively hold recruitment events and accept internships. For mid-career hires, we will utilize and promote referral recruitment, and strengthen our relationships with joint research partners.

Number of employees hired and hiring needs



Number of mid-career hires



Intellectual Property Strategy

Intellectual Property Strategy <https://jp.mitsuichemicals.com/en/techno/ip/index.htm>

Strategies and initiatives to achieve VISION 2030 targets

We have repeated dialogues between the Intellectual Property Division and our wide range of functions and divisions, including management, R&D, sales sites, and production sites. This is to enable us to formulate and implement an intellectual property strategy that is linked to our management, business, and R&D strategies.

In order to achieve sustainable growth of our Group in a world that is rapidly changing, the Intellectual Property Division contributes to our “business model transformation” and “business portfolio

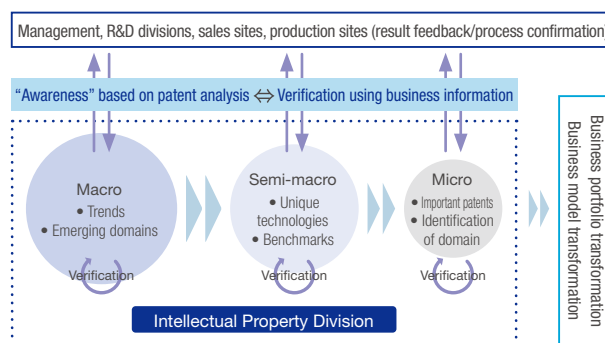
transformation,” which are the core of VISION 2030’s basic strategy, through optimization of the IP portfolio and IP landscaping. In addition, the division fulfills the role of securing our competitive advantage by steadily filing and securing intellectual property rights created through our businesses and R&D, as well as the role of respecting intellectual property rights held by other companies and responding appropriately.

Promotion of IP landscaping and DX of intellectual property

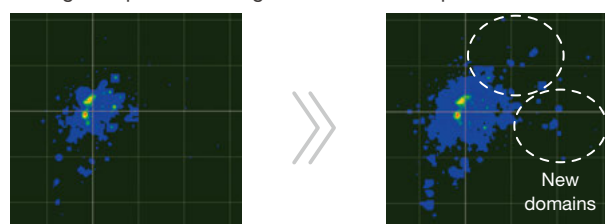
IP landscaping aims to improve the accuracy of strategies and decision-making in our management, businesses, and R&D by combining and analyzing patent and non-patent information. For instance, the Intellectual Property Division holistically examines industry trends from patent information, and repeatedly verifies hypotheses based on market information and technical expertise while communicating with management, R&D divisions, sales sites, and production sites. This allows us to explore promising domains and directions for existing businesses, and can also lead to the effective creation and acquisition of new businesses. The Intellectual Property Division also takes a co-creation perspective with value chains and partners, and strives to realize solutions-based and circular economy-based business models that solve social challenges and meet the needs of our customers, the customers of our customers, and ultimately, consumers.

In addition, we will strengthen and expand our intellectual property management system and information research and analysis tools, work with the Digital Transformation Sector to consider the use of AI, and focus on training and acquiring human resources who are not only knowledgeable about intellectual property but also well-acquainted with IT. These efforts are intended to help us respond appropriately to the expanding use of intellectual property information and the expansion of our Group through M&As.

How we proceed with IP landscaping



Changes in patent holdings due to business portfolio transformation



* Created using VALUENEX Radar provided by VALUENEX Japan Inc.

Bolstering Cross-organizational Initiatives from a Management-of-Technology Perspective

We have established a new CTO Office, and are working to further strengthen new technology development from a management-of-technology (MOT) perspective.

YOSHINO Tadashi

Representative Director
Senior Managing
Executive Officer & CTO



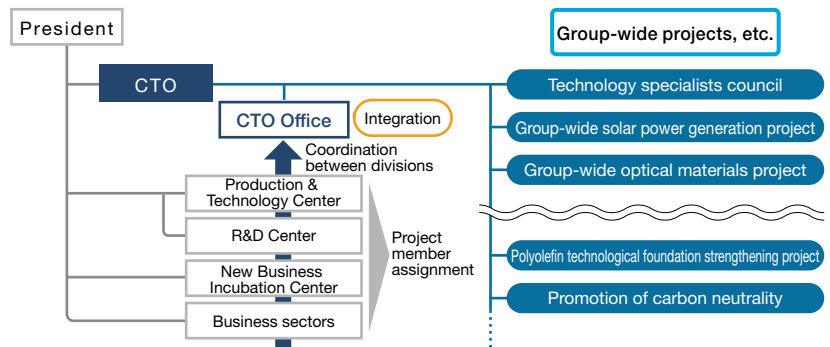
We have been aiming for business expansion in the growth domains defined in VISION 2030. Based on these policies, we have applied existing technologies, developed new technologies, and advanced the development of products with even higher functionality. In some cases, we created materials and functions that are needed not only in their conventional domains but also in other domains. In line with the growth in each domain, cross-organizational businesses and technology domains are steadily expanding and growing. In addition, it is becoming necessary for us to develop common foundational technologies or new technologies that go beyond individual strategic units.

Up until now, we have been working on information sharing and cooperation among the R&D Center, Production & Technology Center, business sectors, and development divisions. However, there has been an increasing need for an organization that functions to oversee these divisions, determines the direction of our corporate strategy, considers the resource allocation problem, and conducts the allocation. Therefore, using “technology” as our focal point, we have established the CTO Office as such an organization and set forth its functions, with the aim of conducting cross-organizational initiatives from a Group-wide perspective, and further strengthening such efforts from an MOT perspective that goes beyond individual strategic units.

Specific examples of such efforts include initiatives aimed at realizing a circular economy and carbon neutrality. Since we made our carbon neutrality declaration in November 2020, it has been the basic policy of our major business strategies, and related efforts have been

launched simultaneously in each business sector and domain of the Group. Furthermore, we have been receiving requests for recycling from individual customers or for isolated products. Although we initially responded to each case separately, we now believe that it is important to utilize interdepartmental cooperation in areas such as same-category research, process development, and circular supply chains. In addition, in the field of optical materials, separate business sectors operate the MR™ series of resins for ophthalmic lenses in the vision care domain, and the APEL™ series of lens resins for smartphones in the ICT domain. Although each has its own unique manufacturing process, optical property evaluation technology, and know-how, fusing and linking them may lead to the development of products in new fields, such as head-mounted displays (HMDs).

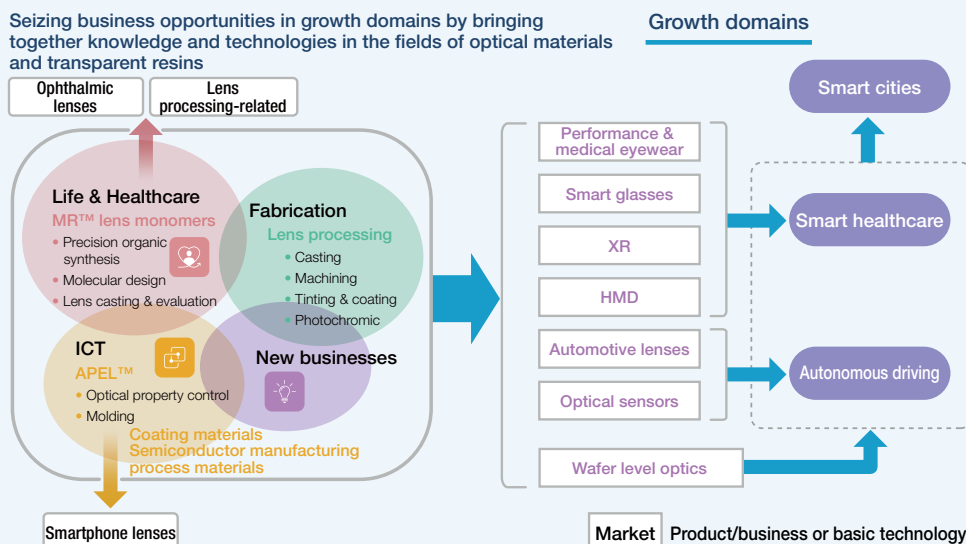
Through each of these initiatives, as the Chief Technology Officer, using “technology” as a focal point, I will strive to accelerate Group-wide initiatives and enhance corporate value.



ACTION Optical materials project

In the optical materials project, there are products that span across multiple business segments, such as MR™, which has a high share in the ophthalmic lenses market, APEL™, which is used in smartphone imaging lenses, and other ICT-related products. By linking the business chains and integrating the

technologies of these distinctive products via the CTO Office, we can consolidate and compile our knowledge and technologies in optical materials/transparent resins, thereby capturing business opportunities in growing market domains and providing total solutions to our customers.



Corporate Transformation Through Digital Transformation (DX)

DX strategy and the progress thereof

Under VISION 2030, the Mitsui Chemicals Group has set “Corporate transformation through DX” as one of our basic strategies. Accordingly, we are making major changes to the nature of our business and working to enhance corporate value from two perspectives: (1) Applying DX throughout our entire Group and all business domains; and (2) Creating value by way of business-wide transformation spanning research, production, sales and supply chains.

First, in order to achieve the goal of applying DX throughout our entire Group and all business domains by 2025, we have defined the MCI DX Vision. Moreover, we are implementing the following four basic strategies, all of which are progressing according to plan.

Basic Strategies of the MCI DX Vision		Major progress as of June 2023
Basic Strategy 1:	Improving our digital literacy	Launched “Required Curriculum for Data Scientists Level 2” course
Basic Strategy 2:	Pursuing innovation for our operations	Introduced Group-wide standard digital applications at multiple departments
Basic Strategy 3:	Bolstering our development capabilities	Made advances in examinations and analysis by utilizing AI, and moved these functions in-house
Basic Strategy 4:	Transforming our business models	In the midst of planning and building multiple proprietary platforms



* Corporate transformation

Example of DX promotion: Training data scientists

Basic Strategy 1 of the MCI DX Vision, “Improving our digital literacy,” is the foundation for promoting DX. Accordingly, we will use our original educational content together with on-the-job training (OJT) programs to improve our basic DX capabilities.

In addition, the training of DX specialists is one of our non-financial metrics in VISION 2030. Therefore, we have set the number of data scientists as a key performance indicator (KPI). Our goal is to increase the number of data scientists to 165 by 2025. To achieve this, we have formulated a DX educational roadmap and are implementing it.

This roadmap illustrates an educational program that consists of four levels, starting with Level 0 education, which is mandatory for all our employees and is intended to help employees understand the importance of data utilization. It goes up to Level 3, which strives to nurture talent who can reach the “industry master” level. Depending on each employee’s level, we will appropriately use our original educational content together with OJT programs to raise the level of all employees, and develop human resources with specialized skills.

In 2023, we launched the Level 2 course to cultivate potential data scientists who will be responsible for data analysis in practice.

Definition of the four levels

Level	Requirements	Eligible persons	Method
Lv.3	Can use advanced analytical techniques to formulate initiatives aimed at solving challenges throughout the entire organization	Promoters of data utilization	BU Initiative
Lv.2	Can independently perform data analysis work, which is subject to confirmation by superiors		OJT training
Lv.1	Can perform data analysis work based on instructions from superiors		OJT training
Lv.0	Understands the importance of data utilization	All employees	e-learning

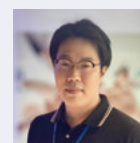
Level 2 participants start with a 10-day intensive programming course, go through a half-year training program that includes solving challenges in their own department, and become the key personnel to lead our DX from the front lines, as data scientists who are highly familiar with our business processes.

In summary, through a series of initiatives intended to improve digital literacy, we will realize our transformation into an organization with a data-driven culture.

VOICE 1))

Message from a data scientist

KURAYAMA Shin
 Digital Transformation Sector
 Digital Transformation Planning and
 Coordination Division
 Data science team



Originally, I was in charge of plant improvement operations as a technical staff at a plant, but since I was interested in the field of data science, when I saw the open calls for internal positions, I jumped at the chance. As a participant of the pilot program, I took the Level 2 course and experienced the process of planning a solutions-based business model using data, but it was very challenging because everything was so different from my experience in manufacturing. However, ever since I took the course, I began to think from new perspectives in my daily work as well. For instance, I would contemplate questions such as “How can this lead to a new business?” or “How can I use data to meet customer needs?” Currently, I am involved in the management of the Level 2 course, and I will do my best to support the participants who have completed the course so that they can lead each business to become data driven.

Joint logistics for chemicals using DX technology

We have, for quite some time, been making various considerations regarding the imminent situation of shortages in our logistics supply capacity. Due to the peculiarities of the physical properties, type of packaging, weight, and other characteristics of the cargo, there are a wide variety of transportation methods and conditions in chemical logistics, making it difficult for individual chemical companies to implement effective measures. Therefore, from fiscal 2022, we began considering the possibility of operating joint logistics with the Mitsubishi Chemical Group Corporation.

Furthermore, in July 2023, as a way to advance our initiatives with the Mitsubishi Chemical Group, a “Chemicals Working Group” was established as the secretariat in the “Physical Internet Realization Council” led by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism. The working group consists of the Mitsubishi Chemical Group, Tosoh

Corporation, Toray Industries, Inc. and Mitsui Chemicals.

The working group will also consider building a platform that connects the logistics of multiple chemical companies using DX technology. Accordingly, it will standardize data, packing style, and expertise related to chemical logistics, optimize the joint transportation of trucks, chemical tankers, and such by utilizing AI matching tools, and promote modal shifts in order to reduce greenhouse gas (GHG) emissions. Many companies and organizations involved in chemical logistics, such as chemical companies, logistics companies, and system companies, are participating in this working group. Thus, DX technology is essential for fair and efficient consideration and management of the working group. Using DX technology, we will work with the Chemicals Working Group to build sustainable chemical logistics.

Joint logistics platform for the chemical industry

Realize standardization, efficiency improvements, and stabilization of chemical logistics by combining DX technology with chemical logistics expertise, in response to the 2024 problem (driver shortage) and reduction of GHG emissions

- Chemical tankers
- Trucks

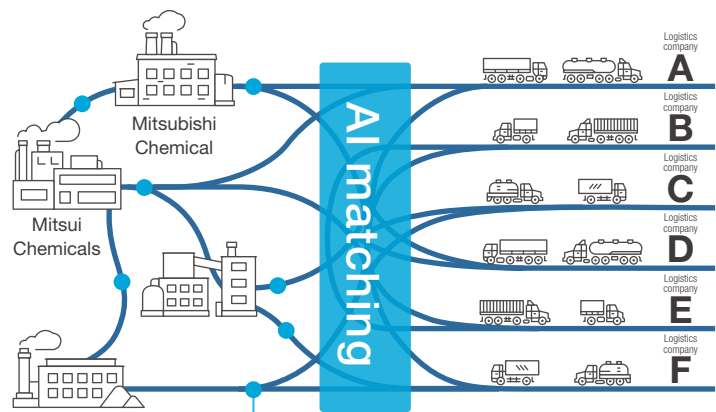


- Pallets

Poison High pressure gas Danger



Promotion of standardization



Main contractors, 3PL companies, logistics subsidiaries

Exploring new applications for existing products using generative AI

Since 2021, we have been making full-fledged efforts to utilize AI. Thus far, it has been effective in predicting price fluctuations of market products and in searching for new applications for existing products.

Currently, we are further evolving this initiative, and from April 2023, we began the practical verification of high-precision and high-speed searches for new applications for our products, in collaboration with IBM Japan, Ltd. This is done by integrating Generative Pre-trained Transformer (GPT), one of the generative AIs, and IBM™ Watson, IBM's AI. This initiative aims to expand the top line of products and our market share by promoting DX in our business domains.

* IBM and IBM Watson are trademarks of International Business Machines Corp., and are registered in many countries around the world.

Conventionally, AI technology has mainly been used to increase productivity and efficiency. Meanwhile, the search for new applications using IBM Watson is an initiative to promote transformation of our portfolio, by utilizing AI to raise our top line and expand our market share. Moreover, by combining ChatGPT, one of the generative AIs, with IBM Watson, we realized higher levels of precision and speed in the said application search, as well as improved usability. Going forward, we will integrate information from different divisions such as the R&D and business divisions, in order to accelerate our corporate transformation through digitalization.

SAMBE Masao

Managing Executive Officer & Chief Digital Officer

Drawing on the Group's history of endeavor and building on a corporate culture that embraces individual and organizational diversity to further evolve our human resources strategy in pursuit of VISION 2030

ANDOU Yoshinori

Member of the Board,
Senior Managing Executive Officer & CHRO



I assumed the position of chief human resources officer (CHRO) in 2022 with the intent of reinforcing our business execution framework to help promote transformations on a Group and global level and forging stronger links between our business plans and human resources strategy from a medium- to long-term perspective. Since then, we have embarked on new initiatives to reshape our human resources strategy—which has always evolved with the times—in line with our aims for VISION 2030.

While carrying out the human resources strategy for VISION 2030 will certainly involve its share of challenges, such as making significant shifts in our human resources portfolio to pave the way for business portfolio transformations, I believe that we will be able to overcome the difficulties by taking measures that not only make the most of the Group's products and technologies but also leverage the Group's unique organizational culture, formed over more than 110 years in business, and other valuable intangible assets. One of the strongest elements of our organizational culture is the spirit of challenge that has propelled bold endeavors to find solutions to social challenges. Those efforts stretch all the way back to

Changes in our human resources strategy

Since fiscal 2011, we have linked the Group's human resources strategy with the business strategy for each specific juncture and implemented human capital management accordingly.

From fiscal 2011 to fiscal 2015, the first stage of the human resources strategy, the key focus areas were global human resources management and localizing talent (succession planning to assign local human resources to management positions in overseas operations). The Group was pursuing large-scale M&A activities and other initiatives in hopes of concentrating its management resources in targeted growth domains amid the recovery and growth processes following the economic devastation of the Lehman Brothers collapse, the Great East Japan Earthquake, and more. In that context, we took steps such as implementing programs geared toward the development and training of human resources capable of leading global business and, to propel efforts to place employees in optimal positions, formulating standards including global-level guidelines for compensation, evaluation, and placement.

The emphasis in the second stage was on hiring management and professional talent to promote business portfolio transformations, all part of the transition to a customer-driven business model that VISION 2025 outlined. In that spirit, we implemented key talent management—a framework for discussing individual development plans for each of the future executives positioned as potential leaders of the Group's future business endeavors—in fiscal 2016. We also worked to establish and enhance our human resources governance framework in response to the global expansion of our businesses and organizations. Initiatives along these governance lines included laying the foundation for optimizing employee placement

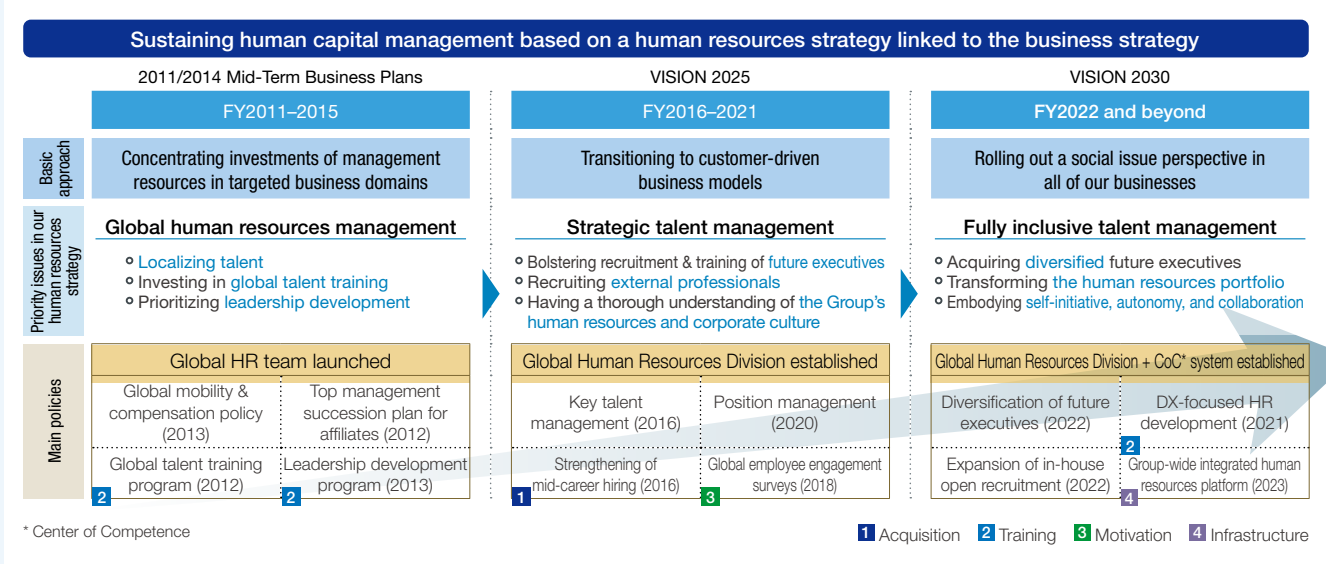
our founding, such as our project to address food shortages by producing raw material for fertilizers from coal gas byproducts. Since the present-day Mitsui Chemicals took shape via a merger in 1997, we have continued to grow on a global scale through numerous mergers and integrations involving other companies and businesses. We have cultivated a corporate climate that embraces diversity—an element evident in the fact that overseas employees now account for as much as 40% of our workforce.

Tackling the priority issues in the human resources strategy that we have linked to VISION 2030 will involve taking optimal steps in the context of how the environment is changing at the time. Also, these efforts will always derive from our uniqueness and strengths as a Group. In addition to promoting measures while setting KPIs and building a governance framework to ensure proper effectiveness, we will continue to communicate actively with our stakeholders both within and outside the company to showcase our unique corporate value—one that holds a steady course in the face of changing trends—and meet growing disclosure needs.

via position management within a global grade structure, as well as launching global employee engagement surveys to help define our organizational culture (uniqueness) and identify issues to address.

In the third stage of the strategy, which began in fiscal 2022, we have been tackling numerous projects to facilitate flexible changes in our human resources portfolio as we build solutions-based business models and pursue business portfolio transformations—two core points of the VISION 2030 Basic Strategy. Examples include externally recruiting and internally training specialized talent for work in new fields, encouraging diversification to foster innovation, and offering more open calls for internal positions to support employees as they strive to develop their careers autonomously. We also initiated operations of a Group-wide integrated human resources platform in February 2023 to help make the development and execution of our human resources-related strategies as effective as possible. Given recent changes in the external environment (drop in the Japanese working population, diversification in values pertaining to workstyles, and more), my view is that the Group's priority in human resources strategy is practicing fully inclusive talent management: understanding the unique aspirations of every Group employee and having open dialogue with the workforce to both boost employee engagement and maximize output and productivity. To encourage our employees to embody self-initiative, autonomy, and collaboration, we will continue to provide support for every employee to develop their careers, tap into their motivation, take on new challenges, and do more. That will help both our employees and the company as a whole grow as we embark on major transformations.

A human resource strategy linked to the overall business strategy (individual business strategies, priority issues in our human resources strategy, main policies)

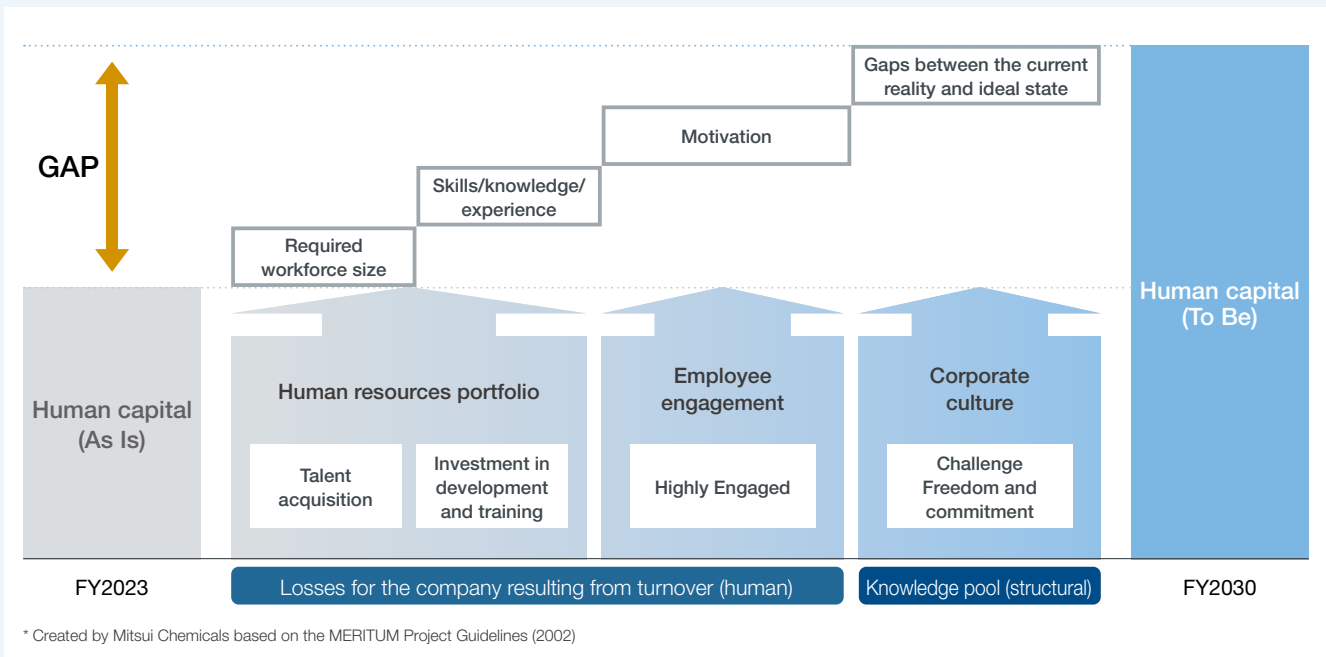


Key perspectives in our human resource strategy for realizing VISION 2030

In preparing for our human resources strategy, we measure both the quantitative and qualitative gaps between the *as is* and *to be* conditions pertaining to our human capital and then identify issues to address on a priority basis. We look at these gaps from several perspectives. One focuses on the quantitative and qualitative changes in our human resources portfolio: knowledge, skills, experience, and abilities that human resources offer, which represent assets that the company loses with employee turnover. We also

look at employee motivation, which impacts our human resources' output and outcomes. Another perspective focuses on structural elements, such as our corporate culture, organizational norms, and systems. The human resources strategy helps us develop our ideal corporate culture—self-initiative, autonomy, and collaboration—as we implement a variety of measures to fill the gaps we have identified and steer the Group toward sustainable enhancements in its corporate value.

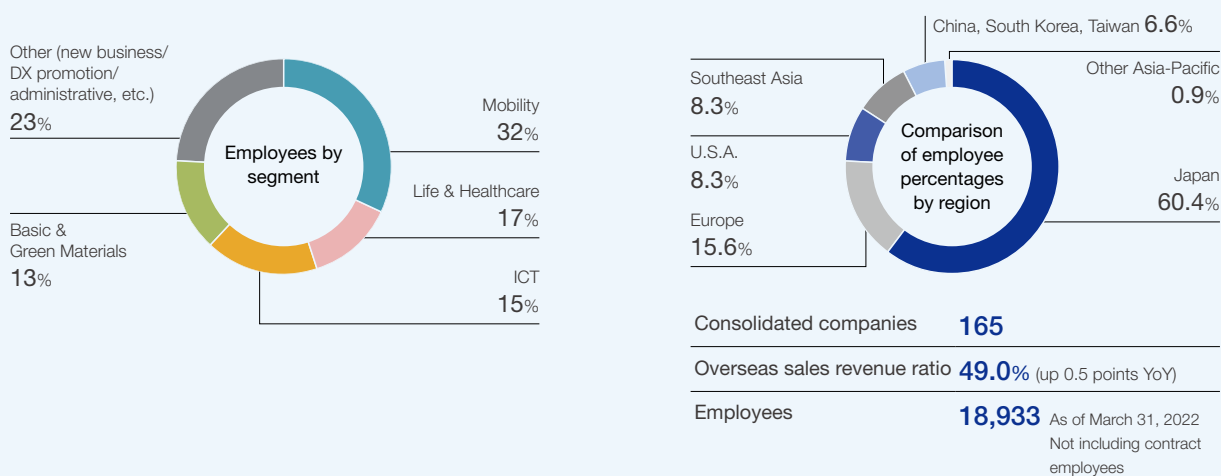
Key perspectives in formulating the human resources strategy



Gap 1: Human resources portfolio (required workforce size, skills/knowledge/experience)

Human resources portfolio of the Mitsui Chemicals Group

The Mitsui Chemicals Group continued to pursue business portfolio transformations, including M&A activities, in fiscal 2022. One of the keys moving forward will be strategically pursuing shifts with a solid, up-to-the-minute grasp on the Group's human resources portfolio amid changes in organizational and positional frameworks. Thus, effective use of Workday—the Group-wide integrated human resources platform that we implemented in February 2023—is getting more crucial.



Gap 1-1: Key talent management

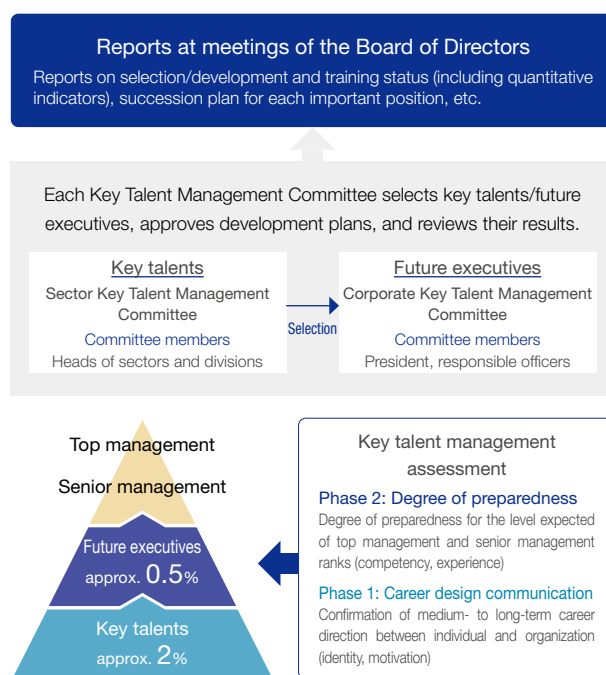
—Acquiring diversified future executives—

Key Talent Management is an initiative that embeds within the Group organization a culture of discussing the career, individual interests and aspirations, and development plan of each leader candidate who could become a future executive. It has been introduced as a Group and global scheme since fiscal 2016.

In fiscal 2022, we held 14 Corporate and Sector Key Talent Management Committee meetings, which were attended by the Company president, CxOs, sector presidents, center executives, general managers of each division and department, and all other members of senior management. The meeting participants discussed individual development plans for key talent—representing approximately 1.5% of all Group employees. In addition, the Corporate Key Talent Management Committee identifies critical positions that are of key importance in the execution of Group-wide strategies, as well as development positions for the strategic training of future executives, and succession plans for approximately 120 positions have been developed. Among future executives selected from employees across the entire Group (roughly 0.5% of all employees), the diversity rate was approximately 20% in fiscal 2022.

In addition, the successor coverage rate for critical positions* has been established as a non-financial KPI by which to quantitatively and qualitatively evaluate the succession planning over time.

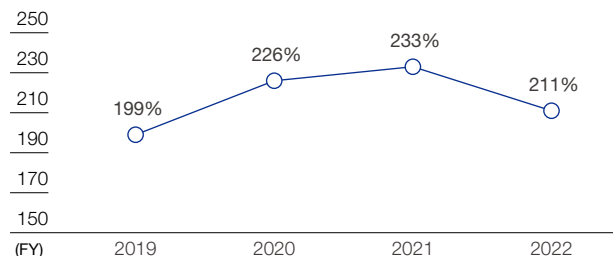
Key talent management system



Our successor coverage rate for critical positions in fiscal 2022 was 211%, down 22 points from the previous year. The drop resulted from our addition of chief officer positions to our list of 100 critical positions. Looking ahead, we will work to maintain a ratio of at least two employees nominated as future executives for each critical position (a level of 200% or higher) and also monitor and manage candidate readiness.

Under the Corporate Governance Guidelines, the status of our key talent management initiatives is a matter to be reported to the Board of Directors every fiscal year, and the effectiveness of these measures is ensured based on feedback from outside directors.

Successor coverage rate for critical positions*



* Successor coverage rate: Number of successor candidates for critical positions / Number of critical positions

Gap 1-2: Talent acquisition

— Recruiting a diverse range of human resources from outside the Group—

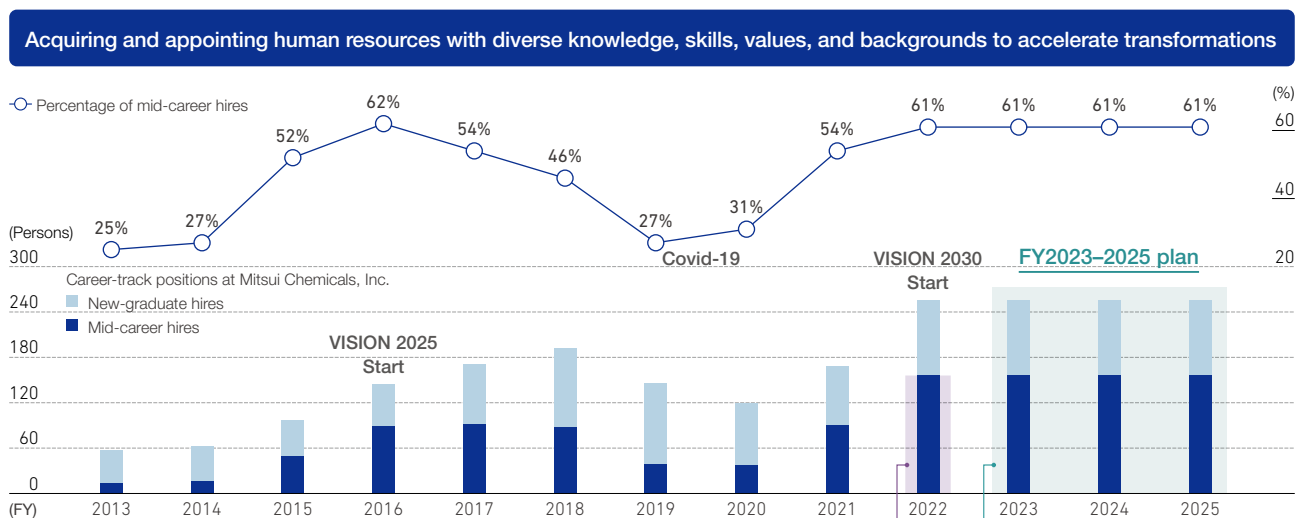
Coordinating our initiatives with VISION 2025, we began working to hire more mid-career external professionals in fiscal 2016. Our number of mid-career hires was approximately 160 in fiscal 2022, accounting for around 60% of all hires. More than 10% of those external hires were appointed to manager- or higher-level positions, which require high levels of knowledge, experience, and management skills. Our number of female hires rose significantly, coming to over 350% of last fiscal year's total. In fiscal 2004, the Group introduced a job evaluation system (a job-based personnel system) to flexibly offer compensation in accordance with the significance of each job position—not seniority. We also revised the model wage levels for regular employees in fiscal 2021 and fiscal 2023. Thanks to these measures, we have been able to maintain attractive compensation levels relative to the rest of the external recruitment market. Testifying to that competitive edge in recruitment is the

number of individuals applying for mid-career positions at the Group, a figure that grew by approximately 2.4 times from fiscal 2021 to fiscal 2022.

In addition, the turnover rate among mid-career hires since fiscal 2015 has a low yearly average of 1.9%. That number and other factors, from our perspective, validate the effectiveness of our measures to cultivate an organizational culture that makes people with diverse values, knowledge, and experience feel welcome, our retention efforts including regularly following up on employees after they take their positions.

In fiscal 2023 to 2025, we are planning to make approximately 250 hires, as we did in fiscal 2022, and aiming to accelerate the shift to our optimal human resources portfolio with proactive talent acquisition in new business domains like the carbon-neutrality and digital fields and in other domains.

New hires



1. Job-based HR system (from 2004)

2. Revisions to the qualification system (2021), Increases in base salaries (2023)

FY2022: Approx. 160 mid-career hires
 • Increase in business/research hires (approx. 70%)
 • Turnover rate*: 1.9%

FY2023–2025: Hire count of around 250 per year
 • Increased talent acquisition in new R&D fields

* Turnover among mid-career hires in FY2015 and onward

Gap 1-3: Development and training for human resources

—Investing in ongoing development and training for human resources in strategic areas—

In working to realize the ideal of self-initiative, autonomy, and collaboration, the Mitsui Chemicals Group implements a job-level-based training system that serves to bolster organizational functionality, support individual employees as they pursue autonomous growth, and help employees develop skills for their respective divisions, among other aims. Since fiscal 2011, we have made ongoing investments totaling 1.2 billion yen in the areas that have received priority focus in past human resources strategies: leadership development, global leadership training, and digital-related fields.

For example, our Leadership Development Program has helped employees at the manager level cultivate leadership skills and healthy operational cultures over its long history. By promoting a hands-on learning cycle that provides our manager-level employees—including line managers at our affiliates—with opportunities to gain experience, reflect on their work, find new insights, and put ideas into practice, the program serves to encourage role changes into line-management positions. A total of over 1,000 employees have taken part in the program (40 hours per person) since its inception in fiscal 2011. The program has also become a common language uniting management within the Group organization. Participants who later go on to assume supervisor positions often recommend it to their subordinates, thereby continuing the cycle, while an internal network

of program alumni continues to grow.

Since fiscal 2013, we have also offered an Executive Coaching Program for employees in the positional level comprising the president, directors, Audit and Supervisory Board members, and general managers (approximately 10 months per person). A total of over 60 people have taken part in the program, which helps participants accelerate the cycle of execution and behavioral change—and thereby speed up target achievement—through continuing dialogue with their coaches as they work toward their performance targets as organizational leaders.

We have also offered a Global Leadership Program since fiscal 2012 with the aim of enhancing participants' management literacy and building a global network. Designed for next-generation leaders at sites around the world, the program has drawn approximately 100 participants since its establishment. The program is a collaboration with Mannheim Business School and Hitotsubashi Business School, each among the top business schools in Germany and Japan. It is a unique training program that lasts about 10 months and includes sessions focused on strategic thinking skills, global leadership, and action learning. Past participants have gone on to thrive as executive officers, heads of overseas sites, general managers, and more.

Gap 1-4: Promotion of diversity

—Offering training programs on unconscious bias for general managers—

Mitsui Chemicals is aiming to boost its ratio of women in management positions, a non-financial KPI, to 7% by the end of fiscal 2023, 10% by the end of fiscal 2025, and 15% by the end of fiscal 2030. The Group also believes constructing a pipeline that puts a focus on appointing female employees as directors and Audit and Supervisory Board members will depend on helping employees at the general-manager level deal with issues in their organizations with a full understanding of unconscious bias. That is why we hold training sessions on unconscious bias for general managers. In

fiscal 2021, the training program comprised an e-learning component and feedback centering on a quantitative, comparative analysis of participants' unconscious bias levels by organizational classification. We then expanded the offerings in fiscal 2022 by incorporating online workshops, which give participants the chance to discuss the results of the bias analyses by organizational classification, as part of our continuing efforts to cultivate an organizational climate that embraces diversity.

Workshop on unconscious bias for general managers

Program	Details
Explanation of unconscious-bias analysis results	Participants look at trends in bias levels, derived from their individual e-learning results and analyzed by organizational classification, to get a clear picture of noticeable characteristics in each classification.
Group session	Participants break into small groups to discuss potential causes behind the prominent characteristics in the different classifications, share information about relevant conditions and issues in their own organizations, and what types of challenges the company is facing.
Wrap-up	Groups share the views that they discussed. Finally, each participant declares one specific action that they aim to take in their department.

Gap 2: Employee engagement (motivation)

The Group has been conducting global employee engagement surveys (GEES) of all Group and global employees since fiscal 2018. Based on the results of the second GEES (fiscal 2021), in fiscal 2022, we performed analyses of various factors affecting the Group as a whole, implemented improvement measures accordingly, and also had each department explore and implement approaches

to their own specific issues. We conducted the third GEES in June 2023. In addition to monitoring the impact of the measures that we have taken through fiscal 2022, we will continue to encourage constructive dialogue between our organizations and employees in hopes of boosting employee engagement levels and maximizing organizational output.

Gap 2-1: Definition of engagement scores

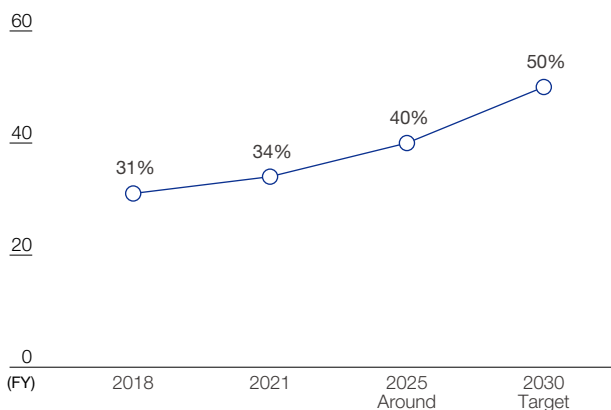
The Mitsui Chemicals Group measures its engagement score based on a set of six statements on engagement-related behaviors (SAY, STAY, and STRIVE). Our target engagement score for fiscal 2030 is 50%. In our framework for achieving that goal, we have defined *engaged employees* as those with an average score of at least 4.5 out of 6 on the statements. In our efforts to bring VISION 2030 to fruition and tackle unprecedented daunting challenges amid drastic changes in the external environment, acquiring *highly*

engaged employees whose sense of purpose aligns with the Group's Corporate Mission and Vision is an important initiative. Our goal is to have a *highly engaged* ratio of 50%, which would put us in the upper echelons of Japan-based global corporations. Starting in fiscal 2023, we have also figured engagement scores into performance metrics (bonus formula/non-financial KPI) for evaluating the performance of directors and Audit and Supervisory Board members.

Six statements on engagement-related behaviors

Engagement-related behavior	Statements
SAY	If I had the opportunity, I would tell other people about the joys of working at this company.
	I would definitely recommend this company to a friend looking for a job.
STAY	I almost never think about quitting my job at this company and taking a new job somewhere else.
	It would take a lot for me to decide to quit my job at this company.
STRIVE	This company makes me want to do an excellent job on a daily basis.
	This company makes me want to not only do the work I have been given but also contribute even more.

Engagement scores and targets



Engagement factor score (FY2021)

Three areas of strength	Compliance with laws and company rules 61%	Safety 51%	Delegation of authority/ autonomy 42%
	Three areas for improvement	Compensation and recognition 25%	Career opportunities 22%

Gap 2-2: New workstyles that help maximize output

—Nurturing productive workplace environments where employees can think and act on their own—

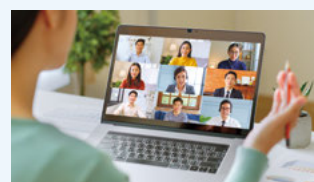
To increase our engagement score, we will need to analyze the factors affecting the score and take measures accordingly. With COVID-19 being reclassified as a Class 5 infectious disease in Japan in May 2023, the Mitsui Chemicals Group decided to hold all-workplace, all-employee discussions to take a fresh look at workstyles in the post-COVID context. The Group's various organizations took the initiative to hold autonomous discussions in hopes of establishing flexible workstyles that align with organization- and role-specific conditions, all with the ultimate aim of maximizing organizational output. Based on those discussions, we formulated over 500 workstyle-related principles and practices for over 100 workplaces (improving digital literacy, team-building initiatives, the

sangen principles [actual place, object, and situation], and going out for lunch together on workdays, etc.). Details are available on the internal portal site for all the Group's organizations and employees to reference. We strive to maximize output by promoting flexible workstyles that both allow employees to adapt to constant changes in business and project environments and also fit with their own individual life-stage situations. We believe that promoting delegation of authority and autonomy and enhancing the productivity of workplace environments—which are both key engagement factors—will help boost our engagement levels.

* Initially carried out at head office divisions and R&D sites; will also be gradually rolled out to business sites, etc.

Example of workplace discussions (New Business Incubation Center)

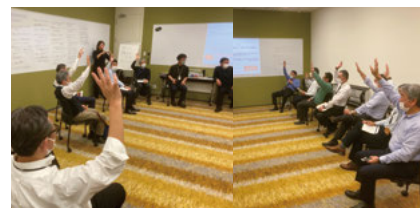
The New Business Incubation Center (NBIC) takes the lead in the effort to build a solutions business, one component of the VISION 2030 Basic Strategy. The NBIC recently gathered input from all its members and turned the results into three workstyle guidelines for maximizing output. One of the guidelines urges employees to “choose places to work based on what setting would best improve their own performance and their organization’s performance.” As an organization where members handle projects in myriad new business areas and workstyles are becoming increasingly diverse, the Center understands that the best place for a member to work might be the office, the home, a production site, a development worksite, or at a customer location—and being flexible enough to accommodate those preferences is important. The second guideline is to “smile in your profile pictures for Outlook and Teams,” and the third is to “participate actively and voice your own opinions in meetings.” We now live in a time where communicating remotely is becoming a norm in society, and these two guidelines recognize that reality. By encouraging Center members to wear a smile in their profile pictures for a more approachable appearance and putting an emphasis on speaking up and sharing thoughts, the Center believes it can better spark the kind of collaboration so vital to innovation and give members more opportunities to discover new perspectives through active engagement with a diversity of values.



Gap 3: Corporate culture (making progress toward our ideal state)

—Recognizing elements to keep and elements to change—

In fiscal 2022, we organized intensive dialogues on transformations in the Group’s corporate culture that will be vital in the effort to make VISION 2030 a reality. Participating in the discussions, which took place over a 10-month span, were the president and responsible officers (members of the Strategy Committee). In the workshops, participants worked to develop an action plan for fiscal 2023 by talking about several questions with a bearing on the realization of the Group’s ideal state: what elements of the Group’s culture and behavior should stay the same and what should change, what each individual participant would do in that context, and how the top management team should go about implementing the necessary measures. We will strive to become a good, strong company by taking steps to better align every employee’s individual purpose (their meaning in life) with the Group’s purpose—channeling “what I want to do” into a larger mission.



Participants at top management intensive discussions

Foundational efforts driving our human resources strategy

1 Launch of a Group-wide integrated human resources platform

In February 2023, the Group began using Workday, a Group-wide integrated human resources platform. The aim of the new system is to bring out employees’ individual strengths and accelerate the Group’s transformation into an organization where people can continue taking on challenges—an embodiment of self-initiative, autonomy, and collaboration—as the Group strives to realize VISION 2030. In concrete terms, that means integrating HR operations across the Group, visualizing information on human resources from a centralized management hub, improving accessibility, and expanding the ways that people can utilize those assets. By taking these measures and making it easy to see where all of the Group’s approximately 20,000 employees are working and what they are working on, we will be able to give employees better opportunities to develop their own careers around their own skills, interests, and ambitions—in the countries, companies, and workplaces, or new fields where they dream of working. Another key feature of the Group-wide integrated human resources platform is that it facilitates communication and information sharing across the traditional boundaries of companies, geographic regions, segments, and departments, which could help bring people together to interact and lead to the creation of new value.

Examples of Workday features

- 1 Makes it easier to access and distribute information in a timely, far-reaching way**
The platform gives all employees easy access to the top page, facilitates the process of distributing messages from top management and other corporate communication, and provides access counts by region and other details to offer insights into how information is reaching audiences.
- 2 Simplifies the process of getting information on organizations and reporting lines**
The platform creates visual representations of all the Group’s reporting lines, makes it easier for users to search for organizations and individual employees when pursuing cross-region or cross-segment projects and for other purposes, and forges stronger links between employees.
- 3 Integrates the management of data on training received and on qualifications**
By enabling integrated, centralized management of everything from skills to interests and aspirations, the platform gives individual users a way to take stock of their skillsets and explore paths that their careers could take.

In addition, the platform makes it possible to consolidate and analyze our human resources portfolio in a quick, timely fashion and on a global scale. That ability will not only enhance the accuracy of our human-resource management strategy for transforming our portfolio but also contribute to broader coverage and higher precision in disclosed information.

2 Health-focused management that brings together the company and its workforce based on the mission of promoting the happiness and fulfillment of employees

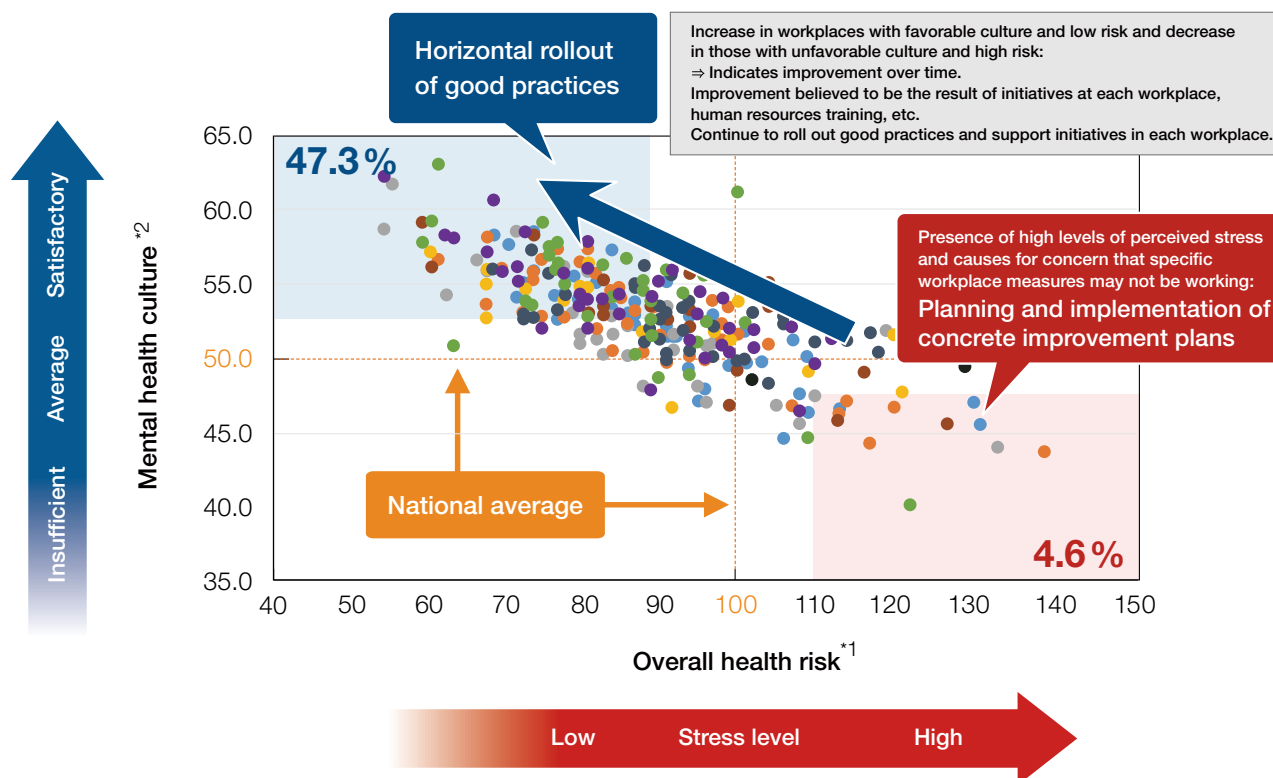
“Promoting the happiness and fulfillment of employees” is stated as part of the Mitsui Chemicals Group’s Corporate Mission. We also believe that the health of employees leads to the happiness of employees and their families, enhances the meaning and joy of work, serves as the foundation of our Group, contributes to local communities, and leads to the sustainable development of society. Based on this, our ideal vision is to promote health-focused management that autonomously promotes occupational health and wellness by enhancing both the physical aspects, such as the workplace environment and facilities where employees can work in good health, and the intangible aspects, such as health management and health promotion.

In VISION 2030, based on the above mission, we set the following non-financial KPIs for high-priority themes: the average rate of lifestyle-related disease at 8.0% or less and the frequency of absences from work due to mental health disorders at 0.25 or less. We are also implementing unique initiatives such as promoting various health checkups, smoking cessation support, online fitness, health promotion measures through the utilization of a portal site called MCI Health Navi, and

e-learning and support interviews related to mental health (interviews held twice a year for two years after joining the company) not only for new graduates but also for mid-career hires.

In addition to the Brief Job Stress Questionnaire, a new workplace stress survey, which includes a mental health culture survey to provide hints for improving the workplace, has been conducted on a Group-wide basis since 2011. In addition to feedback and follow-up of results for individuals, organizational results are explained to each division head to help improve the workplace. In workplaces with high levels of stress, we conduct interviews with division heads and workplace members and also develop and implement stress reduction plans (communication improvement plans). The results for fiscal 2022 showed that 4.6% of workplaces were judged as having “high levels of perceived stress and causes for concern that specific workplace measures may not be working.” In fiscal 2023, we will continue to gather information on the good practices that come about through environmental changes and work to apply our findings toward improvements in workplace atmosphere.

FY2022 results of new workplace stress survey (Mitsui Chemicals and contracted affiliates)



* Each point in the graph represents a workplace (divisional level at the Head Office and section level at other business sites).

1 Overall health risk: Calculated from a subjective sensory scale of workload, sense of control, and sense of support from supervisors and coworkers. The measurement is a relative assessment with a set national average of 100. A score of 120, for example, implies that the workplace has a 20% higher incidence of health problems compared with the average workplace.

2 Mental health culture: Scale-based measurement of the appropriateness of the chain of command, labor management, collaborative cooperation, and training opportunities. The measurement is a relative assessment with a set national average of 50; higher figures imply a better workplace culture.

Employee Discussion Session

Stories of challenges undertaken to realize VISION 2030, based on the Mitsui Chemicals Group's corporate culture of "self-initiative, autonomy, and collaboration"

Based on a unique corporate culture that includes "self-initiative, autonomy, and collaboration" and "delegation of authority," the Mitsui Chemicals Group has employees who boldly take on challenges as they work on transforming the business portfolio in order to realize VISION 2030. In this panel session, Executive Officer Ichimura, who serves as the General Manager of the Corporate Planning Division, listened to employees working on the front lines describe the challenges they face in their daily work, and their thoughts on the Group's corporate culture.



Diving into challenges voluntarily, and experiencing growth by overcoming difficulties

Ichimura: VISION 2030 is now in its third year, and it has very ambitious and innovative goals and initiatives, such as business portfolio transformation, transitioning to solutions-based and circular economy-based business models, and digital transformation innovation. Therefore, I believe VISION 2030 represents a big challenge for all of us. Please describe the challenges you have undertaken to date, as employees contributing to the Group's transformation.

Shimizu: I had always wanted to be dispatched overseas, and was finally assigned to MITSUI CHEMICALS INDIA, PVT. LTD.

(hereinafter "MC India"). However, due to the COVID-19 pandemic, we faced a situation where we were unable to procure products to sell locally in India. Under these circumstances, we worked with various companies to allow MC India to handle products of the Mitsui Chemicals Group, which had previously been imported and sold to India through external trading companies. As a result, this not only contributed to profits, but also enabled us to expand sales to a wide range of regions. As this was an unprecedented challenge, there were psychological barriers such as the fear of going against traditional business practices and unspoken rules, which was considered taboo. Therefore, it took considerable effort to convince the many people involved. First, I asked myself and saw possibilities that this could be done. Then, I took action, and as I talked to

more and more people, those who were initially hesitant due to concerns over our lack of experience or the language barrier gradually began to understand my view, and became more positive. Hence, I could clearly feel that I was gaining more trust. Instead of being someone sent from the Head Office just to give out instructions, by working together with local employees and producing realistic results, I believe I managed to generate a sense of unity at the local site.

Horaku: As my work has always revolved around new businesses in the Life & Healthcare Solutions Business Sector, I feel like most of my endeavors have been a challenge. Since there is no precedent within the company, I have to reach out to external business partners and customers to see how they react through a process

of trial and error. As I repeat the process, there are times where I receive critical feedback from them, but since I meet many people, I get to learn many things from them, which I believe has contributed to my growth.

Nakamura: I am engaged in early stage research at the Innovative Solutions Center for Information & Communication Technology. Since my research topics change rapidly, I feel like I am constantly taking on new challenges. Furthermore, in April 2023, I began attending graduate school, with the aim of earning a doctorate while working. When I expressed my desire to further improve my specialized knowledge, my supervisor and the company were more supportive than I had expected. As a result, I currently spend my days both working and having discussions with professors at the university. As I had a certain amount of experience, I became able to think a few steps ahead. On the other hand, I still want to discover new things, be the most knowledgeable in my field, and improve myself to achieve these goals. I feel that my desire to grow as a researcher is what drives me, and the company also supports me in my growth.

Yoshioka: For me, the simultaneous global launch of the human resource management system Workday, which I volunteered to participate in, was a major challenge,

as it was a system introduction that involved the entire Mitsui Chemicals Group and spanned three years. At first, the project did not receive a positive response as it placed a burden on our overseas affiliates. Under these circumstances, we patiently explained the benefits and relevance logically from the perspective of each company, according to their particular situation. As we communicated in Japanese, English, and sometimes Chinese, we gradually gained a sense of unity from working together, and I think we managed to strengthen our relationships. It was a slow and gradual process of building up rapport, but eventually, our hard work and sincerity got through to the other side. In addition to making progress in the project, I also built a global network of people that I can get in touch with easily, which is a great asset. Therefore, I feel that I managed to broaden my horizons.

Kawai: I am involved in the maintenance of plant facilities at a factory. Maintenance is expected to ensure trouble-free operation, but when troubles do occur, they are usually unprecedented, so dealing with them is always a challenge. In particular, when I was working at Ichihara Works, the deterioration of the cooling water pipes used to cool the facilities was a major issue. Since the pipes were three to four kilometers long, we had to figure out how to monitor their condition and detect

damages, which proved to be a huge challenge. Since it is physically impossible to visually inspect the inside of all the pipes, we could not find a solution. Nevertheless, I came up with the idea of learning about statistics on my own, and desperately tried to gain knowledge through self-study. Then, I created a draft of the maintenance operations I would carry out over the next few years. Although it took a long time and a lot of effort to gain the understanding of my supervisor and the manufacturing section, I was given a fair amount of freedom to create proposals, and the process of seeing my own ideas take shape was fulfilling. I believe that the people around me started getting interested and began to help me out after they saw how much I was enjoying the process.

Transforming corporate culture: Things to continue and things to actively change

Ichimura: Thank you for sharing your experiences. Although all of you belong to different divisions and have very different job responsibilities, it was clear that each one of you actively took on challenges with a positive attitude, despite facing many struggles in your work. Based on our Group's human resources strategy, we implement initiatives in order to embody "self-initiative, autonomy, and collaboration"



HORAKU Hinako

Strategy Department
Medical Business Development Division
Life & Healthcare Solutions Business Sector



SHIMIZU Atsumu

Planning & Coordination Department and
Polymer Modifiers Department
Elastomers Division
Mobility Solutions Business Sector



ICHIMURA Satoshi

Executive Officer
General Manager, Corporate Planning Division



KAWAI Takashi

Project Department
Engineering Division
Production & Technology Center



YOSHIOKA Satomi

TM & GPA Department
Global Human Resources Division



NAKAMURA Yuzo

Semiconductor & Assembly Solutions Department
Innovative Solutions Center for Information &
Communication Technology
R&D Center

Employee Discussion Session

through improving employee engagement. In the engagement survey, items such as “delegation of authority/autonomy” are said to be the strengths of our Group. If you have any specific examples from your daily work that illustrates this corporate culture, or if you think that there are any aspects that need to be changed, please share them with us.

Nakamura: I feel that no one will discourage you from doing something that you want to do. For instance, when preparing for new research topics, I get the impression that when I ask for opinions in the company, everyone gives me very detailed responses. There is a very positive attitude toward the sharing of knowledge in the company. Besides each individual working on their initiatives with intention, I believe that the company also places importance on the spirit of “collaboration” and “development” as a team. However, while I was given the freedom to do various things, I think I lacked awareness of the company’s overall earnings and costs as a researcher, so I am trying to be more conscious of those factors. I want to be fully aware of my role within the organization and how I can personally contribute to sales, which are on a scale of over 1 trillion yen.



Horaku: I strongly agree that there is a culture within the company where employees support each other and improve together, which is very reassuring. Currently, as many new businesses are being promoted, the amount of input from external experts and the mid-career recruitment of specialized personnel are also increasing. I can see that the company is serious about engaging in new endeavors, not only by utilizing internal resources but also by promoting collaborations with external

parties, in order to realize the expansion into new business domains. However, when starting a new business, there are no precursors or project members who are around my age. Therefore, sometimes I will feel doubtful and wonder questions like “Am I growing at the right speed? Is this position right for me?” Nonetheless, I always try to actively seek feedback from my supervisor.

Shimizu: I also feel that one of the characteristics of our Group’s corporate culture is that we value autonomy. In fact, autonomy has already been established as a natural part of our work culture. After I joined the company and input a certain amount of knowledge, I began to frequently get asked the question, “What do you want to do?” As a result, I have developed the habit of actively expressing my opinions, and of making sure that I am clearly convinced with my ideas before putting them into action. Even though overarching goals are provided, I feel that the company mostly leaves it up to the employees to decide how to achieve them.

On the other hand, another one of our Group’s characteristics is that employees actively communicate and share knowledge with each other. However, as we reference past knowledge and the experience of our seniors, we may end up being bound by what is currently considered as common sense in the Group. While we should continue to learn from the past, we may also need to think outside of our existing knowledge and experience, in order to bring about the major transformations that VISION 2030 aims to accomplish.

Kawai: As I interacted with the employees working at the plants, I was surprised by their high levels of intellectual curiosity. It seems that they do not leave things to others even when it comes to work that is outside their area of expertise. Instead, they actively seek to understand the task by asking various questions, and they have a culture that accepts and tolerates such questions. The attitude of each employee to actively seek understanding without being satisfied with the status quo may be why they have been able to conduct their day-to-day operations safely. On the other hand, the person making the suggestion has to fully implement it by themselves. As a result, the employee who made the suggestion becomes extremely busy, which poses an issue.



Therefore, I think management and prioritization regarding employee suggestions will become important going forward.

Yoshioka: I feel that I can trust my employees, and I let them decide how to proceed with their work. This allows employees to act autonomously, allowing their ingenuity and differences in perspective to emerge, leading to small daily improvements and new ideas.

However, I am also concerned that this will result in tasks becoming more individualized. In order to utilize the know-how generated by employees throughout the company, and to avoid repeating past failures and break out of the shell of existing knowledge through learning, it is necessary for us to properly accumulate the knowledge we have gained so far as our assets.

Ichimura: The corporate culture of active information sharing and collaboration, where colleagues help each other out, is something that I have often experienced first-hand throughout my career. I am very glad to see that they continue to this day.

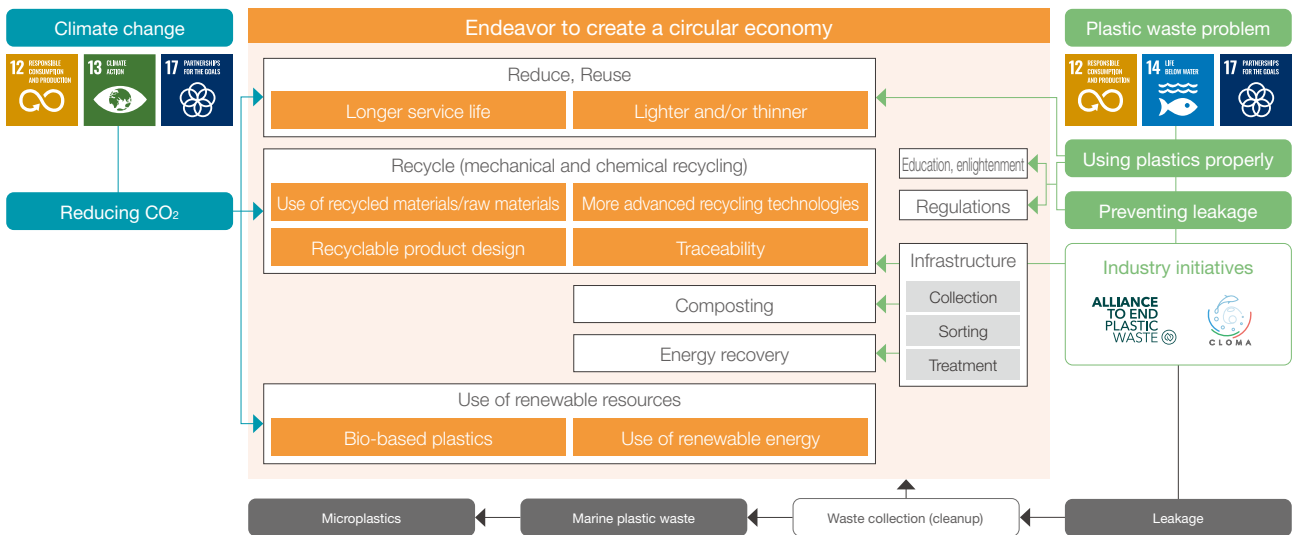
These features, along with our unique characteristic of encouraging “self-initiative and autonomy,” are the great strengths of our corporate culture. On the other hand, it is necessary to strike a balance between the following: the need to accumulate assets such as knowledge and know-how, and the need to generate ideas that are not limited to existing knowledge. From our conversation today, I can see that you all have a strong awareness of the issues that are inextricably linked to the positive aspects of our Group’s corporate culture. I would like to work with all of you to resolve these issues, in order to realize VISION 2030. Looking ahead, let us continue to have these conversations and to take on challenges.

Bolstering Circular Economy Initiatives

Carbon neutral strategy Biomass strategy Recycling strategy

Through the supply of chemical products and high-performance plastic products, the Mitsui Chemicals Group has contributed to improving convenience in people's lives and helped to solve challenges in society by, for example, reducing food loss and improving energy efficiency. At the same time, our business activities require the substantial use of fossil resources and energy, which emits large volumes of greenhouse gases (GHGs). Also, in recent years, there are concerns over environmental pollution caused by plastic waste flowing into the oceans. We see these problems pertaining to climate change, plastic waste, and other issues as serious social challenges that must be earnestly addressed.

To resolve these challenges, we believe that a transition is needed from a so-called linear economy of consuming resources and disposing of products to a circular economy in which renewable resources are used and other resources are utilized efficiently as well as collected for reuse to prevent waste. The Mitsui Chemicals Group will promote resource recycling through action on its carbon neutral strategy, biomass strategy, and recycling strategy, as well as through efforts to address the problem of marine plastic waste, contributing to the realization of a circular economy.



Carbon neutral strategy **TCFD**

The Mitsui Chemicals Group believes that, as a chemicals company, we have an important role to play in helping to build a sustainable society that can limit the average global temperature rise to 1.5 degrees Celsius. Therefore, in November 2020, we declared our commitment to become carbon neutral by 2050. Our carbon neutral strategy is centered around the two pillars of (1) reducing our own

GHG emissions (Scopes 1 and 2), and (2) maximizing the avoided emissions of our products over their entire life cycle. We are starting off with the purpose of contributing to the transformation of society.

We are considering investing an amount to the scale of 140 billion yen in carbon neutrality by 2030, and we will flexibly invest funds across the entire Group.

Reducing GHG emissions (Scopes 1 and 2) of the Mitsui Chemicals Group

The Mitsui Chemicals Group aims to reduce its GHG emissions by 40% by fiscal 2030 relative to fiscal 2013 levels to make important progress toward the goal of achieving carbon neutrality by 2050. This is one of our non-financial targets in VISION 2030. To facilitate progress, we have defined a clear roadmap toward carbon neutrality in full consideration of prospective plant construction (new plants

and expansions) and other factors. Specifically, we aim to transition to low-carbon raw materials and fuels, conserve energy by installing highly energy-efficient equipment, and adopt renewable energy. In order to reach carbon neutrality by 2050, in addition to the aforementioned measures, we intend to achieve 80% or more of these reductions mainly through development of new technologies and the transition

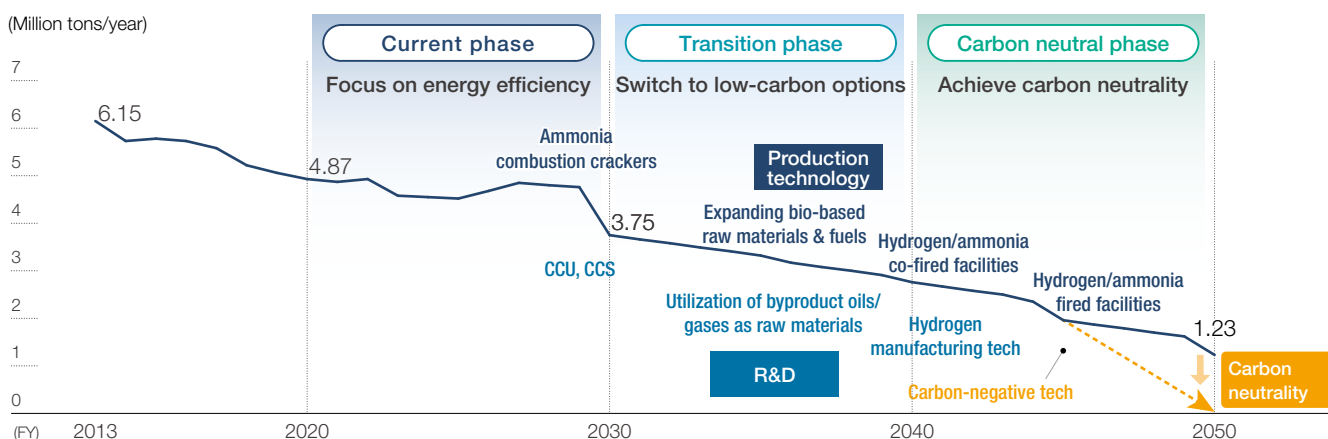
Bolstering Circular Economy Initiatives

of our business portfolio—though this presupposes markets, customers, and other aspects of the external environment falling into place or changing. We also plan to pursue policies that include the development and implementation of carbon-negative technologies, such as carbon capture, utilization, and storage (CCUS), to handle the remaining 20%.

As one measure to accelerate our strategy, we revised

our internal carbon pricing (ICP) from 3,000 yen/tCO_{2e} to 15,000 yen/tCO_{2e} in April 2022. By adding internal rate of return (IRR) that takes ICP into account (c-IRR) into our decision-making for large-scale investments, we have a system of discussing the necessity of investments not only from a profitability standpoint but also from the perspective of reducing environmental impact.

Carbon neutral roadmap



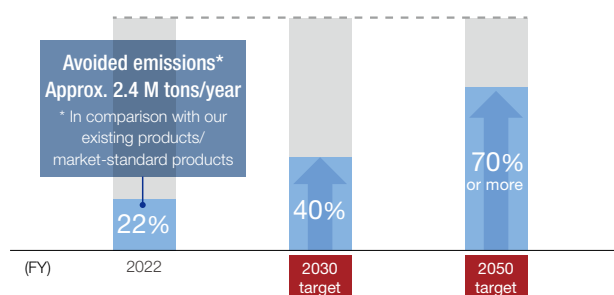
Measures by the Group			
Fuel	Use of fossil fuels Utilization of bio-based/ low-carbon fuels in some facilities	Switch to low-carbon fuels (bio-based, LNG) CCU, CCS Partial decarbonization (ammonia)	Expansion of low-carbon fuels Decarbonization (hydrogen/ammonia/bio-based)
Facilities	Rigorous energy conservation	Hydrogen/ ammonia co-fired power generation Some ammonia-fueled naphtha crackers	Hydrogen/ ammonia single-fuel power generation Expansion of ammonia-fueled naphtha crackers
Purchased power	Primarily power from fossil fuels	Expansion of power from renewable energy Utilization of credits	Carbon neutrality of purchased power (renewable energy, etc.)

Maximizing avoided emissions through provision of our products

Many of the chemical products we provide go through various life stages in the hands of our customers, including processing, use, and disposal. Through our supply of Blue Value™ products that make significant environmental contributions, we aim to maximize GHG emissions avoided over the entire product life cycle. In this way, we intend to help all of society achieve carbon neutrality. We have set a 40% or greater Blue Value™ products sales revenue ratio as one of our non-financial targets in VISION 2030, and we have reflected this in the strategy of each business.

The calculations of our Blue Value™ product-driven avoided emissions are subject to reviews by outside experts. By sharing the results of the calculations with our stakeholders, we will continue to make our contributions easy to visualize.

Blue Value™ sales revenue ratio



Notes: For automotive applications.
Reference guidelines: The World Business Council for Sustainable Development (WBCSD),
GX League



Example

Low-carbon raw materials and fuels Switching to alternative fuels for naphtha crackers—ammonia utilization

While naphtha crackers are key for a chemicals company, they also emit a large amount of GHGs. By switching from the conventional methane-based fuel to one in which ammonia is the principal component in naphtha crackers, the Mitsui Chemicals Group aims to bring the amount of CO₂ generated in combustion as close to zero as possible (as ammonia does not contain carbon) and contribute to reduction of GHG emissions across the entire petrochemicals industry.

Ammonia has well-established transport and storage technologies, and it is said to be easier to handle as a heat source than hydrogen. With Mitsui Chemicals, which has both naphtha cracker and ammonia businesses, acting as the leading company, we are proceeding with demonstration tests in collaboration with Maruzen Petrochemical Co., Ltd., Toyo Engineering Corporation, and Sojitz Machinery Corporation, which have knowledge and technical expertise in ethylene plants. The demonstration period is envisaged to be the 10 years from fiscal 2021 to fiscal 2030, with a goal of developing ammonia burners and test furnaces by 2026 and social implementation of entirely ammonia-fueled naphtha crackers by 2030.

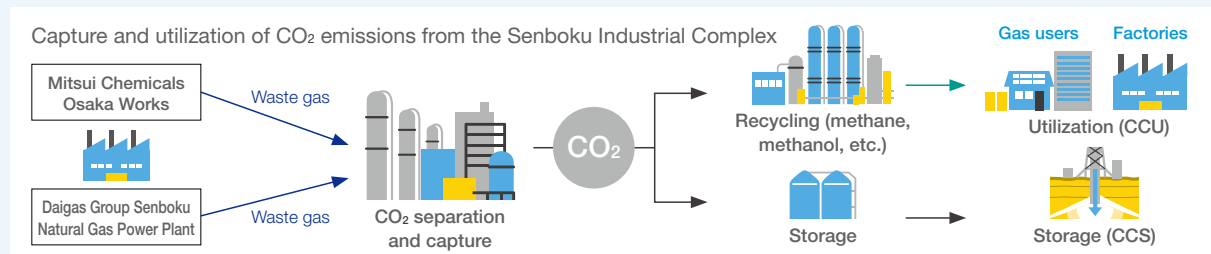
This project has been selected as a demonstration test for “development of advanced technologies for naphtha crackers” by the Green Innovation Fund program publicly solicited by the New Energy and Industrial Technology Development Organization (NEDO).



Example

Capture and utilization of CO₂ Regional and multi-company collaboration at the Senboku Industrial Complex

The Mitsui Chemicals Group generates CO₂ emissions through manufacturing processes that involve chemical reactions at high temperatures and fuel combustion at utility facilities for producing steam or electricity. Reducing the amount of GHGs in the atmosphere goes beyond adopting new raw materials and fuels to reduce emissions; another important step is taking measures to capture CO₂ and keep it from entering the atmosphere. We are thus working with Osaka Gas Co., Ltd., which is located in the Senboku Industrial Complex with the Mitsui Chemicals Osaka Works, to separate and capture CO₂ from the exhaust gases of the manufacturing plant and utility plant at Osaka Works, as well as from the exhaust gases from the Senboku Natural Gas Power Plant of Daigas Group, the corporate group led by Osaka Gas. The idea is to utilize the captured CO₂ domestically and internationally (carbon capture and utilization, or CCU), as well as store it underground (carbon capture and storage, or CCS). Through this joint study, both companies will promote regional collaboration in the Senboku Industrial Complex to help establish a carbon-neutral fuel supply base, an idea the Japanese government is currently exploring, and continue efforts to achieve a carbon-neutral society by 2050.

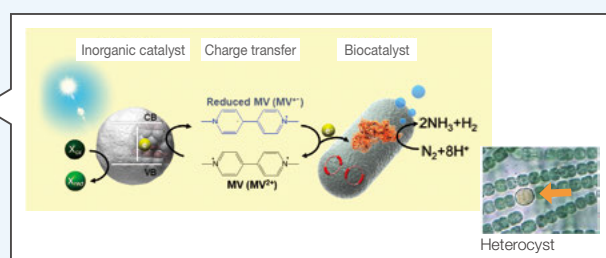


Example

Carbon-negative measures Progress by Mitsui Chemicals, Inc. - Carbon Neutral Research Center

The Mitsui Chemicals, Inc. - Carbon Neutral Research Center (MCI-CNRC), established in November 2021, applied for two patents, published three journal articles, and made nine academic conference presentations in fiscal 2022. Among these research outcomes, the synthesis of hydrogen and ammonia from air and water using a combination of an inorganic catalyst and a biocatalyst has a potential to produce future energy sources from familiar raw materials and under mild conditions, and is considered a major step toward achieving carbon neutrality. Along with other outcomes such as alcohol synthesis using CO₂ as a raw material and the development of new environmental assessment tools, we are conducting a diverse range of research to help accelerate the achievement of carbon neutrality.

FY2022 outcomes	2 patent applications, 3 journal articles, 9 academic conference presentations
Research themes	Synthesis of hydrogen & ammonia from air & water using a biophotocatalyst at room temperature & pressure (patent applied for) Professor ISHIIHARA Tatsumi
	Synthesis of alcohol from CO ₂ using a metallic nanocube catalyst (patent applied for) Professor YAMAUCHI Miho & Associate Professor KOBAYASHI Hirokazu
	Conducting a consumer awareness survey regarding eco-labels, etc., with the aim of building an LCA tool connecting producers and consumers (journal article published) Associate Professor Andrew Chapman



Bolstering Circular Economy Initiatives

Biomass strategy

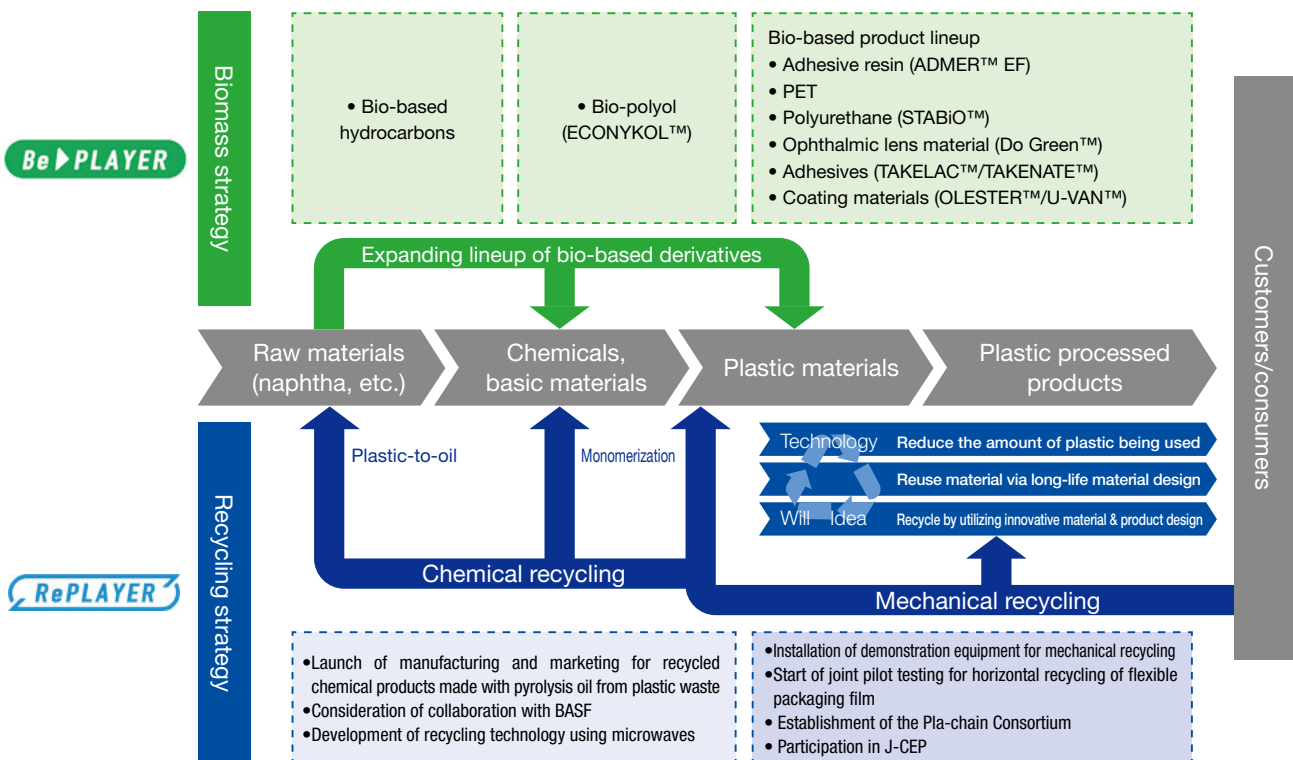
Bio-based plastics made from plants—which grow by absorbing CO₂— and animals are attracting much attention as a possible substitute for conventional petroleum-derived plastics. As we believe that a shift to bio-based raw materials

encourages resource recycling, curbs the further use of fossil resources, and therefore helps mitigate climate change, we aim to expand our lineup of bio-based plastic products.

Recycling strategy

As social challenges related to waste management, such as resource depletion and the problem of marine plastic waste, become more serious, the Group considers waste plastics and other materials as resources and is promoting initiatives to effectively utilize them. Through the development

of new materials, recycling systems, and value chains, we will make the circle of the circular economy bigger and broader, such as through chemical and mechanical recycling of waste plastic, development of mono-material packaging, and support for startup businesses.



Problem of marine plastic waste

The problem of marine plastic waste stems from plastics that have escaped from the process for resource recycling and ended up in marine environments due to inappropriate waste management. Preventing plastic waste from leaking into rivers and the sea is of utmost importance and requires a united effort by companies in the entire plastics value chain. We are tackling this problem by participating in global and Japanese alliances such as the Alliance to End Plastic Waste (AEPW) and Japan Clean Ocean Material Alliance (CLOMA).

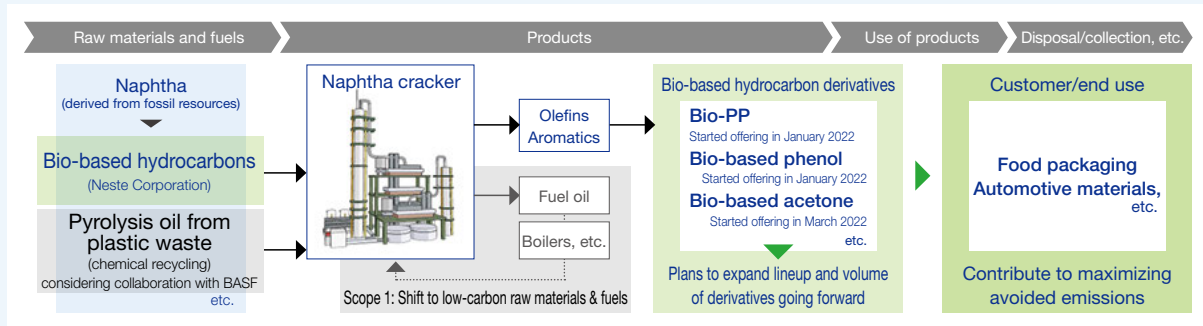




Example

Production and sales of bio-based chemicals and plastics from bio-based hydrocarbons

As a materials manufacturer that supports people's life infrastructure, the Group has launched a brand with the key messages of "we explore the materials of materials" and "we're reshaping the world from a material level"—BePLAYER™, which achieves carbon neutrality with biomass. The new brand is another part of our efforts to bring about reductions in GHG emissions across society.



The Mitsui Chemicals Group has procured and introduced bio-based hydrocarbons as feedstock for our naphtha crackers at the Osaka Works ethylene plant. At the same time, we are producing and marketing bio-based chemicals (such as phenol and acetone) and bio-polypropylene (PP) under the mass balance approach, which allows for the attribution of bio-based content to specific products. In order to expand the lineup of bio-based hydrocarbon derivatives that we can offer, we are currently in the process of obtaining International Sustainability & Carbon Certification (ISCC) PLUS certification for a variety of our products. As of May 2023, we have received certification for approximately 40 products, including products made from naphtha and products further downstream. Through our collaborations with partners like Teijin Limited, which uses the Group's biomass-derived bisphenol A to develop and produce biomass-derived polycarbonate resins, and efforts to promote sales of BePLAYER™ products, we will establish a social foothold for biomass and propel the spread of both bio-based chemicals and bio-based plastics.

Prasus™, a mass-balanced bio-polypropylene (PP) manufactured and sold by Prime Polymer Co., Ltd.—a Mitsui Chemicals Group company—has been adopted by the Japanese Consumers' Co-operative Union for use in food packaging, becoming the first plastic container and packaging using bio-attributed plastics to receive the Eco Mark.*

* Eco Mark:

An environmental label that is given to various products and services operated by the Japan Environment Association, which are recognized as having a low environmental impact throughout their life cycle from production to disposal and as being useful for environmental preservation. Bio-attributed plastics (i.e., bio-based plastics produced under the mass balance method) were newly added to the Eco Mark certification criteria on February 1, 2023.



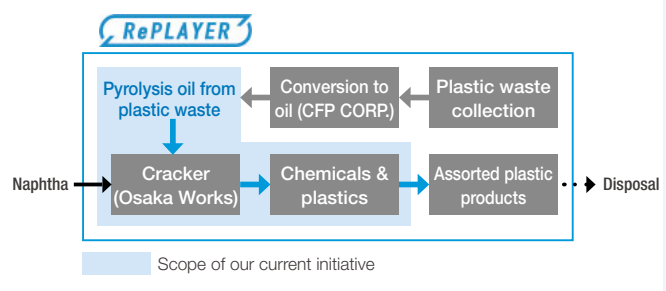
Example

Starting manufacturing and marketing of chemically recycled products made with pyrolysis oil from plastic waste

Pyrolysis oil from plastic waste will be introduced into our cracker

The Mitsui Chemicals Group will begin Japan's first manufacturing and marketing of chemically-recycled derivatives (chemicals and plastics) based on the mass balance approach. CFP CORPORATION will supply pyrolysis oil produced from plastic waste, which Mitsui Chemicals plans to start using as a feedstock for the cracker at the Osaka Works in the fourth quarter of fiscal 2023. This chemical recycling initiative will make it possible to adapt materials derived from recycling processes in applications where such materials could not conventionally be used due to quality or hygiene considerations. The move could potentially result in a substantial increase in the recycling rate of plastics, which has been low to date. In addition, since plastic waste is pyrolyzed into hydrocarbon oil and fed into the cracker, the most upstream part of our operations, the physical properties of the derivatives (chemicals and polymers) are identical to those of more conventional products made from virgin materials.

Cracker-related processes



Bolstering Circular Economy Initiatives

Example Development of chemical recycling technology using microwaves

Chemicals borne out of chemical recycling can be used in the production of new materials such as plastics, without compromising on quality in even the most sensitive applications. This fact makes it a promising solution for recycling waste plastic that is not suitable for mechanical recycling. Based on a strategic alliance with Microwave Chemical Co., Ltd., we are working on the joint development of chemical recycling technology using microwaves.

Microwaves are electromagnetic waves used in household microwave ovens and in the field of telecommunications. Being able to transfer energy to materials directly and selectively, microwaves have the potential to make conventional chemical processes significantly more energy-efficient. Furthermore, as microwaves can be generated from renewable energy sources, this is an environmentally friendly technology able to reduce CO₂ emissions. We are working on the chemical recycling of plastics that have conventionally been difficult to recycle, including automotive shredder residue (ASR), which is a mixture of principally polypropylene-based plastics, thermosetting sheet molding compound (SMC), which is used in bathtubs and vehicle parts, and flexible polyurethane foam, which is used in items such as mattresses. All of them have achieved good results in the initial study. In the future, we plan to start demonstration testing as soon as possible after conducting verification testing at a bench facility.

Chemical recycling of polyurethane using microwaves

Expected effect of microwave process

- Shorter processing time
- Lower energy consumption
- Higher yield

Heating plastics in solvent



Conventional process

• Longer processing time • Larger equipment • Higher energy consumption

Heating plastics in solvent



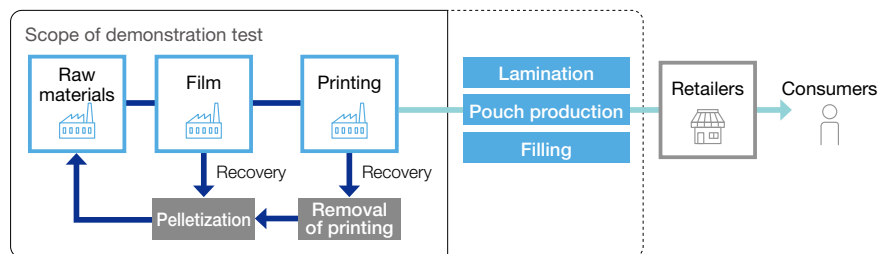
Example Bringing online the RePLAYER™ mechanical recycling facility for flexible packaging

The Group has launched the RePLAYER™ initiative, which aims to contribute to a circular economy via recycling by using waste plastic and other waste as resources. As part of the effort to realize a circular economy, we are currently working on the RePLAYER™ Renewable Plastics Layer System to test the mechanical recycling of flexible packaging. The system serves to recover film waste before and after printing from converters, remove the ink, and then pelletize the waste before turning it back into flexible packaging film. Using facilities for the system at the Nagoya Works, we plan to accelerate development of recycled materials technologies suited to flexible packaging films, further expand our collection of film waste, and begin providing samples of recycled materials. In addition, we are leveraging our RePLAYER™ Blockchain Platform, a digital resource circulation platform that utilizes blockchain technology, to establish a framework that allows us to ensure the traceability and transparency of recycled materials and thereby provide our customers with a stronger sense of safety and security.

Working in partnership with the converters providing film waste and customers who will use the horizontally recycled flexible packaging film, Mitsui Chemicals will promote initiatives aimed at the social implementation of this mechanism.



Film winding after ink removal



Implementing the Recommendations of the TCFD



The Mitsui Chemicals Group announced its support of the recommendations of the Task Force on Climate-related Disclosures (TCFD) in January 2019 and continues to disclose information on its efforts to tackle climate change. Recently, we expanded our efforts to assess materiality of climate-related risks and quantify business impacts to all of our business segments and implemented a review accordingly.

Disclosure item 1 Governance

The responsible officer for the Corporate Sustainability Committee oversees our efforts to address climate change.

Policy, strategy, and planning to address climate change are discussed at the Corporate Sustainability Committee. Results of discussions are reported to the Management Committee. Particularly important matters are decided and supervised by the Board of Directors upon discussion at the Company-wide Strategy Committee and deliberation by the Management Committee.

Furthermore, we have established the Circular Economy Center of Excellence (CoE) under the Corporate Sustainability Committee. The Circular Economy CoE comprises the steering committee and three working groups (biomass, recycling, and climate change). It conducts detailed discussion on climate change, and it is structured so that matters for discussion by management are raised to the Corporate Sustainability Committee.

▶▶ Sustainability Governance, p.107

Disclosure item 2 Risk management

The Mitsui Chemicals Group has established a Group-wide risk management system, which also covers climate-related risks.

▶▶ Risk Management, p.112

Regarding climate-related risks in particular, as part of risk management under VISION 2030 and the carbon neutral strategy, risks are identified and assessed by all divisions under the Group-wide risk management system, and these risks are managed centrally on a Group-wide basis. We reflect our efforts to develop and execute responses in our budget and medium-term business plan, and we implement a steady PDCA cycle.

▶▶ Sustainability Governance, p.107

Disclosure item 3 Strategy

The Mitsui Chemicals Group works to understand risks posed by and opportunities arising from climate change by conducting scenario analyses with reference to the United Nations Intergovernmental Panel on Climate Change scenario (IPCC RCP8.5) and the 2022 International Energy Agency World Energy Outlook (NZE2050). We also reflect the results of the analyses in VISION 2030—our transition plan for achieving a low-carbon society—and our carbon neutral strategy to guide progress.

1. Identifying and defining the range of scenarios

We have created views of potential worlds (scenarios) based on predictions of how climate change may affect the Group's business environment.

3–4°C world (A world where responses to abnormal weather are crucial)	1.5–2°C world (A world where bringing about a carbon-free society is the top priority)
<ul style="list-style-type: none"> • Implementation of current climate change policies only <ul style="list-style-type: none"> • Existing carbon taxes unchanged and applied to certain developed countries only • Expansion in demand for fossil energy and raw materials • Continuing sales of gasoline vehicles • A society dependent on fossil resources <ul style="list-style-type: none"> • Rises in prices of coal, gas, and oil • Rises in the price of fossil-fuel generated electric power • Catastrophic worsening of natural disasters caused by abnormal weather <ul style="list-style-type: none"> • Changes in vegetation distribution and migration ranges 	<ul style="list-style-type: none"> • Implementation of ambitious climate change policies <ul style="list-style-type: none"> • Large increase in carbon tax • Suspension of sales of gasoline vehicles/switch to EVs • Increases in expenses for policy compliance • Increases in business opportunities for products that contribute to a carbon-free society • Circular economy society <ul style="list-style-type: none"> • Renewable energies in the mainstream • Decarbonization of raw materials (Spread of recycled raw materials and bio-based/CO₂-based chemicals) • Worsening of natural disasters caused by abnormal weather <ul style="list-style-type: none"> • Higher-level, farther-reaching disaster countermeasures

Implementing the Recommendations of the TCFD

2. Quantifying business impacts

We have quantitatively estimated the anticipated impact in the context of implementing decarbonization measures toward VISION 2030, including the carbon neutral strategy.

▶▶ Long-Term Business Plan VISION 2030, p.38 ▶▶ Carbon neutral strategy, p.67

■ Group-wide risks

Risk classification	Events	Impact calculation target	Calculation approach	Impact	
				Medium-term (2030)	Long-term (2050)
3–4°C world					
Physical risks	Catastrophic worsening of natural disasters	Increase in damage at production sites due to river and coastal flooding	Calculated asset damage at production sites due to flooding, taking into account the probability of occurrence * FY2020 baseline. * Does not include operational impact. We plan to consider this in future. * Reference: IPCC RCP8.5	¥-5bn	¥-40bn
1.5–2°C world					
Transition risks	Strengthened laws and regulations	Increased costs due to introduction of carbon tax * Carbon tax calculated based on predicted carbon price (with reference to IEA NZE2050) and FY2021 GHG emissions.	Cost increases calculated assuming that no decarbonization measures are taken Cost increases calculated assuming that decarbonization measures are taken * Investments related to the carbon neutral strategy up to 2030 are estimated at 140 billion yen.	¥-90bn ¥-67bn (GHG emissions reduction rate* compared to FY2013: 40%)	¥-160bn ¥0 (GHG emissions reduction rate*: 100%)
Transition risks	Market changes	Increased cost of fuel and electricity	Cost of fuel and electricity calculated based on inflation rate * FY2018 baseline for fuel and electricity costs. * Reference: IEA WEO, EIA, and Agency for Natural Resources and Energy forecasts	¥-60bn	¥-70bn * 2040

* GHG emissions reduction rate (Scopes 1 and 2)

■ Group-wide opportunities

Opportunity classification	Events	Impact calculation target	Calculation approach	Impact	
				Medium-term (2030)	Long-term (2050)
3–4°C world					
Transition opportunities	Increased demand for products and services that contribute to adaptation	Increased sales revenue of Rose Value™ products, which contribute to disaster prevention/mitigation measures and prevention of infectious disease	Set as a non-financial metric * FY2022 Rose Value™ product results: sales revenue of 390.0 billion yen, sales revenue ratio of 21% * Reference: the Group's VISION 2030	Rose Value™ products sales revenue ratio of 40%	—
1.5–2°C world					
Transition opportunities	Increased demand for products and services that contribute to mitigation	Increased sales revenue of Blue Value™ products, which contribute to reduction of GHG emissions	Set as a non-financial metric * FY2022 Blue Value™ product results: sales revenue of 410.0 billion yen, sales revenue ratio of 22% * Reference: the Group's VISION 2030	Blue Value™ sales revenue ratio: 40%	Blue Value™ sales revenue ratio: 70%

■ Risks and opportunities for individual business segments

We examined business risks and opportunities in the 1.5–2°C world, 3–4°C world, and scenario-independent market environment, accounting for changes in related markets.

● Opportunity for Blue Value™ products ● Opportunity for Rose Value™ products ● Risk

Changes in related markets	Life & Healthcare Solutions Business Sector	Mobility Solutions Business Sector	ICT Solutions Business Sector	Basic & Green Materials Business Sector
3–4°C world				
(1) Stable food supply	● Creation of agrochemical active ingredients and expansion of overseas operations		● Expanded demand for ICT products with spread of industrial farming (semiconductor components/gas-permeable films)	● Expanded demand for packaging raw materials that help maintain food quality
(2) Infrastructure service-life extension and disaster prevention/mitigation	● National resilience: Expanded green-infrastructure demand for nonwovens	● Expanded demand for concrete surface reinforcement agent	● Expanded demand for components for solar panels and stationary-storage batteries as corresponding needs grow (MILLET™, SOLAR ASCET™, etc.) ● Expanded demand for drinking-water filters (MIPELON™)	● Expanded demand for raw materials for polyethylene pipes, etc.
(3) Public health and hygiene	● Development and marketing of new insecticides for malaria vector mosquitoes to help eradicate the disease ● Provision of high-performance antibacterial and anti-mold agents ● Expanded demand for hygiene supplies (masks, gowns, etc.) resulting from pandemics ● Growing needs and expanded demand for simple testing and diagnosis solutions to prevent the spread of infectious disease			

CEO Message	An essential part of the Mitsui Chemicals Group	Our strategies for creating value	Actions for maximizing value	Governance	Financial and company data
● Opportunity for Blue Value™ products ● Opportunity for Rose Value™ products ● Risk					
Changes in related markets	Life & Healthcare Solutions Business Sector	Mobility Solutions Business Sector	ICT Solutions Business Sector	Basic & Green Materials Business Sector	
1.5–2°C world					
(1) Reduction of environmental impact in the supply chain	<ul style="list-style-type: none"> ● Expanded demand for lens materials using plant-derived raw materials (Do Green™) ● Sales promotion for highly active biocatalysts (acrylamide, etc.) ● Hollow, thin products (AIRYFA™) to meet demand for weight reduction ● Establishment of recycling business and development of products meeting recycling needs 	<ul style="list-style-type: none"> ● Expanded demand for parts for renewable-energy applications (highly durable TAFMER™) ● Expanded demand for products contributing to reductions in painting processes (PP compounds) ● Creation of products utilizing renewable raw materials ● Expanded demand for lithium-ion battery components ● Expanded demand for the development of materials to reduce the weight of EVs, extending their driving range (rigid and lightweight PP) ● Expanded demand for E-Axle ● Difficulties in passing on the costs of decarbonization measures ● Reduced demand for components for gasoline vehicles as the shift to EVs continues 	<ul style="list-style-type: none"> ● Expanded demand for eco-friendly packaging materials (coating materials and paper replacements for plastic) ● Horizontal recycling (mono-material packaging) ● Expanded demand for EV batteries/semiconductors and calls for their improved functionality 	<ul style="list-style-type: none"> ● Expanded demand for the development of materials to reduce the weight of EVs, extending their driving range (rigid and lightweight PP, polyurethane materials) ● Expanded demand for eco-friendly packaging materials ● Difficulties in passing on the costs of decarbonization measures ● Expanded demand for lithium-ion battery components for EVs ● Reduced demand for components for gasoline vehicles as the shift to EVs continues 	
(Reference) Scenario-independent market environment					
(1) Economic growth, population growth, and urbanized, health-conscious lifestyles in emerging countries	<ul style="list-style-type: none"> ● Further spread of high refractive index ophthalmic lens materials (MR™) ● Expanded demand for oral care and oral diagnostics ● Expanded demand for disposable diapers ● Pursuit of higher quality medical care and longer healthy life expectancy: Entry into new business areas (orthopedics, testing and diagnosis, nucleic acid medicine CDMO, nutrition) 	<ul style="list-style-type: none"> ● Development of module concepts for vehicle interiors, etc. that help enhance comfort in mobile spaces ● Decline in number of new vehicles being manufactured 	<ul style="list-style-type: none"> ● Expanded semiconductor & assembly solutions market ● Imaging solutions: Expanded smartphone and XR markets 	<ul style="list-style-type: none"> ● Expanded market for ICT- and mobility-related products, including photoresists and liquid-crystal materials ● Development of module concepts for vehicle interiors, etc. that help enhance comfort in mobile spaces ● Decline in number of new vehicles being manufactured 	
(2) Changes in the mobility market			<ul style="list-style-type: none"> ● Expanded demand for automotive lenses, sensors, and high-frequency materials 		
(3) Consideration of environmental impact	<ul style="list-style-type: none"> ● Expanded demand for agrochemicals derived from natural materials ● Waste reduction/labor saving by producing dental prosthetics through 3D printing and related products 				
Approaches to risks and opportunities					
—	<ul style="list-style-type: none"> ◆ Improve production and supply capacity to cope with market changes and meet expanding demand ◆ Further increase the resilience of global supply chains ◆ Create new products and businesses that help address social challenges 	<ul style="list-style-type: none"> ◆ Improve production and supply capacity to cope with market changes and meet expanding demand ◆ Further increase the resilience of global supply chains 	<ul style="list-style-type: none"> ◆ Transition to solutions business 	<ul style="list-style-type: none"> ◆ Provide reliable supplies of raw materials to growing businesses ◆ Enhance efforts in green chemicals ◆ Expand provision of products with high added value 	
Financial information					
Blue Value™ products sales revenue ratio		54% (FY2022) 80% (FY2030 target)	40% (FY2022) 56% (FY2030 target)	6% (FY2022) 12% (FY2030 target)	
Rose Value™ products sales revenue ratio	82% (FY2022) 85% (FY2030 target)		53% (FY2022) 60% (FY2030 target)		
Strong business areas (based on FY2022 information)	<ul style="list-style-type: none"> ◆ Ophthalmic lens materials: 45% share of the global market (market growth rate: 3% per year) ◆ Agrochemical products: 180 billion yen in sales revenue (FY2030 target) 	<ul style="list-style-type: none"> ◆ PP compounds: Second-largest share in the world and second-largest share in Asia ◆ Lighter/paintless bumpers, instrument panels, etc. ◆ Raw materials for battery components 	<ul style="list-style-type: none"> ◆ ICROS™ Tape: Largest share of the global market (market growth rate: 7% per year) ◆ APEL™ (cyclic olefin copolymer): Largest share of the global market at over 50% ◆ Pellicles: Largest share of the global market (market growth: 9% CAGR, 2019–2027) 	<ul style="list-style-type: none"> ◆ Manufacturing of derivatives using bio-based raw materials, technological development for advanced recycling ◆ Provision of green materials to other business segments ◆ Synergy with Honshu Chemical Industry 	
Financial target (FY2030 operating income before special items)	90 billion yen Significant contributions from Rose Value™ products	80 billion yen Significant contributions from Blue Value™ products	70 billion yen Significant contributions from Blue Value™ and Rose Value™ products	50 billion yen	

Implementing the Recommendations of the TCFD

• Toward minimizing risks

- While the medium-term asset damage from catastrophic worsening of natural disasters is not that great, we will assess its impact, including the impact on operations, and where necessary incorporate it into the Basic Strategy of VISION 2030, "Management and business transformation," in order to respond.
- The business impact of increased costs due to introduction of carbon tax and increased cost of fuel and electricity will become large over the medium- to long-term. As part of our carbon neutral strategy measures, we will promote carbon-free raw materials and fuels and energy efficiency, while also pushing forward with introducing renewable energy by fiscal 2030. Furthermore, we will progress with steady reductions of GHG emissions through further considerations.
- We are projecting 140 billion yen in investments for our carbon neutral strategy through 2030. Considering that the carbon tax burden would amount to 90 billion yen per year if no carbon-neutrality measures were taken, we believe that the investment amount is appropriate in light of the impact on tax burden reduction.

• Toward maximizing opportunities

- The impact assessment identified many potential opportunities for Blue Value™ and Rose Value™ products. Reflecting the opportunities in our Group-wide strategy, we will work to contribute to the building of a sustainable society and seize more opportunities for the Group.
- Reductions in GHG emissions are deeply related to expanding the revenue of the Group, and it is therefore necessary to not only execute the announced carbon neutral strategy measures but also continually examine and add further measures.
- In addition to further increasing the resilience of our global supply chain by adding to the number of our raw-materials suppliers and production sites, we will also improve our production and supply capacity to cope with market changes and meet market needs as we look to successfully seize business opportunities.
- As capturing the opportunities listed in the table links into the growth of the Group, we have set them as VISION 2030 business targets (non-financial targets) and will continue to manage their progress.

■ Improving resilience

- The results of the scenario analyses validated the resilience of our strategies for the 1.5–2°C and 3–4°C worlds. We will continue to enhance the precision of our impact assessments.
- In our Group-wide strategies, including our business strategies and site strategies, we will work to improve the Group's resilience in the aim of minimizing risk and maximizing opportunities.

Disclosure item 4 Metrics and targets

The Group sets metrics and targets for use in managing climate-related risks and opportunities. We have positioned these as non-financial metrics and business targets for VISION 2030 and are managing their progress.

	Classification	Metric	Target	FY2022 results
Mitigation	GHG emissions reduction (Scopes 1 and 2)	GHG emissions reduction rate (vs. FY2013)	40% (FY2030) 100% (FY2050)	27%
	Maximizing avoided emissions	Blue Value™ products sales revenue ratio	40% (FY2030) 70% (FY2050)	22%
Adaptation	Contribution to disaster prevention/mitigation measures and prevention of infectious disease	Rose Value™ products sales revenue ratio	40% (FY2030)	21%

▶▶ Numeric targets for VISION 2030, p.41 ▶▶ Carbon neutral strategy, p.67

In addition, information in accordance with the climate-related metrics categories is as follows.

(1) GHG emissions	<ul style="list-style-type: none"> Scope 1: 3.55 million tCO₂e (FY2022) Scope 2: 0.96 million tCO₂e (FY2022) Scope 3: 10.81 million tCO₂e (FY2021) * Mitsui Chemicals non-consolidated Per unit of sales revenue for Scopes 1 and 2: 24.0 tCO₂e/billion yen (FY2022) 	▶▶ Data Highlights, p.114
(2) Transition risks	Outlined in "Disclosure item 3: Strategy"	
(3) Physical risks	Outlined in "Disclosure item 3: Strategy"	
(4) Climate-related opportunities	Outlined in "Disclosure item 3: Strategy"	
(5) Capital deployment	<ul style="list-style-type: none"> Investments related to carbon neutral strategy up to 2030 are expected to be on the scale of 140 billion yen. Of large-scale investment projects* in FY2023, investments related to Blue Value™ and Rose Value™ products account for 53%, or approximately 262.4 billion yen. * Not including alliances, M&A, financial assistance, etc. For FY2023–2025. 	▶▶ Carbon neutral strategy, p.67
(6) Internal carbon pricing (ICP)	ICP is set at 15,000 yen/tCO ₂ e, and IRR that takes ICP into account (c-IRR) is used as a factor in decision-making for large-scale investments.	▶▶ Carbon neutral strategy, p.67
(7) Executive compensation	<ul style="list-style-type: none"> The attainment levels for the target GHG emissions reduction rate and Blue Value™ and Rose Value™ products sales revenue ratios, which are non-financial indicators in VISION 2030, are reflected in the bonuses for inside directors and executive officers as an "evaluation of non-financial indicators." Executive officers are assigned to be in charge of progress in their respective areas on the GHG emissions reduction rate and Blue Value™ and Rose Value™ products sales revenue ratios, which are non-financial indicators in VISION 2030. The attainment levels for those targets are reflected in the bonuses for each executive officer in charge as an "evaluation of the performance of the division in charge." The Blue Value™ and Rose Value™ products sales revenue ratios for each business segment are part of the business segments' budget targets for each fiscal year. The attainment levels for those targets are reflected in the bonuses for each executive officer in charge as an "evaluation of the performance of the division in charge." 	<p>▶▶ Summary of executive compensation system, p.104</p> <p>▶▶ Numeric targets for VISION 2030, p.41 ▶▶ Carbon neutral strategy, p.67</p>

Actions for maximizing value

78 **Business Portfolio Transformation**

78 Group-wide Strategy

79 Business Overview

84 Road to 2025

84 Life & Healthcare Solutions

86 Mobility Solutions

88 ICT Solutions

90 Basic & Green Materials

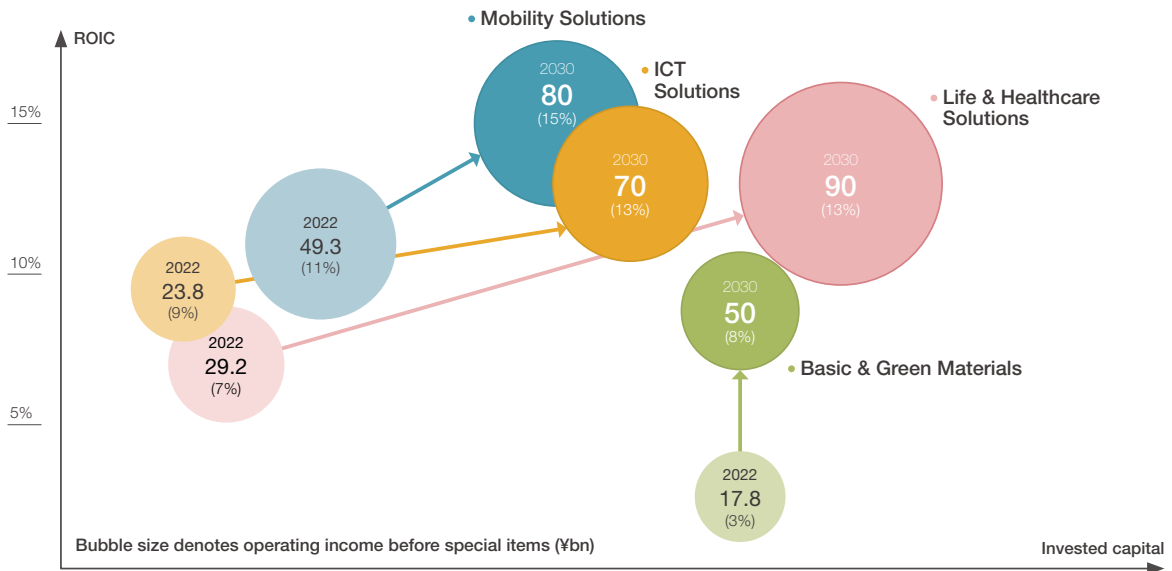
Business Portfolio Transformation

Group-wide Strategy

Based on our basic strategy for value creation, we will actively invest resources in the growth domains of “Life & Healthcare Solutions,” “Mobility Solutions,” and “ICT

Solutions,” with the aim of accelerating our business portfolio transformation and further reducing volatility.

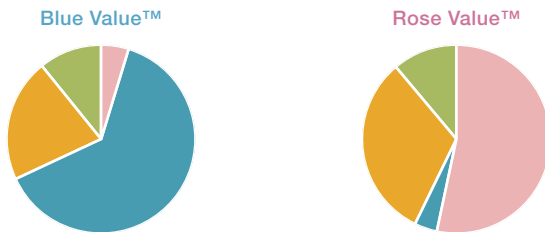
Overview of ideal business portfolio



Blue Value™ / Rose Value™

Sales revenue composition by business segment of Blue Value™ and Rose Value™ products (FY2022)

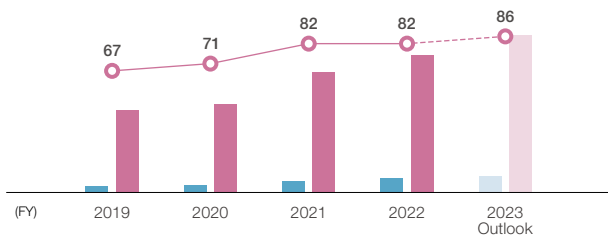
- Life & Healthcare Solutions
- Mobility Solutions
- ICT Solutions
- Basic & Green Materials



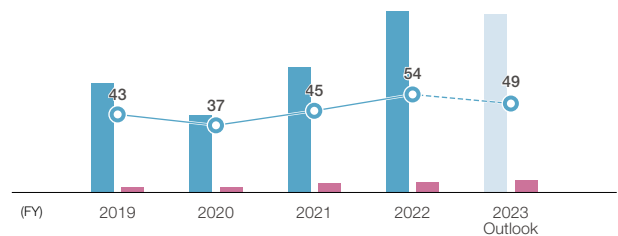
Sales revenue and sales revenue ratios of Blue Value™ and Rose Value™ products in each business

- Blue Value™ products sales revenue
- Blue Value™ products sales revenue ratio
- Rose Value™ products sales revenue
- Rose Value™ products sales revenue ratio

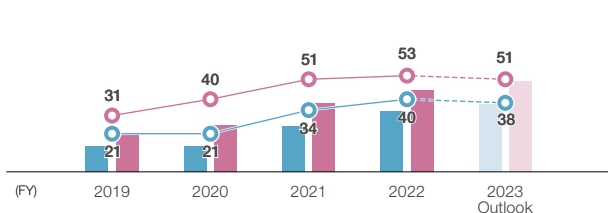
Life & Healthcare Solutions



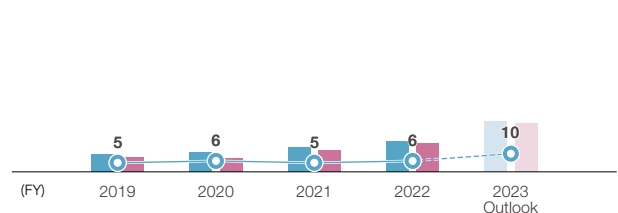
Mobility Solutions



ICT Solutions



Basic & Green Materials



Business Overview

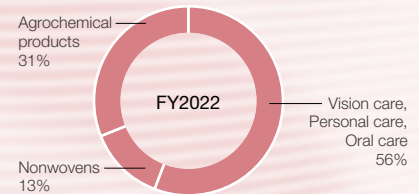


Life & Healthcare Solutions

> Business vision (Our ideal vision for 2030)

Contributing to improved quality of life and the assurance of food safety and security by offering solutions that support life, health, and comfortable lifestyles

Sales revenue by product



Challenges and needs of society

- Increase in global population
- Extension of healthy life-span
- Increase in needs for hygienic environments triggered by the COVID-19 pandemic
- Improvement in quality of life (QOL)
- Assurance of food safety and security

Competitive advantages

Life care solutions

Vision care materials

- Broad product lineup

Nonwovens

- Comprehensive technological capabilities, from base resins to processing

Personal care materials

- R&D capabilities founded on enzyme technology and organic synthesis technology

Wellness solutions

Agrochemical products

- Highly unique drug discovery capabilities and production technology based on organic synthesis
- Portfolio of products derived from natural materials that are safe and have a low environmental impact
- Ability to develop formulations that can be tailored to each customer's needs

Medical solutions

Oral care materials

- Global brand power
- Comprehensive R&D capabilities spanning base materials to processed dental materials

Orthopedic materials

- Materials technology applied to dental materials, etc.

Risks and opportunities

Life care solutions

Vision care materials

- Global market growth

Nonwovens

- Diversification of hygiene material needs
- Expanding demand for industrial materials

Personal care materials

- Increasing need for hygienic environments

Medical solutions

Oral care materials

- Advances in digital dental technology, and expansion of applicable cases

Personal care materials

- Spread of preventive and personalized medicine

Wellness solutions

Agrochemical products

- Stricter agrochemical laws and environmental regulations
- Expansion of Asian and South American markets in the field of crop protection
- Growing needs for eco-friendly agrochemicals

Testing and diagnosis (Medical Business Development Division)

- Shift toward the prevention of aggravation of symptoms through early diagnosis

Orthopedic materials

- Growing needs for extending healthy life-span and improving QOL

Strategies

Life care solutions

Vision care materials

- Develop high-added-value materials to meet diverse customer needs
- Provide products and services including coating materials and processing equipment necessary for the lens manufacturing process

New fields

- Cultivate other pillars beyond vision care (new business and new product development in the living environments and aquatic environments field)

Medical solutions

Oral care materials

- Strengthen collaboration between Group companies
- Develop and launch new products in core dental sectors (restorative materials, denture-related products, 3D printer ink, dental cement)

Wellness solutions

Agrochemical products

- Pursue overseas expansion for growth drivers
- Expand our lineup of eco-friendly agrochemicals
- Contribute to eradication of mosquito-borne diseases and termite control

New fields

- Expand business in areas related to health technology and biotechnology (new business and new product development in the nutrition field and the testing and diagnosis field)

New fields

- Expand into orthopedic surgery sector and pharmaceutical CDMO operations

Challenges and actions

Life care solutions	Vision care materials	<ul style="list-style-type: none"> • Securing supply capacity to meet growing demand for ophthalmic lens materials 	▶ Implement the MR™ production capacity expansion plan
		<ul style="list-style-type: none"> • Increasing the resilience of global supply chains 	▶ Establish overseas distribution centers and further promote procurement of raw materials from multiple suppliers
	Nonwovens	<ul style="list-style-type: none"> • Transforming the portfolio by accelerating the shift toward industrial material applications 	▶ Expand SYNTEX™ MB nano and new products; create development synergies through the establishment of a nonwovens joint venture
		<ul style="list-style-type: none"> • Pursuing higher added value for hygiene material applications 	▶ Expand sales of differentiated products such as stretchable nonwoven fabric; create synergistic effects through the establishment of the nonwovens joint venture
Wellness solutions	Agrochemical products	<ul style="list-style-type: none"> • Speeding up overseas expansion for growth drivers 	▶ Launch and promote sales of TENEBENAL™ and flupyrimin in India, a key overseas market
		<ul style="list-style-type: none"> • Increasing the resilience of supply chains 	▶ Bolster production capacity for active ingredients at Omuta Works and the Kitakami plant
		<ul style="list-style-type: none"> • Expanding our lineup of eco-friendly agrochemicals 	▶ Pursue drug discovery of innovative agrochemicals with high safety levels and low environmental impact; strengthen R&D and production technology for biological solutions, including natural products
		<ul style="list-style-type: none"> • Improving QOL 	▶ Promote registration of VECTRON™ T500, which contributes to the eradication of malaria, in various African countries
Medical solutions	Oral care materials	<ul style="list-style-type: none"> • Expanding business and bolstering business foundations in the Japanese market 	▶ Strengthen collaboration between Group companies
		<ul style="list-style-type: none"> • Expanding business and bolstering business foundations in the European market 	▶ Increase sales of new products
	Orthopedic materials	<ul style="list-style-type: none"> • Accelerating product development and strengthening and expanding the business foundation 	▶ Pursue development through collaboration with Japan MDM and formulate more specific strategies
	Personal care materials	<ul style="list-style-type: none"> • Launching new businesses that contribute to improvement in QOL 	▶ Acquire new business foundations for nucleic acid medicine CDMO

Status of Blue Value™ and Rose Value™ products

This business segment's certified Rose Value™ products include vision care materials, personal care materials, nonwovens, oral care materials, and agrochemical products, which contribute to a more comfortable lifestyle and to improving food productivity. For agrochemical products, we are working to ensure food security for a growing global population and to eradicate malaria in emerging and developing countries through the global expansion of our unique proprietary insecticides. Moreover, for oral care

materials, we will strive to develop and launch new products in the core dental sectors.

With respect to Blue Value™ products, we manufacture acrylamide, a raw material for polymer flocculants used in wastewater treatment, via an eco-friendly bio-process. By licensing this manufacturing technology and supplying highly active bio-catalysts on a global scale, we also contribute to the reduction of global greenhouse gas emissions.

Ophthalmic lens materials MR™	Provides vision correction and comfort thanks to the lightness of the lenses.		Extends healthy life-span
Nonwoven fabric for disposable diapers AIRYFA™	Reduces amount of waste by using a hollow fiber structure. Utilized in adult and baby diapers to support a comfortable lifestyle.	Reduces CO ₂	Conserves resources
Insecticide STARKLE™	Helps to boost food production and stabilize agricultural production in rice paddies, farms, and orchards through its insecticidal effect against a variety of pests.		Enriches life and society
			Protects food

Business Overview

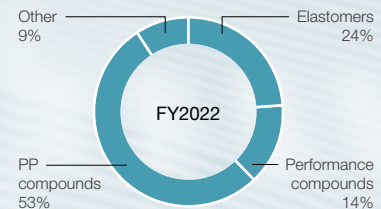


Mobility Solutions

Business vision (Our ideal vision for 2030)

Providing unique materials, features, and services to help solve social challenges and achieve sustainable business growth

Sales revenue by product



Challenges and needs of society

- Reduction of environmental impact in the supply chain
- Lightweighting and utilization of sustainable materials, including recycled materials and biomass materials
- Energy conservation and increased utilization of renewable energy
- More comfortable mobile space and higher functionality of vehicle cabins amid advances in CASE and Maas

Risks and opportunities

- Soaring raw material prices triggered by geopolitical risks, stagnation in the global economic recovery due to accelerating inflation, and sluggish spending due to rising prices
- Delayed recovery in automobile demand and production due to a resurgence of the COVID-19 pandemic and a supply shortage of semiconductors
- Changes in the important players and development cycle of automotive-related components
- Expanding need for materials development associated with lightweighting, increased comfort, and electrification of automobiles
- Expanding utilization of recycled and bio-based raw materials by companies, as they accelerate efforts to reduce environmental impact

Competitive advantages

- Extensive lineup of materials
- Advanced technological capabilities and product quality
- Extensive customer base that taps into our global network
- Technical services
- Ability to propose total solutions across the value chain

Strategies

Materials business

- Focus sales and development on fields where growth potential and contribution to sustainability overlap with our competitive edge
- Increase production capacity to meet demand and build resilient production system that maximizes the utilization of global sites

Solutions business

- Pursue a business model of "concept driving," created through collaboration with other companies using the functions, technologies, and materials possessed by the Mitsui Chemicals Group
- Explore business opportunities by providing services that utilize our technologies and expertise

Challenges and actions regarding the promotion of strategies

- Insufficient production and supply capacity to respond to market changes and rising demand; establishment of a flexible production system

- ▶ Implement appropriate increases in production capacity to meet demand; optimize the production system beyond the boundaries of products and organizations

Status of Blue Value™ and Rose Value™ products

The Mobility Solutions business segment is working to develop products and services that contribute to improving the energy efficiency of automobiles via lighter weight and their recyclability, as well as increasing the usage of renewable energy, in line with development trends in the value chain that are occurring in response to growing environmental awareness around the world. In fiscal 2022, we continued to work on increasing sales of Blue Value™ products, primarily items that contribute to a

reduction in energy consumed in manufacturing and processing throughout the supply chain. Going forward, we will strive to contribute to society through our business by continuing to enhance the performance and quality of our Blue Value™ products. We will achieve this by developing products and services that help realize a circular economy, and by pushing forward with sales, development, and production strategies with the same objective, such as through efforts to support mechanical recycling.

Auto bumper and instrument panel materials PP compounds	Can reduce greenhouse gas (GHG) emissions by 13% as painting process is no longer required	Reduces CO ₂	Conserves resources
Adhesive polyolefin for plastic fuel tanks ADMERTM	Lightens fuel tanks by 10–30% with the use of plastics instead of metal	Reduces CO ₂	
Lubricant additive for automobiles LUCANTM	Improves fuel efficiency by reducing the dependence of lubricant viscosity on temperature and maintaining lubricant viscosity at an appropriate level.	Reduces CO ₂	
Concrete surface reinforcement agent Toughness CoatTM	Resin film formed on the surface of concrete structures gives greater durability and impact resistance Extends infrastructure service life and prevents/mitigates the effects of disasters		Enriches life and society

Business Overview

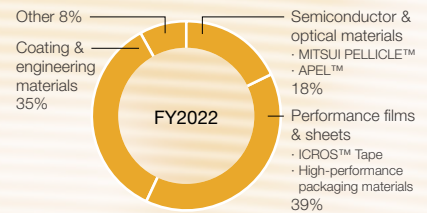


ICT Solutions

Business vision (Our ideal vision for 2030)

Creating and growing a “unique” ICT Solutions business that contributes to the evolution of AI, beyond-5G, and other such technologies that can support safe and pleasant infrastructure, healthy living, and a sustainable global environment

Sales revenue by product



Challenges and needs of society

- Progress of digitalization
- Safe and pleasant urban infrastructure
- Well-being and healthy living
- Evolution of AI, big data, 6G technology, and robotics, which support a sustainable global environment

Competitive advantages

- Unique products with high market share in the semiconductor and assembly field as well as the imaging field
- Advanced technological capabilities and product quality, and technical support
- Global customer base
- Ability to propose total solutions across the value chain

Risks and opportunities

- Medium- to long-term expansion of the semiconductor market
- Response to changes in global supply chains due to geopolitical divisions
- Rapid market expansion due to emergence and popularization of new devices such as XR devices
- Continued expansion of lithium-ion battery and next-generation battery markets
- Emerging recycling needs associated with the trend to reduce waste plastics

Strategies

Semiconductor & assembly solutions

Strengthen global technical service, evaluation, and marketing functions

Battery material solutions

Strengthen development of next-generation battery materials

Imaging solutions

Accelerate development to take the lead to meet advanced needs

Converting solutions

Expand eco-friendly packaging materials

Challenges and actions regarding the promotion of strategies

- Creating a system suitable for the fast pace of ICT customers
 - ▶ Strengthen the planning and marketing capabilities of our overseas bases to better capture the needs of overseas customers
- Building a network with digital platform companies
 - ▶ Hold “Mitsui Day” at customer sites to promote our solutions, products, and technologies
- Strengthening research and development functions such as customer process compatibility evaluation
 - ▶ Promoting co-creation with customers through establishment of ICT research building in Nagoya, and consolidate and expand evaluation facilities

Status of Blue Value™ and Rose Value™ products

The ICT Solutions business segment provides ICT materials and solutions that contribute to the evolution of technologies such as AI and 6G, which support the realization of the following goals: “Ensuring the sustainability of communities” and “Improving comfort in people’s lives.” In fiscal 2022, Blue Value™ products and Rose Value™ products

accounted for over 30% and 50%, respectively, of sales revenue in this business segment. Going forward, we will continue to further enhance the performance and quality of our existing certified product lineup and develop new certified products in response to changing social needs.

Heat sealant for environmentally friendly paper packaging materials CHEMPEARL™	Reduces the volume of resin used because it can form a film thinner than that on polyethylene (PE) laminated paper Paper coated with it is easily turned into a recycled pulp slurry, improving recyclability	Reduces CO ₂	Conserves resources
Dust cover for photomasks MITSUI PELLICLE™	Improves productivity of semiconductors, through high light transmittance and its function of protecting photomasks. Helps to realize the miniaturization of semiconductors, which contributes to the sophistication of communication infrastructure.	Reduces CO ₂	Conserves resources Enriches life and society
Electrolyte for lithium-ion batteries MILLET™	Contributes, as an EV battery-related material, to reduction of greenhouse gas (GHG) emissions that result from switching from gasoline to electric vehicles	Reduces CO ₂	

Business Overview

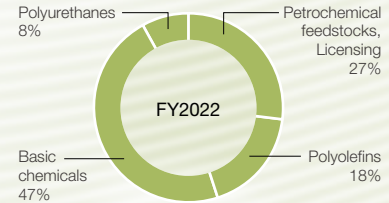


Basic & Green Materials

Business vision (Our ideal vision for 2030)

Accomplishing business restructuring as well as leading the Mitsui Chemicals Group's efforts to bring about a circular economy revolution with the aim of reducing environmental impacts and realizing a decarbonized society

Sales revenue by product



Challenges and needs of society

- Provision of products with even greater added value
- Increased environmental awareness
- Reduction of greenhouse gas (GHG) emissions through energy efficiency, the use of renewable energy and bio-based raw materials, etc.
- Reduction/reuse of plastic waste

Competitive advantages

- Globally competitive naphtha crackers
- Metallocene and other polyolefin catalytic technologies
- High-performance polyols and high-performance MDIs to differentiate polyurethane products
- Development of bio-polyols, related manufacturing technology
- An expanding lineup of bio-based products enabled by the use of bio-based hydrocarbons

Risks and opportunities

- Impact of Russian invasion of Ukraine on global and Japanese economies
- Slowdown in U.S. and global economies due to rise in U.S. interest rates
- Acceleration in depreciation of Japanese yen due to rise in U.S. interest rates
- Rise in crude oil (naphtha) prices
- Expansion of environmental needs (needs for bio-based raw materials, chemical recycling, etc.)
- Expansion of high-value-added product offering (e.g., packaging materials, insulation materials, etc.)
- Evolution in digital transformation (DX) technology

Strategies

Restructuring

Reduce volatility by speeding up restructuring of phenols, PTA/PET, and polyurethane businesses

- Cut costs
- Optimize product chains at various bases
- Go more asset-light by way of tie-ups, etc.

Green chemicals

Bolster eco-friendly efforts by expanding green chemical operations

- Shift to bio-based raw materials, diversify bio-based raw materials
- Bio-based derivatives (bio-polyolefins, bio-polyols)
- Promote recycling (mechanical & chemical recycling)

Bolstering downstream businesses

Stabilize earnings by bolstering downstream businesses, such as by expanding our operations for high-performance and niche products

- High-performance PP, high-performance MDI
- Honshu Chemical Industry Co., Ltd. (health care, ICT materials)
- HQ, catalyst licensing

Challenges and actions regarding the promotion of strategies

- Further reducing volatility
 - ▶ Downsize or withdraw from commodity products; reduce business risks through partnerships with other companies; promote wider use of price formulas linked to raw material costs
- Strengthening and expanding high-performance products
 - ▶ Develop end user-oriented materials; develop new brands and formulations through expanding the utilization of materials informatics (MI); develop products that begin from the perspective of mechanical and chemical recycling (physical properties equivalent to products derived from petroleum, etc.)
- Reducing GHG emissions
 - ▶ Shift to low-carbon fuel materials; introduce highly energy-efficient equipment (Scopes 1 and 2); maximize avoided emissions through provision of our products (Scope 3)
- Bolstering efforts toward a circular economy
 - ▶ Shift to bio-based raw materials; pursue early implementation of mechanical and chemical recycling

Status of Blue Value™ and Rose Value™ products

Utilizing our distinctive catalyst and resin design technology, to date, we have certified products including EVOLUE™, Nextyol™, and ECONYKOL™, which is derived from bio-based raw materials, as Blue Value™ products. Furthermore, we have certified products including HI-ZEX™, NEO-ZEX™, Prime Polypro™, and ACTCOL™ as Rose Value™ products. We have also started handling certified products at overseas sites,

and are promoting the expansion of Blue Value™ and Rose Value™ products globally. With regard to petrochemicals and basic chemicals derived from fossil materials, we will promote the shift to bio-based raw materials in line with our biomass strategy, thereby expanding Blue Value™ products and helping to reduce GHG emissions across the supply chain.

Seat cushion materials
Nextyol™

Contributes to mitigating climate change and improving comfort in people's lives by omitting the manufacturing process and significantly reducing volatile organic compounds (VOCs)

Reduces CO₂

Coexists with nature

Extends healthy life-span

Enriches life and society

Exhaust gas reduction agent
AdBlue™*

Reduces NOx emissions Contributes to fuel efficiency
*AdBlue is a trademark of the VDA (Verband der Automobilindustrie).

Reduces CO₂

Coexists with nature

Road to 2025: Working toward achieving the numeric targets for 2025

Life & Healthcare Solutions

We will actively invest in wellness solutions and medical solutions to create new products and businesses.

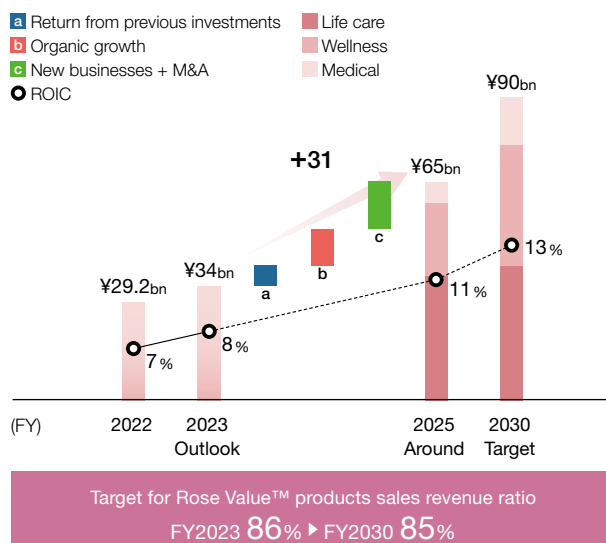
The Life & Healthcare Solutions business segment offers solutions that support life, health, and comfortable lifestyles. There is a wide range of social challenges and needs that our business segment can address, building around the three domains of life care, wellness, and medical. Those challenges include the increasing level of health and hygiene consciousness, shortage of food resources, and assurance of food safety and security. We aim to realize our business vision by leveraging our strengths—the wide range of products that utilize our advanced technological and R&D capabilities as well as the market network that we have developed via these products. We have set ambitious targets of 65 billion yen in operating income before special items and return on invested capital (ROIC) of 11% or higher by 2025. Building around our focus areas of vision care, agrochemical products, and oral care, we will work to develop our existing businesses and also expand our solutions businesses geared toward making a positive impact on resolving social challenges. We will also continue to expand our business foundation and markets, increase our production capacity to meet growing demand, and accelerate the development of new technologies and products through M&A and other means. Through these measures, we will expand the lineup of Rose Value™ products, which our business segment has been offering primarily in life care solutions, into wellness and medical solutions as well with the aim of achieving a Rose Value™ products sales revenue ratio of 85% by 2030. Initiatives moving forward will include expanding our business through M&A and external collaboration. To bring those expansion efforts to fruition, we will bolster our capabilities in post-merger integration and new business development by ensuring that we have the necessary human resources in optimal position. That will accelerate progress as our entire business segment pushes ahead as one.

TANAKA Hisayoshi

Managing Executive Officer
Business Sector President,
Life & Healthcare Solutions
Business Sector



Operating income before special items/ROIC targets



a Return from previous investments

Agrochemical products: Accelerating business expansion by launching growth drivers overseas

In our agrochemical products business, our ideal vision for 2030 is to be a global solutions company that drives change based on a foundation of research and development and contributes to sustainable food and lifestyles through its products and services.

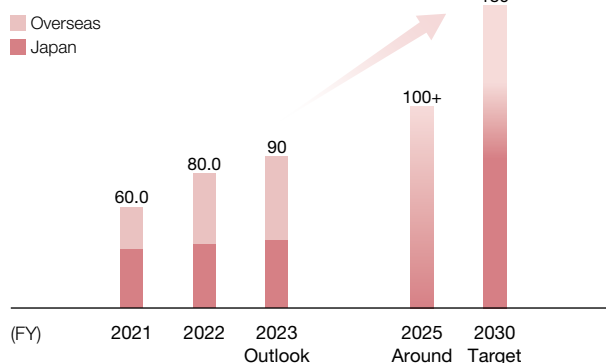
We are currently bolstering our business foundation overseas and rolling out our growth-driver products dinotefuran, TENEBENAL™ (broflanilide), and flupyrimin to markets ranging from Brazil to India and Southeast Asia. To meet the growing demand in growth

markets abroad, we are working to strengthen our production framework by expanding the manufacturing facilities at Omuta Works and launching production at the Kitakami plant of MC Crop & Life Manufacturing Co., Ltd.



The completion ceremony for the Kitakami plant of MC Crop & Life Manufacturing Co., Ltd. (then the Iwate plant of MM Agro Chemical Co., Ltd.) (September 2, 2022)

Sales revenue (¥bn)



Life & Healthcare Solutions

b Organic growth

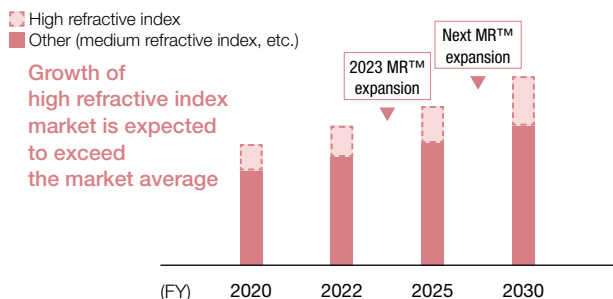
Vision care: Expanding the vision care materials business by offering a wide-ranging lineup and high added value

The Mitsui Chemicals Group is a leader in ophthalmic lens materials, providing lens manufacturers and processing labs with coating materials and plastic ophthalmic lens materials that range from low to high refractive indices. One of our leading successes is the MR™ series of high refractive index ophthalmic lens materials, which is showing growth in both the developed economies and the fast-growing emerging economies as demand for thin, strong, high-value-added lenses rises. In the U.S., major retail distributor Costco Wholesale Corporation has made MR™ lenses its standard option for the glasses it sells, illustrating the transition from polycarbonate

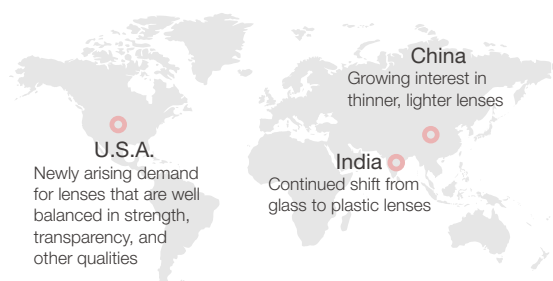
lenses to new alternatives. We also plan to expand our production capacity in line with the corresponding demand growth.

On the product-development side, our eco-conscious, plant-derived Do Green™ ophthalmic lens material has garnered significant interest across the globe. Continuing our customer collaborations, we will enhance the visibility of the MR™ brand through means including digital marketing activities and turn that exposure into future growth to make our fiscal 2030 targets a reality.

Global ophthalmic lens materials market trends



Three key regions



c New businesses + M&A

Actively investing in wellness and medical solutions and seeking to generate synergistic effects at an earlier stage

In our efforts in new business, we will aim to become a global manufacturer of medical devices and examination and diagnosis products capable of continually creating cutting-edge, top-quality products. This will be accomplished with the chemical technologies at the core of the medical business field and the peripheral technologies we have acquired. In the orthopedic surgery sector, we are utilizing knowledge held by Japan Medical Dynamic Marketing, Inc. to explore further M&A and partnerships. The testing and diagnosis field is another area where progress is underway. Through our investment in DNA Chip Research Inc., we have our sights set on expanding our range of groundbreaking diagnostic content.

We focus our M&A initiatives in areas where we can leverage the Group's core technologies. By fusing those assets with the core technologies and business foundations at the other parties, we will continue to generate synergistic effects at an earlier stage. In vision

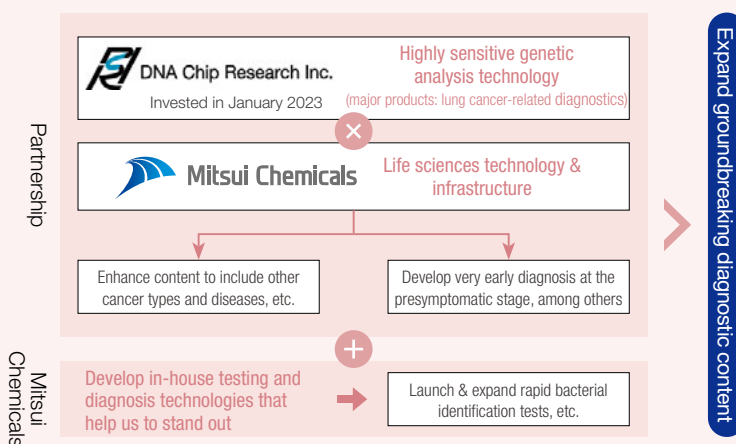
care materials, we made Coburn Technologies, Inc. a 100% subsidiary of SDC Technologies, Inc. adding lens processing equipment to our lineup. Future efforts will center on providing a variety of added value through combinations of materials, coatings, and processing equipment, which will allow us to expand business. In our agrochemical products business, we acquired the agrochemicals business of Meiji Seika Pharma Co., Ltd. in January 2022. The addition will augment our portfolio of active ingredients based on natural materials and our research and development capabilities, opening up possibilities for further business expansion. In our oral care materials business, meanwhile, we will take steps to fortify our three-way partnership with SHOFU and SUN MEDICAL. That effort will include launching sales of SUN MEDICAL's Super-Bond™ dental adhesive through SHOFU's subsidiary in Brazil.

Strategic Focus

Creating new products and businesses

Aiming to put a stronger focus on testing and diagnosis, an element of the medical business domain, we signed in January 2023 a capital and business alliance agreement with DNA Chip Research Inc., which provides genetic diagnosis services for cancer and other conditions.

The alliance enables effective use of DNA Chip Research's highly sensitive gene-analysis technology and the Group's life sciences-related technology, first of all, while also making it possible to leverage the companies' respective networks and management resources. With these and other benefits, the arrangement will drive mutual business expansion and set the stage for a growing lineup of groundbreaking diagnostic content.



Road to 2025: Working toward achieving the numeric targets for 2025

Mobility Solutions

We aim to capitalize on the new business opportunities emerging from changes in the mobility domain and achieve further business growth.

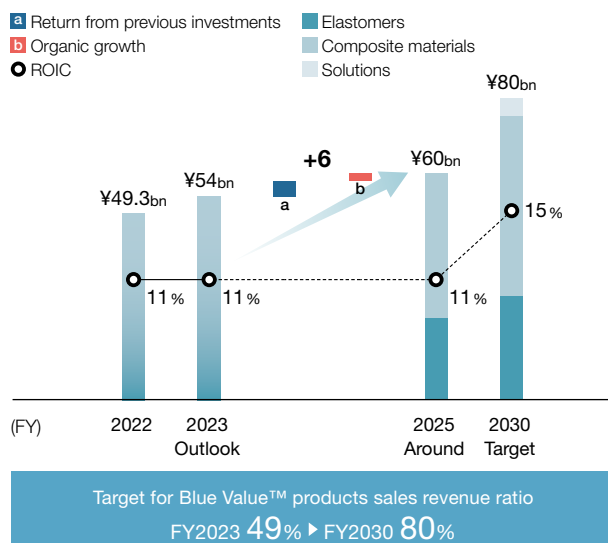
The automotive sector and the rest of the mobility domain are in the midst of a major upheaval stemming from the emergence of concepts referred to as CASE (connected, autonomous, shared, and electric) and MaaS (mobility as a service), and the shift from traditional gasoline vehicles to EVs and other vehicles is fast gaining traction. From major overhauls in EV drive systems and enhancements to added value including greater vehicle-interior comfort to reductions in environmental impact, the changes have brought about an array of new needs. The scope of applications for things like renewable energy and sustainable materials continues to expand as well. As modes of transporting people and goods continue to diversify and urban infrastructure undergoes sustained transformations, the mobility industry is also facing ever-changing social challenges and needs.

Our materials business will leverage the Mitsui Chemicals Group's broad lineup of materials to meet these new needs. On the solutions business side, we will combine our efforts to propose advanced module concepts and provide corresponding development support to existing OEM customers with one-stop development assistance and commercial-production support for startups. In addition, we will take on challenges in commercializing services to meet diverse types of social needs and leverage our efforts into capitalizing on new business opportunities and propelling growth.

Aiming to improve our operational efficiency, sophisticate our operations, and enhance our organizational soundness, we will also accelerate the process of strengthening our business foundations through digital transformation.



Operating income before special items/ROIC targets

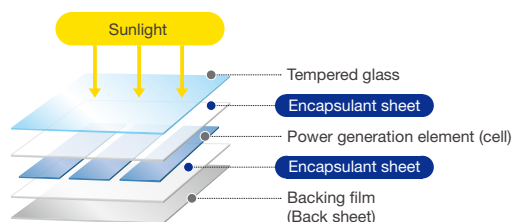


a Return from previous investments

Elastomers and TAFMER™:

Strengthening profitability through expansion into multiple applications and higher added value, as well as bolstering supply system to meet growing demand

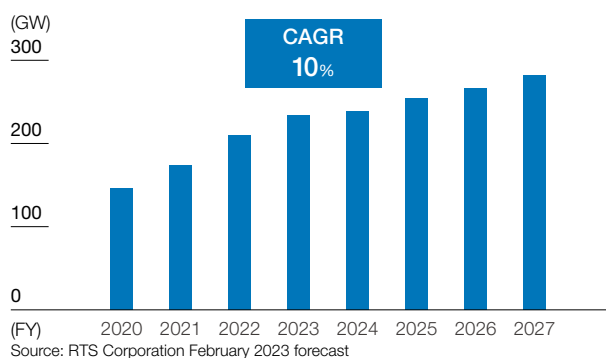
TAFMER™ is a resin modifier and soft molding material that dramatically improves the properties of resin. With its flexibility and light weight making TAFMER™ a solution for automobiles, packaging materials, engineering plastics, sports shoes, and more, the product enjoys the second-largest global market share and largest Asian market share. In recent years, with renewable energy taking root across society, we have been actively creating and tapping into new demand as TAFMER™ becomes the material of choice in the growing solar cell market. It has, for example, been selected by Group company Mitsui Chemicals Tohcello, Inc. for SOLAR ASCETM, the



Inside a solar cell, elements called “cells” for generating electricity are lined up, fixed to a frame by a transparent encapsulant sheet.

company's solar cell encapsulant sheets. Compared to conventional EVA-based encapsulant sheets, SOLAR ASCETM can be expected to maintain output for a longer period of time, resulting in improved total power generation, while its excellent moisture vapor transmission rate and low water absorption rate improve water resistance, enabling continued power generation even in harsh environments. Aiming at capturing future growth of the solar power generation market as well as growing demand created by further development of other applications, we plan to build a new plant with a production capacity of 120 KT in Singapore in fiscal 2024.

Solar power generation market forecast



Mobility Solutions

b Organic growth

PP compounds – Utilizing a large global market share and technological capabilities to capture growth markets –

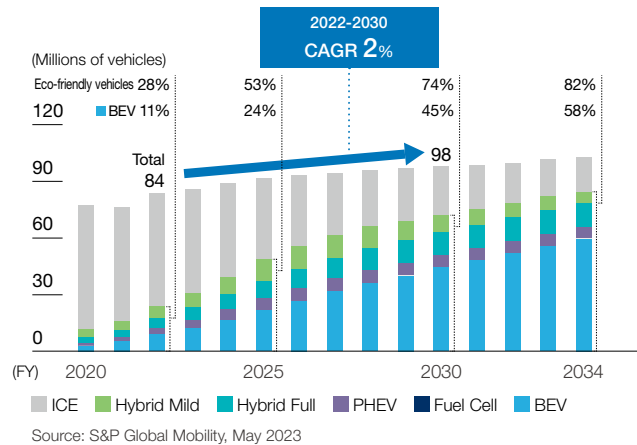
Our automotive material PP compounds, which enjoy a large global share, are materials that enhance impact resistance and rigidity because other polymers and additional agents, such as elastomers and talc, are added to polypropylene, which has superior moldability. Having already found applications in both exterior and interior materials for automobiles, the compounds are expected to help improve the driving range of EVs—set to become prevalent in the market—by reducing vehicle weight. We have built a system capable of quickly accommodating the global strategies of automobile manufacturers by maintaining nine production sites*¹ and seven R&D sites*² in key regions around the world. In our efforts to respond to growing demand for eco-friendliness, we have also developed recycled compounds containing 30% to 50% post-consumer material at Advanced Composites (U.S.), which were

*1. The Netherlands; China; India; Japan; Thailand; Ohio, U.S.; Tennessee, U.S.; Mexico; Brazil
 *2. The Netherlands; China; India; Japan; Thailand; Ohio, U.S.; Tennessee, U.S.



selected for use by an automotive manufacturer. Recognizing the social challenges surrounding the mobility industry as it moves into the future, we will leverage the Mitsui Chemicals Group’s technological edge and supply capabilities to propose solutions and seize new business opportunities.

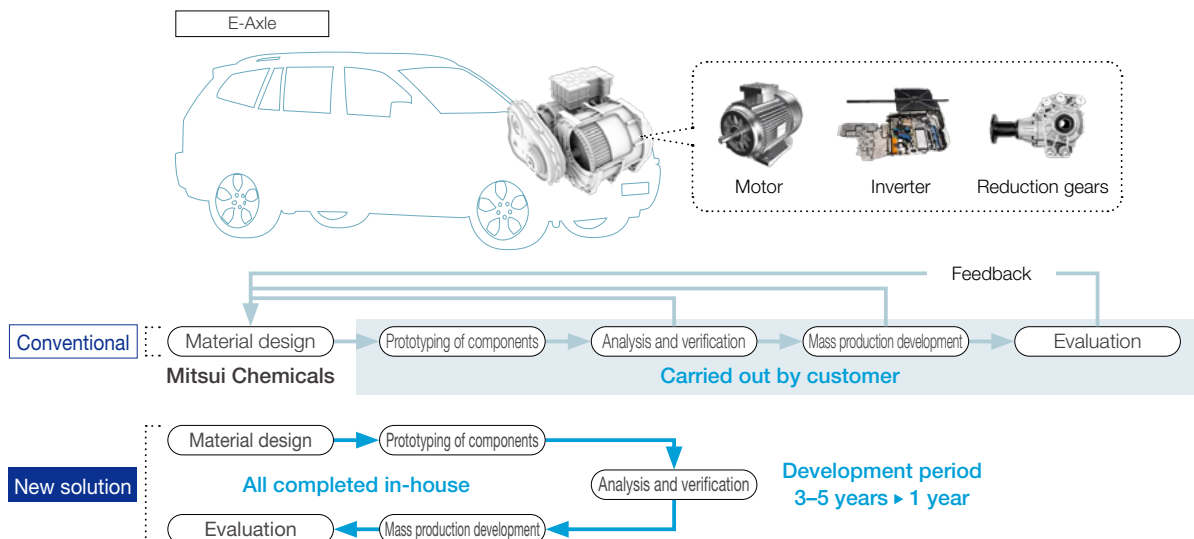
Number of automobiles produced globally



Solutions business—Aiming to establish a new business model by leveraging the technology and expertise cultivated to date—

The Mitsui Chemicals Group combines the functions in design, analysis, and other areas it has bolstered and acquired through M&A with the technologies and insights it has cultivated as a materials manufacturer to promote solutions, working with external partners along the way. One good example of this type of initiative is our recent launch of the supply of mass-produced E-Axle parts for next-generation EV drive systems. An E-Axle is a system integrating the motor, inverter, reduction gears, and other components of an EV’s drive system into a single unit. E-Axle demand is expected

to rise proportionally with the growing prevalence of EVs in the market. When customers handle design, prototyping, analysis, and assessment, the total development time has traditionally been between three and five years. We have successfully shortened that process to just one year by handling all stages of the process concurrently within the Group. The Mitsui Chemicals Group’s POLYMETAC™ (metal and resin integrated molding technology) also helps make E-Axle components smaller and simpler in shape, shorten production processes, and cut costs.



Road to 2025: Working toward achieving the numeric targets for 2025

ICT Solutions

We will continue to capture the needs of growth markets and create unique products.

To ensure that we can respond flexibly to the fast-moving ICT market, we created the ICT Solutions Business Sector in April 2022 to consolidate our products and services in the ICT field, which were distributed across various business segments. Now, over a year since the creation of the new business segment, we have seen excellent synergy as employees from many different divisions collaborate smoothly and generate a variety of development themes.

While the semiconductor and smartphone markets are mired in an unfortunate slump at the moment, we are confident that they will recover and proceed to grow in the medium to long term, and we will continue to pursue bold endeavors in those areas.

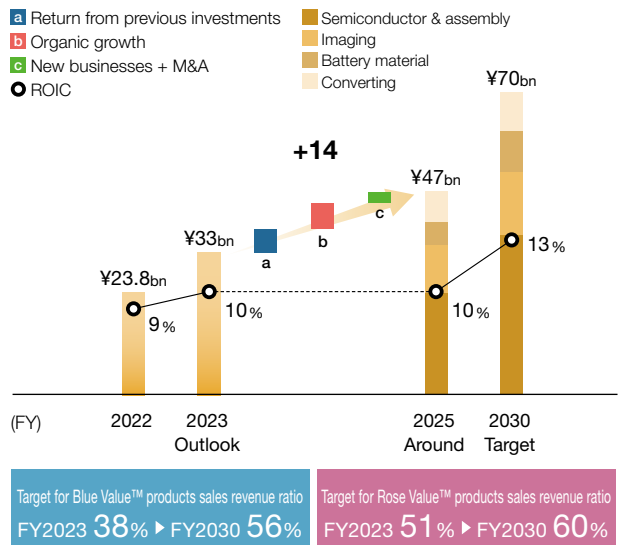
That entails aggressively investing resources in four key solutions areas—semiconductor & assembly, imaging, battery material, and converting—to both bolster our existing products and develop new products.

Developing and enhancing products hinges on research and development, an area where we have also been very active. In addition to having created the Innovative Solutions Center for Information & Communication Technology in 2022 at the time the ICT Solutions Business Sector was established, we also plan to open an ICT research building at our Nagoya Works in 2023 to further strengthen our development initiatives in the ICT domain. The building will have evaluation systems for the semiconductor and assembly field and other areas—the same equipment as customers use—and feature a co-creation space, thereby accelerating development and forging stronger ties with our customers.

These and other proactive measures to invest in research and development will enable us to release new products and solutions more quickly. As those products and solutions start generating revenues, we will be in an optimal position to reach our 2025 targets.



Operating income before special items/ROIC targets



a Return from previous investments b Organic growth

Enhancing existing products in our various business domains to boost earnings

ICROS™ Tape holds a large share of the market in the semiconductor and assembly area, and we will continue to meet growing demand for the product with capacity enhancement in Taiwan scheduled for completion by the second half of fiscal 2023. We also aim to bolster our marketing and our development and technology support functions, using the insights we have gained to expand the focus of our product offering from the wafer backgrinding process

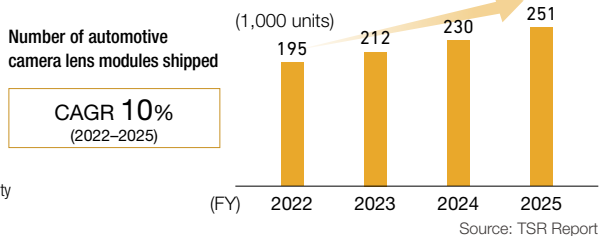
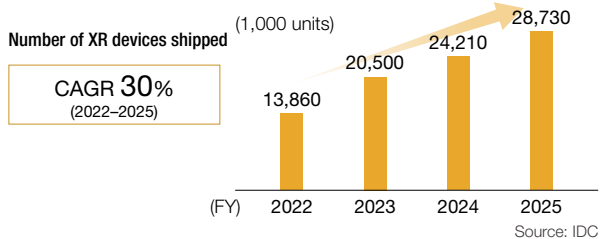
to other processes.

In the imaging field, we will expand business by adding new product functions to APEL™—another product with a large market share—to accelerate the expansion of its applications from smartphone camera lenses to XR device lenses and automotive camera lenses, where major future growth is expected.

In the field of converting solutions, we will take proactive steps

Expand a range of applications by adding functionality

- Smartphone camera lenses
 - High refractive index
 - Low birefringence
 - Low water absorption
- XR lenses
 - Improved transparency
 - Improved birefringence
- Automotive camera lenses
 - Heat resistance
 - Improved long-term reliability

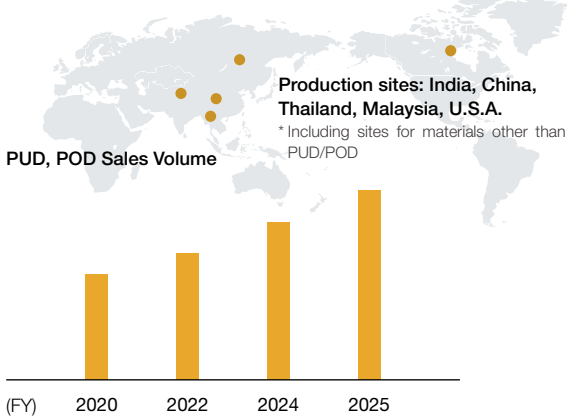


ICT Solutions

to provide eco-friendly packaging materials as the demand for environmental consciousness continues to grow faster than originally anticipated. Mono-material packaging and the shift to paper-based packaging are two prominent elements of that rising demand, and the Mitsui Chemicals Group is expanding its supply capabilities worldwide to meet those needs.

To leverage our competitive edge in the fast-changing ICT field, we will need to create unique products with new added value in a prompt fashion. That requires a stronger research and development function with an increased number of our research personnel.

Focusing our global production network* toward performance improvements for coating and engineering materials



We are also looking to be particularly active in the semiconductor & assembly area. To help promote product development amid growing needs for miniaturization and 3D designs, we will take part in a co-creation program with IMEC—the world’s most advanced semiconductor-focused research institute—to accelerate research and development on organic materials for cutting-edge next-generation semiconductor processes. We will strive to supply these new products to the market in a flexible, agile way, allowing us to create corresponding demand and start generating revenue quickly.

TAKELAC™ WPB

PUD*: Rising demand for barrier coatings to be used on mono-material packaging
* Polyurethane dispersions
(Examples of use with mono-material barrier-coated packaging)

- Aluminum deposition: <0.1µm
- PUD: 0.1µm
- Film (BOPP): 16µm

Reduces thickness to help meet European guidelines*
*(PP, PE>90%)

CHEMPEARL™ S

POD*: Rising demand for heat-sealable coatings amid the shift to paper-based packaging
* Polyolefin dispersions
(Example of use with paper cups)

- POD: 5µm
- Paper: 80µm

Compared to PE laminate films (15µm), PODs allow for thinner films, which helps reduce plastic use

c New businesses + M&A

Keeping up to speed on developments in the fast-moving ICT industry to pursue aggressive new business development and M&A

On July 1, 2023, we acquired the pellicle business of Asahi Kasei Corporation and established Mitsui Chemicals EMS Corporation. Having completed the acquisition, which makes us the world leader in the pellicle business, we will work to leverage the technological expertise of the two companies to establish a solid position in the market and accelerate the development of cutting-edge technology

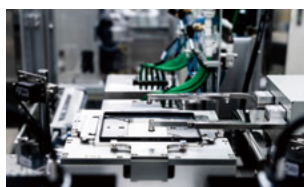
to expand the business further.

In our EUV pellicle efforts, meanwhile, we will keep pushing development in line with market growth and technological advances so that we can continue to help our customers reach higher levels of productivity.

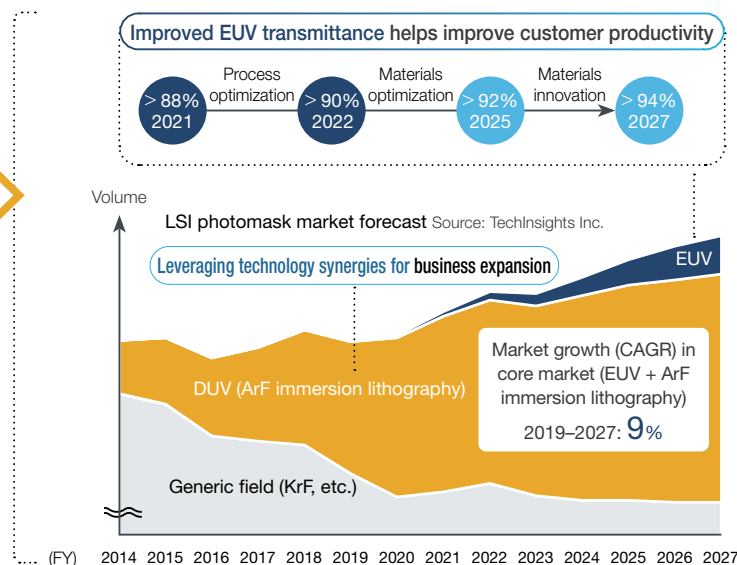
EUV
Using first-mover advantage to expand our business and maintain our leading position

DUV (ArF immersion lithography)
Capturing the No. 1 position via acquisition of Asahi Kasei's business

FPD
Maintaining the top market share held by Asahi Kasei's business



LSI (DUV) pellicle processing equipment



Road to 2025: Working toward achieving the numeric targets for 2025

• Basic & Green Materials

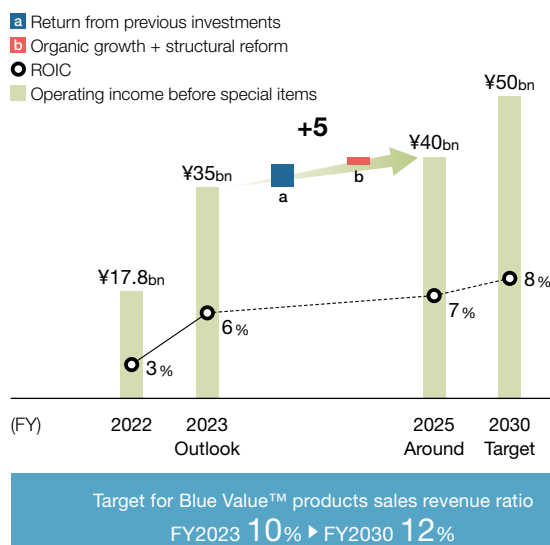
We will work to improve capital efficiency through further restructuring and continue to promote green chemicals.

The Basic & Green Materials business segment is targeting an operating income before special items of 40 billion yen and a ROIC of 7% by 2025. Working toward our goals, we will put the finishing touches on a variety of recent initiatives to reform our business structure: reducing volatility, expanding our range of high-performance and niche products by bolstering downstream businesses, optimizing production facilities, and more. One focus will be boosting capital efficiency. This will be achieved by streamlining operations, establishing an optimal production and sales portfolio with an eye to possible collaboration with other companies, and taking other steps for products that are projected to see a drop in demand or are easily affected by market conditions. In terms of bolstering downstream businesses, we will keep making growth investments in areas that can help add more value to the Mitsui Chemicals Group's products. Examples of these types of investments include building a new high-performance PP plant, expanding our capacity for high-performance methylene diphenyl diisocyanate (MDI), and forging a collaborative link with Honshu Chemical Industry, a connection with synergy potential.

Our business segment accounts for approximately 70% of the Mitsui Chemicals Group's total CO₂ emissions. For us, therefore, achieving carbon neutrality (CN) and bringing about a circular economy (CE) are top-priority challenges to be addressed. At the Ichihara Works, we are collaborating with two nearby companies to diversify raw materials. Our joint efforts include utilizing bio-based raw materials as a replacement for petroleum, developing and implementing new processes for chemical recycling (CR) and mechanical recycling (MR), and exploring ways to secure bio-based raw materials and recover waste. In addition, we have also begun work on materializing a CN concept that uses the Osaka Works as a model. We look forward to collaborating with nearby companies in industrial complexes on charting paths toward switching to alternative fuels for crackers, adopting new raw materials, and utilizing CO₂.



Operating income before special items/ROIC targets



a Return from previous investments

Initiatives to reform product portfolio and bolster and expand downstream businesses

Efforts to restructure our business through portfolio transformation have allowed us to make solid improvements in our profit structure. We are currently reorganizing and downsizing businesses susceptible to market fluctuations through various moves, including our decision to shut down our domestic production facilities for purified terephthalic acid, transfer shares in a phenol manufacturing and sales company in Singapore, and optimize plant production capacity in accordance with trends in demand for toluene diisocyanate (TDI). In addition, we have established a limited liability partnership (LLP) with Sanyo Chemical Industries, Ltd. to streamline the manufacturing of polypropylene glycols (PPGs), which are raw materials for polyurethanes, through production cooperation; and explore opportunities for sharing supplies of raw materials.

To bolster downstream businesses, we are proceeding with a plant scrap-and-build plan for high-performance PP plants. The new plant is scheduled to start producing high-performance PP in November 2024, which will contribute to lighter weight and thinning for automotive and other applications, and to mechanical recycling. Meanwhile, we have decided to shut down the 1PP plant at the Anesaki Works in order to optimize the supply-demand balance. We expect this restructuring of our production system to reduce greenhouse gas (GHG) emissions by approximately 70,000 tons per year. Through these and other efforts, such as providing materials

produced using bio-based raw materials, we will continue to bolster our circular economy initiatives.

Regarding high-performance MDI, a new facility with an increased capacity level will start operation in July 2024. This will allow us to promote development in response to increasing quality requirements for high-functional sheets and noise, vibrations, and harshness (NVH) materials in the automotive field, as well as to expand into applications for non-automotive materials such as coatings, adhesives, sealants, and elastomers (CASE), an area with high added value.

Furthermore, concerning Honshu Chemical Industry Co., Ltd., which became a consolidated subsidiary in October 2021, we have achieved a certain level of success in improving productivity among others by investing the Mitsui Chemicals Group's management resources, including technology, information, and human resources. Going forward, we will create new products and businesses through synergies with the ICT and health care domains in addition to expanding our lineup of aromatic derivatives based on organic synthesis technology.

We will continue to maintain our financial discipline while also striving to secure stable earnings through such efforts as implementing active growth investments, cutting costs on an ongoing basis, expanding sales, and improving trade terms.

Basic & Green Materials

Improving capital efficiency through further restructuring

	FY2013–2017	FY2018–2022	FY2023–2025	FY2026–2030
	Securing stable earnings via restructuring	Reducing volatility	Improving capital efficiency	
Operating income before special items	Average of ¥11.1bn	Average of ¥30.5bn	FY2025 targets: Around ¥40bn ROIC 7%	FY2030 targets: ¥50bn ROIC 8%
Bolstering downstream businesses	AC-based IPA production starts PP catalyst plant starts up Bio-PPG joint venture established	MDI capacity expanded Gas turbine starts up at Osaka Honshu Chemical Industry takeover bid completed	2023: AC-based IPA capacity to be boosted 2024: High-performance PP plant to start up 2024: High-performance MDI plant to start up	Hydroquinone PO catalyst ICT materials from Honshu Chemical Industry
Restructuring	2 PE lines at Chiba closed 1 PP line at Chiba closed Chiba LLP founded Chiba BPA/PH plant closed Withdrawal from Keiyo Ethylene Kashima TDI plant closed Omuta MDI plant closed	Thailand PTA & PET business shares partially transferred MCNS dissolved MPS* shares transferred	2023: Iwakuni-Ohtake PTA plant closed 2023: 1 PP line at Chiba closed 2025: Omuta TDI plant to be optimized	<p style="text-align: center;">Promoting further restructuring</p> <p>(1) Implementing further steps to restructure and downsize low-profitability businesses (e.g. adopting asset-light structure) (2) Strengthening competitiveness at petrochemical complexes by optimizing cracker capacity in line with demand</p>

* Mitsui Phenols Singapore Pte. Ltd.

b Organic growth + structural reform

Promoting the shift to green chemicals: Another step toward achieving a circular economy

We have made significant strides in bio-based raw materials. Drawing on our experience as the first company in Japan to use bio-based hydrocarbons, we have been working to expand our lineup of products subject to ISCC certification and obtain ISCC certification at all our plants so that we are in optimal position to utilize the mass balance approach to offer bio-based hydrocarbon derivatives produced in our crackers. As of the end of fiscal 2022, those efforts have brought our number of ISCC-certified products to 29 and secured certification for the Osaka Works, Ichihara Works, and Iwakuni-Ohtake Works. In fiscal 2023, we will add seven more products, the Omuta Works, and affiliate plants to our ISCC-certified fold.

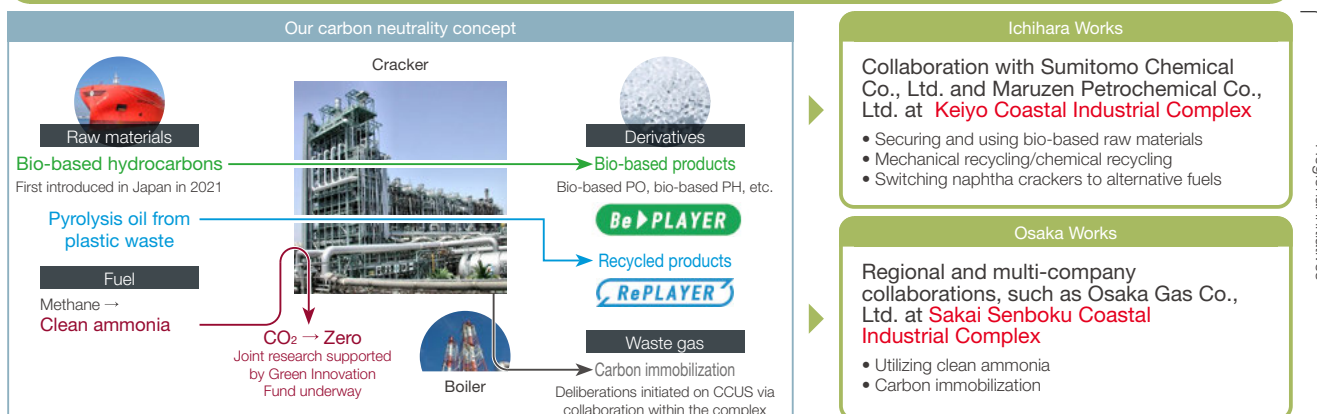
Fiscal 2022 also saw us invest in Apeiron Bioenergy, a major collector and seller of used cooking oil, to help us secure a supply of bio-based raw materials, which are likely to be in growing demand on a global scale.

In our efforts to propel the switch to alternative fuels for crackers, we aim to move from conventional methane to clean ammonia and

thereby reduce CO₂ emissions during combustion. The plan is to develop test furnaces by 2026 and to develop and start operation of demonstration crackers in 2030.

In terms of plastic recycling, we are taking proactive steps toward the implementation of both mechanical recycling (MR) and chemical recycling (CR) across society. Our efforts to commercialize products on the MR side are generating solid results, and we are making progress on CR-focused demonstrations of plastic-to-oil recycling.

To make good on these efforts to foster a circular economy, we are also looking at ways of realizing transformations in crackers and petrochemical complexes. In addition to using our Osaka Works as a model, as I noted earlier, we are collaborating with Sumitomo Chemical Co., Ltd. and Maruzen Petrochemical Co., Ltd. at Keiyo Coastal Industrial Complex, where the Ichihara Works is located, to secure and utilize bio-based raw materials, drive progress on MR and CR, and make the switch to alternative fuels for crackers, among other efforts.

Collaborating with other companies in regional initiatives to optimize running of crackers with large CO₂ emissions

Implementing investment while ensuring profitability to get green chemicals in use throughout society

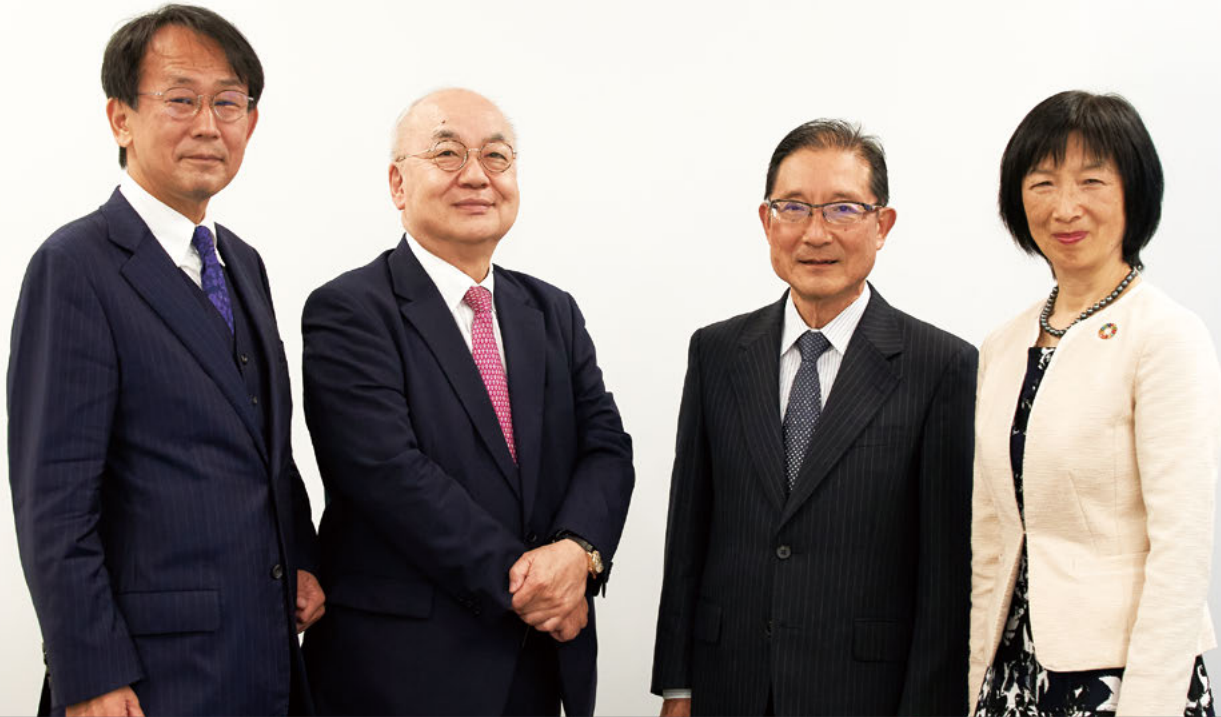
Governance

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Dialogue

Outside Directors x Institutional Investors

Using dialogue to make transformations more effective



Mr. YAMADA Mikiya

Mizuho Securities Co., Ltd.
Senior Analyst, Equity Research Department



MIMURA Takayoshi

Outside Director
(one year in role)



MABUCHI Akira

Outside Director
(two years in role)



YOSHIMARU Yukiko

Outside Director
(four years in role)

To help enrich dialogue with our stakeholders, we brought outside directors and institutional investors together for a discussion on May 26, 2023. Mr. YAMADA Mikiya, an analyst at Mizuho Securities Co., Ltd., facilitated the discussion. Fielding questions from guests on-site and online, the outside directors touched on their senses of mission, the VISION 2030 strategy, the future of the Mitsui Chemicals Group, and more.

Participating investors

(26 individuals from 21 companies)

- Nomura Asset Management Co., Ltd.
- Nippon Life Insurance Company
- Daiwa Asset Management Co. Ltd.
- Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
- Mitsui Sumitomo Insurance Company, Limited
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Okasan Asset Management Co., Ltd.
- Resona Asset Management Co., Ltd.
- Misaki Capital Inc.
- Shinkin Asset Management Co., Ltd.
- Commons Asset Management, Inc.
- Goldman Sachs Asset Management Co., Ltd.
- Gordian Capital Japan Limited
- Asset Management One Co., Ltd.
- Asuka Corporate Advisory Co., Ltd.
- Sompo Asset Management Co., Ltd.
- Seiga Asset Management Limited
- PGIM Japan Co., Ltd.
- KIMCO International Pte. Ltd.
- JPMorgan Asset Management (Japan) Limited
- Dymon Asia Capital (HK) Limited



Mr. YAMADA Mikiya

At Dow Chemical Japan, worked in research and development and also served in posts including general manager of financial affairs and financial planning manager for Dow's Pacific region. Held positions at Goldman Sachs Japan Co., JPMorgan Securities Japan Co., Ltd., Lehman Brothers Japan Inc., Barclays Securities Japan Limited, and other firms before joining Mizuho Securities in 2016. Currently covers a wide range of analysis activities in the chemicals, fiber, and textiles areas.

Ranked first in the *Nikkei Veritas* Analyst Rankings in the chemicals/textiles category for five straight years.

Outside directors' perspectives and roles

Yamada: First of all, I would like to thank everyone for participating. I think today will be a great opportunity to field your questions and generate active discussion. First, we should start with some brief introductions from the outside directors. Could you all share a bit about your thoughts on Mitsui Chemicals' Board of Directors and your own roles within the company?

Yoshimaru: After about 40 years working in Japanese manufacturing both at home and abroad, I became an outside director at Mitsui Chemicals in 2019. As an outside director, I was involved in the development of VISION 2030 from the initial formulation stages and took part in discussions for over a year until the company announced the plan in 2021. My primary focus is on the non-financial KPIs set out in VISION 2030. In my view, non-financial KPIs form a basis for driving sustained enhancements in the Group's corporate value. I try to add as much input as I can on this topic during the Board discussions.

Mabuchi: My career started at Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION) in 1979. In the years since, I have concentrated for the most part on technological development in the automotive field. As an outside director at Mitsui Chemicals, a position I took in 2021, I have been working to make contributions through the experience I gained as a director and corporate auditor at SUBARU CORPORATION and my



knowledge in the mobility field. Since October 2022, I have also served as the chair of the Executive Compensation Committee.

The business portfolio transformation currently underway as part of VISION 2030 is, I think, a self-imposed challenge by Mitsui Chemicals—which has built its identity on petrochemicals—to see how it can change itself into a new corporate organization. One of the keys to that process is building awareness of the new Mitsui Chemicals brand both within and outside the company in a compelling way. Another focus point for me is how the Group will pursue the ESG-related elements of VISION 2030, like non-financial KPIs and risk management structures, as concrete, actionable efforts and then turn those initiatives into profit. As an outside director, my mission is to voice views from that perspective at the Board meetings.

Mimura: Since joining Terumo Corporation in 1977, I have mainly worked in business development and marketing in the healthcare field. I also had opportunities to help with the launch of new businesses abroad and serve as the chair of the company's Board of Directors for five years. In addition to my work at Terumo, I also chair the Japan Federation of Medical Devices Associations, an industry group. I became an outside director at Mitsui Chemicals in June 2022. My goal is to make contributions through the insights my roles in management and industry-group leadership have given me in the healthcare field—currently a focus area for the Group—along with my experience in a variety of governance-oriented efforts at Terumo.

The Group's work on VISION 2030 is admirable, especially in how clear quantitative targets on both the financial and non-financial sides are set as KPIs and progress on those KPIs are promoted by the

responsible executive officers, and in how the Board of Directors is actively discussing ESG-related issues. Moving forward, I think the key issue will be establishing a broad, comprehensive awareness, both inside and outside the Group, of what the KPIs mean and how they came to be.

I also draw on my experience at Terumo to add to discussions of M&A pursuits. Having seen Terumo execute a wide variety of M&A projects, I give my opinions on the Group's plans for mergers and acquisitions by evaluating each idea from three basic angles: whether it allows the Group to acquire technology it cannot secure otherwise, whether it accelerates development, and whether it offers access to new markets. At the Board meetings, I advocate for due diligence with a higher degree of objectivity and precision.

Yamada: Following the Group's record-setting performance levels in fiscal 2021, the first fiscal year of VISION 2030 arrived with a challenging external environment. How would you assess the Group's progress so far?



Yoshimaru: I think progress has gotten off to a smooth start in terms of the non-financial KPIs, which are my main focus. However, I think the Group will have to keep talking about whether the current KPIs are the optimal indices and whether they are sufficient to get the Group to where it aspires to be in 2030 and beyond. The Group should definitely be open to making course corrections as necessary.

Mabuchi: On the financial side, external environmental factors hurt performance in fiscal 2022 compared to the all-time high in profits that the Group saw in fiscal 2021. Despite the struggles, I get the impression that people throughout the Group are steadily developing a stronger awareness of the need to transform the business portfolio into a more growth domain-focused setup and to launch other initiatives.

Challenges remain, of course. From my perspective, the Group will need to find effective ways to ensure stable growth of its corporate value resilient to changes in the external environment and market conditions. Operating income before special items in growth domains held steady at over 100 billion yen in both fiscal 2021 and fiscal 2022. This represents a significant stride in tackling such challenges, and I think that the Group can take another step forward in



transforming its corporate culture by grounding business operations even more firmly in markets.

Mimura: I became an outside director after the Group announced VISION 2030. For me, then, the plan is just getting out of the gates—and I look forward to seeing how the path forward develops. It is so reassuring to know that specific executive officers are assigned to take responsibility for guiding progress toward clear numerical targets, and I feel that the plan is structured in a way that makes it easy to correct course when challenges arise. I want to see the Group

concentrate on getting every employee on the same page in terms of how these targets will pave the way to future growth. If the Group can convince the whole workforce of that potential, I think the end result will definitely be a growth driver.

Yamada: The president of a certain global chemicals manufacturer once told employees to start measuring net sales in dollars instead of tons, the company's previous standard, so that they would see things in terms of profits rather than volume. To me, that is the kind of down-to-earth change so integral to reshaping a corporate culture. Considering that discussions among young employees helped shape VISION 2030 and that President Hashimoto puts a focus on communicating closely with people in the field, I have a good feeling about the Group's future efforts to cultivate broader awareness.

Q&A with investors

Q. The Tokyo Stock Exchange requires certain companies to improve their capital efficiency, such as firms with a price-to-book (P/B) ratio below 1. How do the Group's outside directors see that issue and discuss it within the Board of Directors?

(Mr. NAKAYAMA Iori, Senior Fund Manager, Active Fund Management Department II, Daiwa Asset Management Co., Ltd.)

Mimura: I actually made a comment on that topic at the Board meeting. Although I think the Group has substantial strengths in technology and other areas, I also think it could do more to get those impressive capabilities across to its investors in a clear, accurate way. That is probably due in part to the Group's struggles to shed its image as a high-volatility chemicals corporation. As Mr. Mabuchi said, I think the Group will need to keep working to establish the new Mitsui Chemicals brand both inside and outside the organization.

Mabuchi: The market's assessment of a given industry or individual

company depends on whether the public can see reasons to believe that it is capable of solid growth. The Mitsui Chemicals Group has a serious-minded, diligent corporate personality, which is a good quality to have, but just going quietly and earnestly about its work will not be enough; it will have to be active in reaching outside audiences.

Yoshimaru: A low P/B ratio might mean that a company is not making sufficient use of its intangible assets, but human resources—often at the top of the intangible-asset list—is something the Board discusses at virtually every meeting. Topics include

recruitment of employees from diverse backgrounds and development and training systems that would allow for flexible positioning for employees within organizations. By making sustained progress on workforce-related efforts while also keeping an eye on our KPIs, we will be able to bring in high-caliber talent and also gain better public recognition. That will open up opportunities including new collaborative projects with other companies, which in turn will spark a continuing chain of enhancements to our corporate value.

Q. One of Mitsui Chemicals' KPIs is "successor coverage rate for critical positions," a unique indicator to use. What goes into the assessments of such details as the sufficiency of the number of successor candidates for each position and the proportions of female candidates?

(Mr. HARASHIMA Ryosuke, Analyst, Fund Management Department, Commons Asset Management, Inc.)

Yoshimaru: The Board of Directors receives yearly reports on the Group's successor coverage rate, and the Nomination Committee also discusses the coverage rate and related topics, ranging from the future positions that new businesses will create to its ultimate goal of selecting successor candidates for the chief executive officer position. The percentage of women in key

positions is an issue that the Group will need to address. While fiscal 2021 saw a woman assume an executive officer position, the proportion of senior positions held by women is still too low.

Yamada: One problem is that not very many women in Japan make the choice to study chemistry.

Yoshimaru: There are external factors, yes, but the Group cannot afford

to just use those conditions as an excuse. It has to be willing to look across traditional boundaries in its recruiting efforts. The Board is looking deeper into the successor coverage rate, going beyond the surface numbers to discuss how to increase the percentage of non-Japanese individuals in key positions and take other steps to enhance diversity.

Q. I get the impression that the announcement of VISION 2030 has led to several improvements, with transformations happening faster and the Board operating more effectively. In your eyes, what are the keys to boosting that effectiveness even further in the future?

(Mr. WATANABE Yuji, Chief Analyst, Active Fund Management Department II, Daiwa Asset Management Co., Ltd.)

Mabuchi: If you go by the book, an outside director's job is to voice opinions at the Board meetings based on their own knowledge and experiences—but that alone is not enough. The important thing is to pay attention to the general activities and overall mood of the company, including worksites, and be ready to give feedback when management's ideas do not line up with them.

Mimura: Speaking honestly and openly, without trying to accommodate

anyone's feelings, is an important quality for an outside director to have. The Board of Directors of Mitsui Chemicals always listens carefully to views that might be harsh to hear, engages with questions that might be hard to answer, and operates in a way where members actively share information on past failures—and I hope it stays that way.

Yoshimaru: The Board is well aware that it still has room to improve its effectiveness in order to catch up

and keep pace with the recent corporate trend of governance reforms, which led the Board to begin sending members to observe important meetings on the execution side. I think that observing meetings will allow us outside directors to deepen our understanding of business and have better, more in-depth discussions in the limited time we have available.



Q. Having meticulously designed KPIs is a good thing, but could that setup also lead to an avoidance of calculable risks or compromise growth?

(Mr. WAKAMATSU Shinya, ESG Analyst, Investment Division, Asset Management One Co., Ltd.)

Mabuchi: We recently created a risk map to help us separate risks that should naturally be avoided, like major accidents and legal violations, and risks that should be addressed as potential opportunities. As we continue to refine the risk map, I think the results will give us a great resource

for exploring risks to take.

Yoshimaru: The Group has unfortunately had some accidents over the course of its long history, which may have contributed to a somewhat defensive, risk-averse corporate climate. However, the Group's current messaging stresses that

transformations hinge on taking on challenges, including the failures that might come along with them. I get the sense that employees Group-wide are embracing that proactive mentality.

Q. Does the Board of Directors discuss the best-owner principle and other ideas that have recently gained support as guides for corporate business portfolios?

(Mr. NAKAYAMA Iori, Senior Fund Manager, Active Fund Management Department II, Daiwa Asset Management Co., Ltd.)

With the operating rates at ethylene production facilities dropping below 80% in 2023, Japanese chemicals companies need to think now about a realigning of their businesses. Have there been any internal talks on this issue?

(Mr. KIMURA Mitsuhiro, Senior Equity Analyst, Global Research Department, Nomura Asset Management Co., Ltd.)

Mabuchi: Crackers are a big strength for the Mitsui Chemicals Group: they provide the support for creating added value in growth domains. From that foundation, we hold our discussions in line with the overall growth strategy—not limiting ourselves to

assessing the positives and negatives of any particular business—and also take the best-owner principle into consideration. If you look at the steel industry, you can see how realigning efforts have turned it into a powerful sector. That can be a model for

us to follow. Laying out a clear picture of what the Mitsui Chemicals Group aspires to be and a vision for the entire chemical industry—will help us fulfill our supplier's responsibility to society and enhance our corporate value.

Hopes and expectations for the Mitsui Chemicals Group

Yoshimaru: I see the Group as a force that could lead the way in realizing the Chemistry for a Sustainable World concept of VISION 2030. As I said earlier, the awareness level within the Group is rising considerably. I want to see the Group build on that to shift execution into an even higher gear.

Mabuchi: Today was a great opportunity to learn more about what investors are interested in and think about how we, as outside directors, can offer feedback in the future. As someone who has been deeply involved in mobility, I have really high

hopes for the Group's Mobility Solutions business. Although the business's main focus right now is materials, the Group is working to solidify its position as a chemicals company in a new age while the mobility industry itself undergoes major transformations. I want to see the business not only meet customer needs but also roll out diverse proposals and expand into a source for new materials, solutions, and more across a far-reaching scope.

Mimura: Today's meeting was a wonderful opportunity to think about the future of the Mitsui Chemicals Group and see our responsibilities as outside directors in a fresh light. Since B-to-B is the Group's main

channel, seeing things from a farther-reaching perspective, one that stretches past the business level and all the way to the end consumer, is what will really enable it to make the most of its technological prowess. I hope the Group keeps using those capabilities to add even more value to its products and make bigger contributions to society.

Yamada: Outside directors, in many ways, serve as representatives for shareholders. I hope the Group's outside directors keep filling that role to the best of their abilities. I would also like to extend my gratitude to all the investors for their questions.

Corporate Governance

Corporate Governance
<https://jp.mitsuichemicals.com/en/corporate/governance/index.htm>

Corporate Governance Guidelines
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/pdf/en/corporate/governance/governance_guide_e.pdf

ESG Performance Data – Governance
https://jp.mitsuichemicals.com/en/sustainability/others/esg_performance/governance/index.htm

Basic policy

The Mitsui Chemicals Group is constantly engaged in business activities to realize its 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 to:

- (1) maintain and strengthen trusting relationships with shareholders and various other stakeholders of the Group, and
- (2) create a framework that can execute transparent, fair, timely, and decisive decision making.

Through these means, the Group can achieve sustainable growth and increased corporate value over the medium- to long-term.

Board of Directors (Chair: TANNOWA Tsutomu)

Total eight members (including three independent outside directors)

Number of meetings held in FY2022: 13 times
 (47 agenda items (2 of which are written), 40 report items, 4 discussion items)

Attendance rate of all directors: 100.0%

The Board of Directors decides business strategies, business plans, and all other important matters related to the management of Mitsui Chemicals pursuant to law, ordinance, the Company's Articles of Incorporation, and Rules for Meetings of the Board of Directors. The Board also oversees the overall management of the Group through reporting on matters such as the execution of duties of individual directors, important operations of subsidiaries and affiliates, the implementation status of compliance and risk management systems by the Company and its 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.

Management Committee

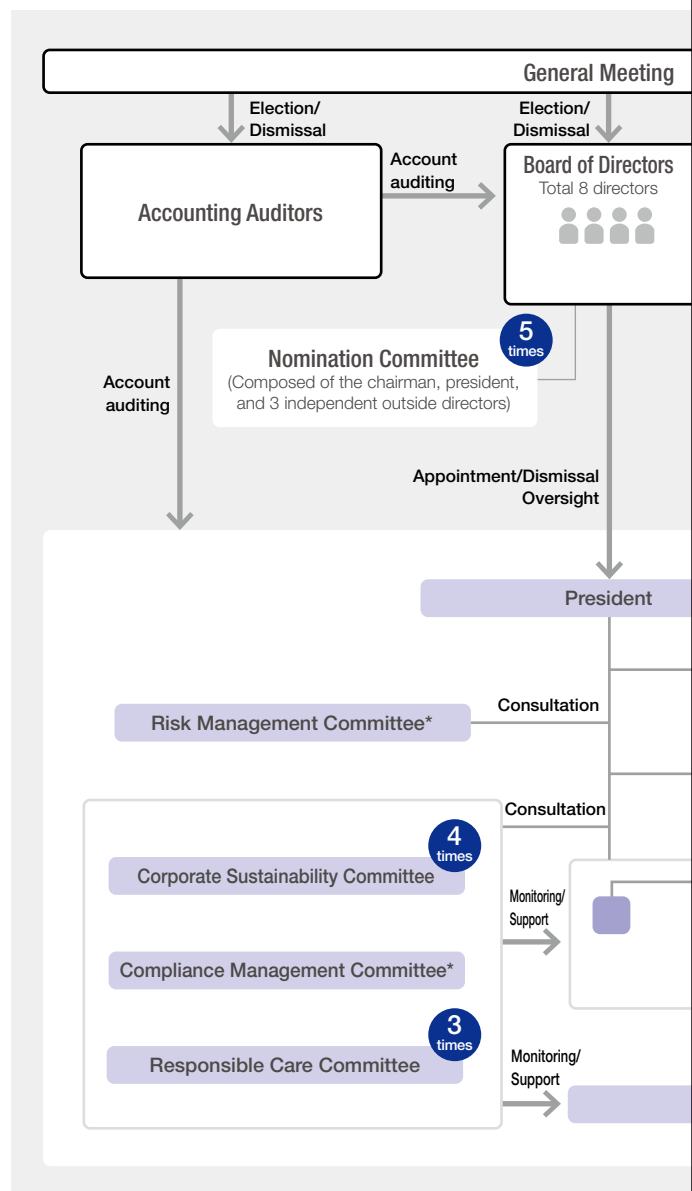
Number of meetings held in FY2022: 23 times

To ensure appropriate and efficient decision making, the Company has established the Management Committee to review items that need to be discussed in advance of being put on the agenda of Board of Directors meetings and to deliberate on important matters related to business execution. Furthermore, the Management Committee is composed of the president, executive officers with specific titles, and persons appointed by the president, and Audit & Supervisory Board Members may attend these meetings and express their opinions when necessary.

Company-wide Strategy Committee

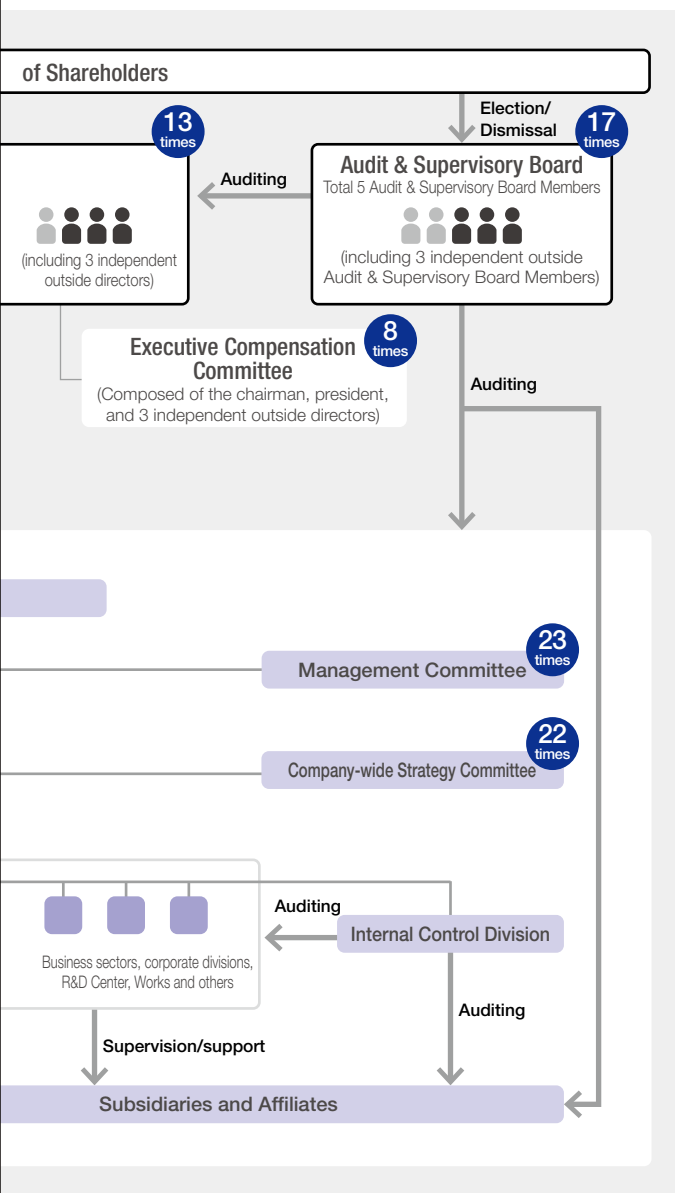
Number of meetings held in FY2022: 22 times

The Company has established the Company-wide Strategy Committee to discuss strategies from a company-wide perspective related to management and operational issues. Furthermore, the Company-wide Strategy Committee is composed of the president, executive officers with specific titles, and persons appointed by the president.



Corporate governance framework

At Mitsui Chemicals, Inc., the Board of Directors, which includes outside directors who are independent of the business execution, makes material management decisions and oversees the execution of duties by each director and the duties of executive officers and others. As a company with an Audit & Supervisory Board, the status of each director's execution of his/her duties is audited by Audit & Supervisory Board Members and the Audit & Supervisory Board, which are independent of the Board of Directors. In accordance with such organizational design, the Company 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 division of responsibilities between management oversight and business execution by introducing an executive officer system, deliberate on important matters at the Management Committee, and discuss strategies from a company-wide perspective at the Company-wide Strategy Committee. In addition, the Company strives to ensure soundness and appropriateness through an internal control system based on serious regard for the roles of Audit & Supervisory Board Members, auditing of appropriateness of business operations and sound risk management by the Internal Control Division.



● Number of meetings held in fiscal 2022

* In fiscal 2023, we abolished the Risk & Compliance Committee and established the Risk Management Committee and Compliance Management Committee.

Audit & Supervisory Board (Chair: KUBO Masaharu)

Total five members (including three independent outside Audit & Supervisory Board Members)

Number of meetings held in FY2022: 17 times

The Audit & Supervisory Board prepares the audit report, selects and dismisses full-time Audit & Supervisory Board Members, and determines audit policies, etc., in accordance with laws, ordinance, the Company's Articles of Incorporation, and Rules for Meetings of the Audit & Supervisory Board.

Nomination Committee (Chair: HASHIMOTO Osamu)

Total five members (including three independent outside directors)

Number of meetings held in FY2022: 5 times

Attendance rate of all directors: 100.0%

To ensure the suitability and transparency in the election of directors and Audit & Supervisory Board Members, the Company has established the Nomination Committee as an advisory body to the Board of Directors, and introduced a mechanism to decide on the list of candidates for directors and Audit & Supervisory Board Members.

Matters specifically considered in fiscal 2022

Board of Directors Skills Matrix

Position-specific requirements for the President/CEO (expected roles, competencies, personal attributes, and experience)

President/CEO succession plan (election and evaluation criteria, operational status)

Executive Compensation Committee (Chair: MABUCHI Akira)

Total five members (including three independent outside directors)

Number of meetings held in FY2022: 8 times

Attendance rate of all directors: 100.0% (50% for Mr. Bada only, with one absence)

To ensure the fairness of executive compensation levels and the transparency of executive performance evaluations, the Company established the Executive Compensation Advisory Committee, the predecessor of this committee, in fiscal 2005.

With the aim of further enhancing the objectivity and transparency of the compensation determination process, we changed the composition so that the majority of its members are composed of independent outside directors, and appointed an independent outside director as the chair of the committee in fiscal year 2022.

In addition, we have also clarified the authority of the committee, and it has the authority to deliberate on drafts related to overall executive compensation and report the deliberation results to the Board of Directors.

Capabilities of the Board of Directors as a whole and views on diversity

As stipulated in the Articles of Incorporation, the Company shall have no more than 12 directors. The appropriate number within that range is 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. In principle, the Company appoints one third or more as independent outside directors in order to reflect in our management policies the opinions of individuals from outside the Company that hold extensive experience and insight, such as corporate managers, academics, and legal professionals. This also increases the effectiveness of overseeing director operations. In order to achieve the long-term business plan, the Company appoints its directors, irrespective of gender, race, nationality, or other factors, so that directors as a whole possess balanced business experience in areas such as corporate planning, business operations, production

and technology, research and development, accounting and finance, and general, personnel, and legal affairs. In addition, we appoint those who have corporate management experience at other companies in addition to the above experience, as our independent outside directors.

The directors appointed in accordance with the above-mentioned criteria are engaged in management, based on their knowledge, experience, and high-level insight in their respective fields, gained both inside and outside the Company. Moreover, we have categorized the skills and experience especially expected of our directors and Audit & Supervisory Board Members into nine items, and has set a maximum number of items (up to three items) to be certified per each director and Audit & Supervisory Board Member and marked ●, so that we can appropriately visualize and manage the overall balance of the skills and experience possessed by the members of the Board of Directors.

Skills and experience expected in particular of directors and Audit & Supervisory Board Members

Skills and experience	Definition
Corporate management and planning	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to the establishment of the corporate vision and long-term/short-term management plans from a Group-wide, long-term perspective for the transformation of the entire Group, decision making that immediately responds to changes in an uncertain environment, and engagement activities with various stakeholders
Business portfolio transformation	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to business management and the formulation of marketing and business strategies from a social issue perspective for the focused business domains in which the Group invests capital towards the pursuit of business portfolio transformation
R&D/Production and technology	<ul style="list-style-type: none"> • The skills and experience to oversee execution related to R&D activities derived from our strengths in proprietary technologies and R&D processes that set issues in a backcasting style, towards realizing a competitive advantage in the world beyond 2030 from a long-term perspective • The skills and experience to oversee execution in relation to advancing development processes in the areas of production and technology, including strategy, planning, and decision-making to promote further value addition and productivity improvement by utilizing the Group's proprietary technologies
New business creation/M&A	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to various measures related to new business creation, M&A, alliances, other strategic planning, and integration activity to achieve long-term value creation via business portfolio transformation and building solutions-based business models
Global business	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to strategic planning, decision making, and stakeholder management from a global perspective to realize business portfolio transformation and building solutions-based business models
Finance and accounting	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to finance, from a finance and accounting perspective, including the series of measures for the monitoring and reporting of corporate performance in an appropriate manner, from both financial and non-financial perspectives, as well as capital policies, investment plans, and financing plans
Risk management	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to the building of an appropriate Group-wide risk management system and monitoring activities that can be shared with management, including integrated risk management and other approaches, for the various risks that may arise in corporate activities in the Group and globally
Diversity/Organization and HR management	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to human capital management, including promoting the HR strategy and HR portfolio transformation, improving organizational diversity, equity, and inclusion, building a corporate culture that embodies self-initiative, autonomy, and collaboration, and increasing the engagement of each individual employee
Sustainability	<ul style="list-style-type: none"> • The skills and experience to oversee execution in relation to the Group's sustainability initiatives with appropriate understanding of the essentials of corporate activities in issues surrounding sustainability, gaining insight from the impacts of recent trends in social challenges and social demands that affect the success or failure of achieving sustainable improvement of corporate value, including global environmental issues such as climate change and respect for human rights

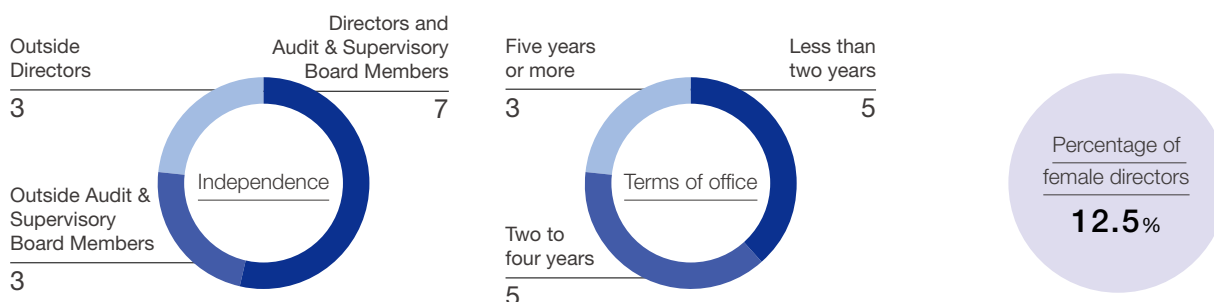
Main specialties and fields of experience of directors and Audit & Supervisory Board Members

	Terms of office	Business execution	Independence * Outside	Gender ○ Male ● Female	Specialties and experience								
					Corporate management and planning	Business portfolio transformation	R&D/ Production and technology	New business creation/ M&A	Global business	Finance/ accounting	Risk management	Diversity/ Organization and HR management	Sustainability
Member of the Board, Chairman TANNOVA Tsutomu	11 years			○	●							●	●
Representative Director, Member of the Board, President & CEO Chair of the Nomination Committee HASHIMOTO Osamu	5 years	●		○	●			●					●
Representative Director, Member of the Board, Senior Managing Executive Officer & Chief Technology Officer YOSHINO Tadashi	2 years	●		○	●		●		●				
Representative Director, Member of the Board, Senior Managing Executive Officer & Chief Financial Officer NAKAJIMA Hajime	3 years	●		○						●	●		
Member of the Board, Senior Managing Executive Officer & Chief Human Resources Officer ANDOU Yoshinori	1 year	●		○					●			●	
Member of the Board YOSHIMARU Yukiko	4 years		●	●	●				●			●	
Member of the Board Chair of the Executive Compensation Committee MABUCHI Akira	2 years		●	○		●	●				●		
Member of the Board MIMURA Takayoshi	1 year		●	○	●	●			●				
Full-time Audit & Supervisory Board Member KUBO Masaharu	3 years			○	●					●	●		
Full-time Audit & Supervisory Board Member NISHIO Hiroshi	1 year			○						●	●		
Audit & Supervisory Board Member SHINBO Katsuyoshi	6 years		●	○				●			●		
Audit & Supervisory Board Member GOTO Yasuko	—		●	●						●	●		●
Audit & Supervisory Board Member ONO Junshi	—		●	○				●		●	●		

* There are some differences between the contents of this skills matrix and those of the previous one. This is because this skill matrix reflects the revisions made in fiscal 2022, and this skill matrix does not represent all of the skills and experience possessed by our directors and Audit & Supervisory Board Members.

Overview of expected role, status of statements, and duties performed with respect to the expected role	
Member of the Board YOSHIMARU Yukiko	Ms. YOSHIMARU Yukiko primarily speaks about sound and efficient corporate management from the point of view of one concerned with the validity of business execution, globalization, and diversity perspectives based on her experience as an officer at other companies in areas such as diversity promotion and her extensive international experience. As a member of the Nomination Committee and Executive Compensation Committee, she attended all committee meetings held in fiscal 2022 (five Nomination Committee meetings and eight Executive Compensation Committee meetings), and oversees the decision making process regarding the selection of candidates for the Company's Board of Directors and executive compensation from an objective and neutral standpoint.
Member of the Board MABUCHI Akira	Based on his extensive experience as a corporate manager and his deep insight in the mobility field, Mr. MABUCHI Akira objectively evaluates the Company's overall management, proactively identifies issues and risks, and makes comments as appropriate for sound and efficient corporate management. As a member of the Nomination Committee and Executive Compensation Committee, he attended all committee meetings held in fiscal 2022 (five Nomination Committee meetings and eight Executive Compensation Committee meetings), and oversees the decision making process regarding the selection of candidates for the Company's Board of Directors and executive compensation from an objective and neutral standpoint. In addition, he was appointed as the Chair of the Executive Compensation Committee in fiscal 2022, and is committed to realizing an appropriate discussion on the executive compensation system.
Member of the Board MIMURA Takayoshi	Based on his extensive experience as a corporate manager, his experience in his activities as the head of an industry organization, and his deep insight in the health care field, Mr. MIMURA Takayoshi objectively evaluates the Company's overall management, identifies essential issues and risks, and makes comments as appropriate for sound and efficient corporate management. As a member of the Nomination Committee and Executive Compensation Committee, he attended all committee meetings held after he became a Member of the Board of the Company (five Nomination Committee meetings and six Executive Compensation Committee meetings), and oversees the decision making process regarding the selection of candidates for directors or Audit & Supervisory Board Members and executive compensation from an objective and neutral standpoint.
Audit & Supervisory Board Member SHINBO Katsuyoshi	Mr. SHINBO Katsuyoshi has contributed to the realization of lively discussions by primarily speaking about sound and efficient corporate management from the perspectives of ensuring the appropriateness of the Company's business execution and strengthening management oversight functions of the Board of Directors, based on his specialist knowledge and extensive experience not only as a longstanding lawyer but also as an outside officer of other companies, and is therefore considered suitable as an outside Audit & Supervisory Board Member.
Audit & Supervisory Board Member GOTO Yasuko	Ms. GOTO Yasuko has held various important positions, including overseas positions, as the first female career bureaucrat in the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism). After leaving the Ministry, she experienced CFO, director, audit and supervisory committee member, and other positions of listed companies, and has a high level of insight into financial accounting, corporate ethics, and crisis and risk management. She is expected to contribute to ensuring the appropriateness of the Company's business execution and strengthening management oversight functions of the Company's Board of Directors, and is therefore considered suitable as an outside Audit & Supervisory Board Member.
Audit & Supervisory Board Member ONO Junshi	Mr. ONO Junshi has a high level of knowledge in the fields of finance and accounting, crisis and risk management, gained from his extensive experience as a certified public accountant over many years. He is expected to contribute to ensuring the appropriateness of the Company's business execution and strengthening management oversight functions of the Company's Board of Directors, and is therefore considered suitable as an outside Audit & Supervisory Board Member.

Composition of directors and Audit & Supervisory Board Members



Support systems for outside directors and outside Audit & Supervisory Board Members

1. Support provided to outside directors

The secretariat provides outside directors in advance explanations of the content of agenda items to be discussed at the meeting of the Board of Directors. In addition, inspections of domestic and overseas sites and meetings with Accounting Auditors (twice a year) are also conducted. Through such initiatives, outside directors deepen their understanding of the Company's business and identify the issues and risks, thereby enabling them to better furnish commentary at meetings of the Board of Directors.

2. Support provided to outside Audit & Supervisory Board Members

At the Audit & Supervisory Board meetings, full-time Audit & Supervisory Board Members provide outside Audit & Supervisory Board Members with information they have obtained through their routine audits, including details from important internal meetings such as those of the Management Committee, and the results of external

visiting audits to share the information. In addition, when meetings of the Board of Directors are held, outside Audit & Supervisory Board Members are provided with reference materials in advance, and full-time Audit & Supervisory Board Members provide explanations of the content of agenda items to be discussed by the Board of Directors ahead of time.

They also take part in audits of domestic and overseas sites conducted by Audit & Supervisory Board Members as necessary. Quarterly meetings are held with both the Accounting Auditors and the Internal Control Division at which outside Audit & Supervisory Board Members receive reports on audit plan progress and results.

Through such initiatives, outside Audit & Supervisory Board Members contribute to proper audits.

On top of this, an annual meeting of only outside directors and outside Audit & Supervisory Board Members is held at which they exchange information and share observations from an independent and objective perspective.

Election and dismissal of senior management and nomination of candidates for directors and Audit & Supervisory Board Members

The Company has a Nomination Committee that functions as an advisory body to the Board of Directors in order to ensure suitability and transparency in the election of directors and Audit & Supervisory Board Members.

The Nomination Committee deliberates the draft of a proposal on candidates for directors, by taking into consideration the qualifications (knowledge, experience, and capabilities) necessary for the Board of Directors to oversee the long-term business plan and the standards for electing directors and Audit & Supervisory Board Members, as deliberated and determined by the Committee, and reports the deliberation results to the Board of Directors.

The Board of Directors determines the final list of candidates for directors by giving the fullest possible consideration to the results report from the Nomination Committee.

In nominating directors, we strive to strengthen the oversight function of the Board of Directors as a whole by taking into consideration diversity, including internationality, gender, and race.

The Nomination Committee is composed of the Chairman, the President, and three outside directors who meet the Company's independence standards, and the President serves as a Chair of the Committee.

In addition, the president formulates a proposal on candidates for Audit & Supervisory Board Members in consultation with the full-time Audit & Supervisory Board Members in advance, and report the proposal to the Board of Directors after obtaining the consent of the Audit & Supervisory Board, and the Board of Directors deliberate and determines the proposal.

Appointment and dismissal of the President/CEO

- ① The Nomination Committee deliberates the draft of candidates for the President/CEO by taking into consideration the position-specific requirements for the President/CEO and election and evaluation criteria as deliberated and determined by the Committee, and reports the results to the Board of Directors.
- ② The Board of Directors determines the final list of candidates for the President/CEO and the agenda for their election by giving the fullest possible consideration to the results report from the Nomination Committee.
- ③ The Nomination Committee deliberates on the dismissal of the President/CEO in cases where it is deemed that the individual has not adequately carried out his or her role in light of business performance or other factors, or where there has been a serious compliance violation.
- ④ If the Board of Directors receives findings from the Nomination Committee constituting grounds for dismissal of the President/CEO, the Board of Directors shall make a decision on dismissal by respecting the results report to the maximum extent possible.

Establishment of new risk management system

Under the recognition that risk management is management itself, the Mitsui Chemicals Group established a new system to minimize threats to our growth and make the most of opportunities after understanding changes in the environment, and began operating the system in fiscal 2023.

We have reviewed our definition of risk management and redefined it as aiming to not only minimize threats but also make the most of opportunities, and have also established a Risk Management Committee in which management prioritizes risks to be addressed and discusses policies for

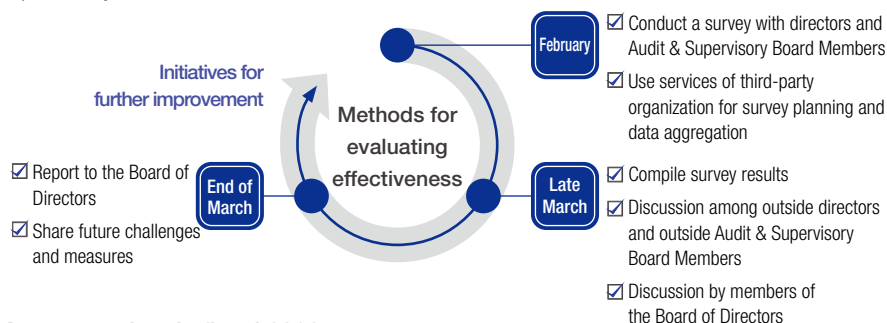
handling such risks from a Group-wide perspective after comprehensively recognizing risks by clarifying risk owners.

The key risks identified by the Committee and the policy for responding them will be deployed in the business planning system after the determination by the Board of Directors to visualize the status of responding risks and evaluate the effectiveness of risk management and thus we will enhance the PDCA for and the effectiveness of our ongoing risk response.

▶▶ Risk Management, p. 112

Evaluation of the effectiveness of the Board of Directors

The Company's Board of Directors strives to improve its meetings by analyzing and evaluating the effectiveness of the Board as a whole every year using such methods as self-evaluations performed by directors and Audit & Supervisory Board Members, and discussions only among outside directors and outside Audit & Supervisory Board Members.



Main evaluation items

- Composition
- Operation
- Discussion
- Monitoring function
- Performance
- Support system for directors and Audit & Supervisory Board Members
- Training
- Dialogue with shareholders (investors)
- Own initiatives
- Operation of the Executive Compensation Committee and the Nomination Committee
- Summary

Measures taken in fiscal 2022

1 Enhancement of monitoring

We enhanced monitoring opportunities for important matters, such as the execution of duties status report, PMI status of M&A projects, progress of VISION 2030, and non-financial KPIs.

2 Enhancement of risk management

We established a new risk management system that comprehensively identifies, prioritizes, and improves the Group-wide key risks, and began operating the system in fiscal 2023. In establishing this system, we held a series of discussions at the Company-wide Strategy Committee meetings and at occasions of explaining and sharing information with the members of the Board of Directors in advance.

3 Advance briefings to outside directors and outside Audit & Supervisory Board Members

As for important matters, we devised operations to ensure that thorough discussions are conducted, in ways such as holding multiple advance briefings and arranging for deliberations after discussions. In addition, we also conducted on-site inspections by outside directors and outside Audit & Supervisory Board Members in order to realize substantive and more essential discussions.

Results of the survey conducted in fiscal 2022

The results of directors' and Audit & Supervisory Board Members' self-evaluations in fiscal 2022 were generally in line with last year.

Evaluation items	Compared to other companies*	Questions
Operation	+	Appropriate determination and dissemination of the annual meeting schedule and a summary of items to be deliberated
Discussion	-	Specific verification of matters such as whether the benefits and risks associated with ownership of cross-shareholdings are commensurate with the capital cost
	+	Discussion of profitability and capital efficiency in determining business strategies and business plans
Support system	+	Proactive involvement in the development and operation of succession plans for CEO and others
	-	Establishment of a collaboration system among directors, Audit & Supervisory Board Members and the Internal Audit Division
Dialogue with shareholders	+	Feedback on the status of dialogue with investors
Own initiatives	-	Communication between directors and Audit & Supervisory Board Members and outside directors and outside Audit & Supervisory Board Members
	+	Free, vigorous and constructive discussion and exchange of opinions, rather than formal discussion and exchange of opinions
Operation of committees	+	Effectiveness of each voluntary committee
	+	Deliberations for developing the selection criteria for CEO (including succession plans for CEO and clarification of the dismissal process)

* Items for which the difference between our score and the average score of other companies in the survey conducted by the third-party organization is ± 0.3 points or more.

The Board of Directors has been improved and invigorated by implementing measures to enhance its oversight functions. Therefore, the effectiveness of the Board of Directors was evaluated as fully sufficient, as was the case in the previous fiscal year. In particular, with regard to discussions at the Board of Directors meetings, the evaluation results indicated that the long-term business plan and succession plans for CEO and others were thoroughly discussed. On the other hand, as for items for which our score was low compared to the average score of other companies, we believe that we are operating appropriately also in terms of those areas; however, from the perspective of essentially enhancing the effectiveness of the Board of Directors, we recognize the need to dig deeper into the issues and work toward further improvement. We strive to review and then implement necessary measures as appropriate to enhance the oversight functions of the Board of Directors in light of the results of these effectiveness evaluations.

Initiatives for further improvement
Opinions of outside directors and outside Audit & Supervisory Board Members

Operation of the Board of Directors

- On the day of the Board of Directors' meeting, it would be probably good to present the discussion points explained to outside directors and outside Audit & Supervisory Board Members during the advance briefings, at the beginning of the meeting before starting the discussion. In addition, it would be preferable to share as to what concerns internal directors have pointed out at the Management Committee and other meetings.
- I consider the issue would be how to make the risk management system more effective in the future.

Business plan

- It would be good to know how past M&As and other case examples are being utilized in future business plans. Therefore, it would be preferable to have opportunities to share and discuss reflections on M&A and capital investments.

Dialogue with shareholders (investors)

- I would like the Company to consider opportunities for discussions between outside directors and outside Audit & Supervisory Board Members and investors.

Appointment of women

- It is necessary for the Company to speed up its response to the appointment of women, including matters such as what kind of system should be established to develop and train female employees who will become candidates for management positions.

Operation of committees/Other

- The Company has reviewed the structure of the Executive Compensation Committee; however, the new committee is just getting started in this fiscal year, and I expect that the committee's initiatives will become fruitful activities.
- I participated in round-table discussions with line managers at actual sites during a plant visit, and it was good to know how employees at actual sites think. I feel that face-to-face communication is still important.

Future Initiatives

- 1 Further enhancement of the operation of the Board of Directors in response to the increase in the number and the diversification of projects in line with the promotion of VISION 2030
- 2 Involvement of the Board of Directors in the enhancement of effectiveness, including the monitoring of the operation of the newly established risk management system
- 3 Enhancement of communication between shareholders/investors and outside directors and outside Audit & Supervisory Board Members

Summary of executive compensation system

In response to recent changes in the environment surrounding executive compensation governance such as the revision of the Corporate Governance Code, as well as the launch of our long-term business plan VISION 2030, we revised our executive compensation system in April 2023 after repeated

discussions by the Executive Compensation Committee, in order to establish executive compensation governance appropriate for a company listed on the TSE Prime Market and thereby enhance the corporate value of our group.

Executive compensation policy

We have revised our compensation policy for directors and applied it also to executive officers and established a new compensation policy for outside directors, Audit & Supervisory Board Members, and outside Audit & Supervisory Board Members.

Rank and position	Executive compensation policy
Directors Executive Officers	The Mitsui Chemicals Group aims to be "a corporate group that continues to grow by solving social challenges and creating diverse value with the power of chemistry," and the Group's policy on compensation for directors and executive officers who drive the realization of the Company's goals is as follows. (1) Our compensation system shall be competitive enough to acquire and retain excellent and diverse human resources who can contribute to the sustainable enhancement of the Group's corporate value. (2) Our compensation system shall be the one that can strongly motivate the promotion of various "transformations" aimed at enhancing corporate value. (3) Our compensation system shall be the one that encourages the bold challenge towards and certain achievement of short- and medium- to long-term financial and non-financial goals (ESG goals) in order to promote "transformation" to enhance corporate value. (4) Our compensation system shall be the one that is conscious of shareholder value and encourages management from the same perspective as that of shareholders. (5) Our compensation system and compensation determination process shall be those that are supported by all stakeholders, including shareholders, from the perspectives of transparency, objectivity, rationality, and soundness.
Outside Directors	The Company's policy on compensation for outside directors responsible for overseeing the Company's management is as follows. (1) Our compensation system and compensation shall be at a level that enables us to acquire and retain human resources who can contribute to the improvement of the oversight and governance functions of the Company's management. (2) In particular, the compensation system and compensation shall be at a level that enables us to acquire and retain the following human resources. a. Human resources who can contribute to the improvement of transparency, objectivity, and appropriateness, and other aspects of the Company's management nomination and evaluation, and the determination of compensation b. Human resources who have expertise and experience in the Company's businesses, including current businesses and future new businesses, and who can lead the Company's sustainable growth from a medium- to long-term perspective (3) Based on the role of outside directors to oversee the execution of duties from an objective and independent standpoint, their compensation shall be only fixed compensation, and performance-based compensation in the form of bonuses and restricted stock compensation shall not be paid.
Audit & Supervisory Board Members Outside Audit & Supervisory Board Members	The Company's policy on compensation for Audit & Supervisory Board Members and outside Audit & Supervisory Board Members who are responsible for auditing and overseeing the Company's management is as follows. (1) Our compensation system and compensation shall be at a level that enables us to acquire and retain human resources who can contribute to the improvement of the functions to audit and oversee the execution of duties. (2) In particular, the compensation system and compensation shall be at a level that enables us to acquire and retain the following human resources. a. Human resources who have expertise and experience in legal, financial, tax, and crisis/risk management b. Human resources who can contribute to the improvement of the quality of the Company's compliance and governance through auditing and overseeing the execution of duties (3) Based on the role of outside Audit & Supervisory Board Members to audit and oversee the execution of duties from an objective and independent standpoint, their compensation shall be only fixed compensation, and performance-based compensation in the form of bonuses and restricted stock compensation shall not be paid.

Our attitude towards compensation levels

In order to acquire and retain excellent and diverse human resources who can contribute to the sustainable enhancement of the Group's corporate value, and to motivate the promotion of various transformations towards the enhancement of corporate value, we use compensation data obtained from an external research organization, set companies to be compared, and set compensation levels that are competitive and above the middle to top levels among those

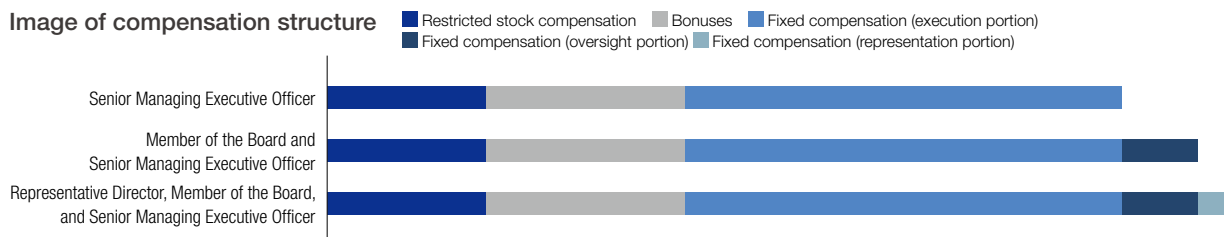
companies. As companies to be compared, we select Japanese companies whose consolidated operating income (or an equivalent indicator)— which is an important management indicator of the Company and an objective and continuously comparable indicator—is comparable to our current performance and the performance we should aim for (100 billion yen or more to 250 billion yen or less).

Composition and composition ratio of compensation

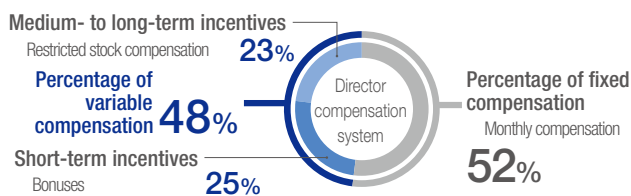
- In order to strengthen governance and establish an easy-to-understand compensation system, we will separate the existing fixed compensation into three parts, and will make it the one that consists of fixed compensation (representation portion, oversight portion and execution portion), bonus, and restricted stock compensation. The execution portion of the fixed compensation and the performance-based bonus and restricted stock compensation are the compensation for execution. For example,

as for a Representative Director and Member of the Board and Senior Managing Executive Officer, a Member of the Board and Senior Managing Executive Officer, and a Senior Managing Executive Officer, the difference in their compensation items is the representation and oversight portions, and the executive portion of fixed compensation, bonuses, and restricted stock compensation for these positions are the same amount.

Image of compensation structure



- As for the composition ratio of compensation, we will set the ratio so that the greater the responsibility of the execution, the higher the ratios of bonuses and restricted stock compensation, which are variable compensation.



* Composition of compensation for directors (excluding outside directors) in FY2022

Summary of compensation items (fixed compensation, bonuses, and restricted stock compensation)

Compensation items	Payment format	Payment details	Performance index Evaluation index	Formula	Recipient					
					Directors	Executive Officers	Outside Directors	Audit & Supervisory Board Member Outside Audit & Supervisory Board Members		
Fixed compensation	Monetary compensation	Execution portion	—	—	—	●	—	—		
		Oversight portion			●	—	—	—		
		Representation portion			●	—	—	—		
Variable compensation	Stock compensation	Bonuses	<ul style="list-style-type: none"> Operating income before special items Non-financial metrics*1 Performance of divisions in charge 	Operating income before special items x Coefficient x Director title-specific index (evaluation coefficient for non-financial metrics + evaluation coefficient for the performance of the division in charge)	—	●	—	—		
		Restricted stock compensation			<ul style="list-style-type: none"> Net income attributable to owners of the parent ROE*2 TSR*3 	(Net income attributable to owners of the parent x Coefficient2) x ROE evaluation coefficient) x Director title-specific index x TSR evaluation coefficient	—	●	—	—
		Fixed compensation			Basic compensation to be paid in accordance with job responsibilities and roles	—	—	—	—	●

*1 Non-financial metrics: (1) Number of serious accidents occurred, (2) Number of serious violations of laws, regulations and rules, (3) Blue Value™ products sales revenue ratio, (4) Rose Value™ products sales revenue ratio, (5) GHG emissions reduction rate (Scopes 1 and 2), (6) Engagement score

*2 Return on equity *3 TSR: Total Shareholder Return

Total compensation for directors and Audit & Supervisory Board Members in fiscal 2022

Classification	Number of recipients	Total compensation (millions of yen)	Total compensation (millions of yen)		
			Basic compensation	Bonuses	Stock compensation
Directors (excluding outside directors)	6	511	267	129	115
TANNOWA Tsutomu	—	(131)	(64)	(36)	(31)
HASHIMOTO Osamu	—	(151)	(71)	(45)	(35)
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	3	63	63	—	—
Outside directors and outside Audit & Supervisory Board Members	7	79	79	—	—
Total	16	653	409	129	115

*1 The figures in the table above include amounts paid to two directors and one Audit & Supervisory Board Member who retired as of the close of the Annual General Meeting of Shareholders for the Company's 25th Business Term held on June 24, 2022, covering the period from April 1, 2022 through to the date of retirement.

*2 Numbers in parentheses are included in the total above.

Nomination Committee

At Mitsui Chemicals, Inc., in order to enhance the effectiveness of the Board of Directors, the Nomination Committee, whose majority of members are independent outside directors, deliberates matters such as the succession plans for the President/CEO and directors and reports the results to the Board of Directors.

In fiscal 2022, we redefined the position-specific requirements for the President/CEO and the selection and assessment process required for selecting the next President/CEO successor, at the Nomination Committee meetings as well as executive sessions composed of only independent outside directors, with a view to VISION 2030 and the future society beyond it. Based on such requirements, we then reviewed the list of successor candidates (succession plan), and conducted monitoring on assessments utilizing an external organization and the status of strategic placement/development and training within the Nomination Committee.

In addition, we also redefined the skills (knowledge, experience, and capabilities) required for the Board of Directors, within the Nomination Committee, based on the promotion of VISION 2030 and the roles required of the Board of Directors. In designing the skills matrix, we have covered the supervisory skills necessary to monitor the overall business management, and identified the oversight functions (specific skills) necessary to direct the long-term business plan (decision-making). By setting “items especially expected” among the skills of each director (up to three items per director), we have visualized the skill balance of the entire Board of Directors, thereby strengthening the effectiveness of the succession plan for the Board of Directors in the future.

Committee Meetings Held	Nomination Committee: 5 times	Executive Session: 4 times
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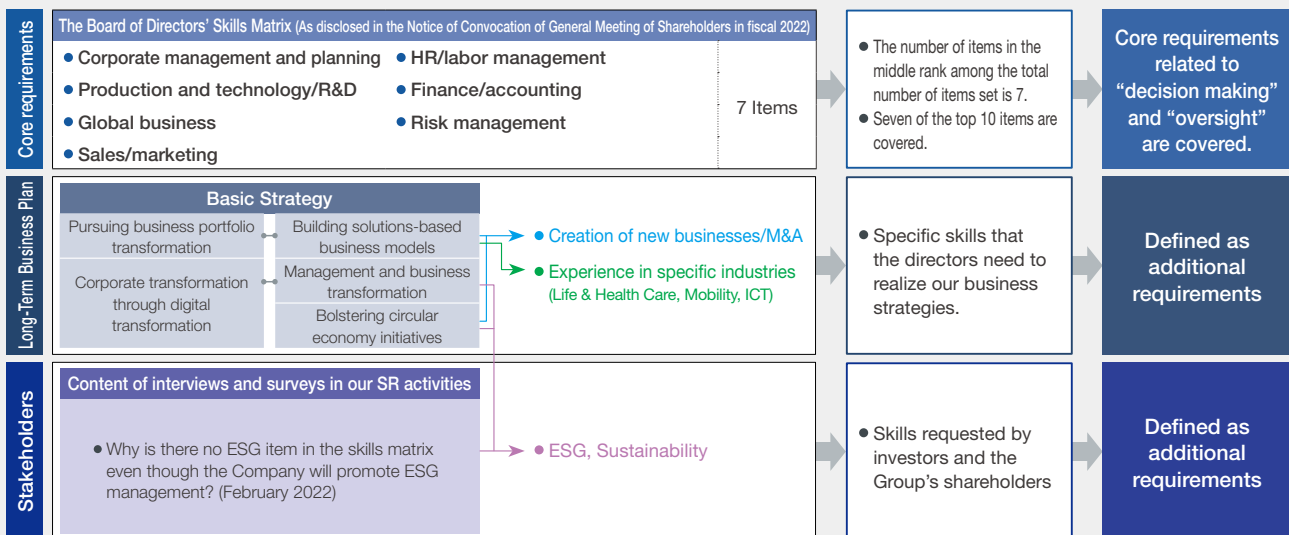
Excerpts from the discussions during the executive sessions

President/CEO Position Profiles
<ul style="list-style-type: none"> I consider the point of discussion is what role should be assigned to the next President. I feel that the content of the current role of the President seems to be defined based on VISION 2030. However, it should also include a long-term vision beyond 2030. It had better to be more universal so that it can be utilized for a long time. We need to make it less short-sighted, by taking into account not only the next cohort of candidates but also those further down the pipeline. The way the top management should be differs between large enterprises with a long history and startups. This includes how fast they move, how they respond to changes, and how changes permeate companies. Considering these matters, I believe that a certain degree of leadership strength will be required even more as the role of the CEO also in our company in the future. CEOs are expected to deliver results. That means achieving goals, producing good results, and keeping promises. Even if we change our business portfolio and create a new business model, it is not acceptable if we continually fail to achieve the financial metrics. It is necessary for us to have mid-term and single-year goals, and to make commitments to stakeholders, including shareholders, regarding matters including the achievement of those goals.

Position-specific requirements for the President/CEO	
1. Summary of roles and responsibilities	
<ul style="list-style-type: none"> To foresee how the global environment and human society should be in the future, and to envision the path that the chemical industry should take. To resolve social challenges and drive the realization of the ideal future society. To enhance our corporate value on a continuous basis while fulfilling commitment and accountability for delivering results as the person ultimately responsible for the overall management. 	
2. Assessment Items	
Achievements	Performance and results for the past several years
Position-specific requirements	Competencies
	Personal attributes
Management philosophy	Experience
	Perspective and vision as the management
Humanity	Will and determination
	Ethics
Attribute	Fairness/unselfishness
	Age

Our way of thinking towards designing the Board of Directors' Skills Matrix

We set the skills and experience required for directors in light of their priorities based on the following approach.



Sustainability Governance TCFD

The Mitsui Chemicals Group has established the Corporate Sustainability Committee as a platform for cross-group discussion on ESG-related policy, strategy, and planning. The Committee holds sessions four times a year. The results of the Committee's discussions and activities conducted are reported to the Management Committee. Furthermore, particularly important matters are approved by the Management Committee and the Board of Directors.

Board of Directors	
Management Committee	
Corporate Sustainability Committee	
Chair:	President
Vice-Chair:	Responsible Officer for the Corporate Sustainability Committee
Members:	Executive Officers with specific titles, Business Sector Presidents, relevant General Managers, and others
Secretariat:	Corporate Sustainability Div.
Meeting cadence:	4 times a year
Roles:	(1) Deliberation of policies, strategies, plans, and measures related to the promotion of corporate sustainability in the Group (2) Reporting on and discussing the status of the promotion of corporate sustainability in the Group (3) Discussion of other important matters related to the promotion of corporate sustainability

Corporate Sustainability Committee (April 2022–May 2023) main discussion items and opinions (excerpt)

• Rolling carbon neutral strategy

- ✓ When constructing a new plant, instead of simply using credits to offset the increase in greenhouse gas (GHG) emissions, we should also examine measures that do not use credits, such as considering the development of processes and technology that can reduce GHG emissions.
- ✓ Most of the GHG emissions are produced by the combustion of by-product fuel from crackers, which is used as an energy source for our plants. Therefore, in order to promote the replacement of by-product fuel with LNG or ammonia fuel at the point of consumption, it is important to convert surplus by-product fuel into raw materials.
- ✓ It is necessary to consider reducing GHG emissions and our business together as a set. Also, we must make responses in a speedy manner.

• Response to human rights risks

- ✓ Since supply chains are made up of so many different components, it is not realistic to conduct human rights investigations in every single part of them. Therefore, we believe it is important to focus on investigating the actual conditions of some important suppliers, after specifying the reasons for their selection.
- ✓ Human rights due diligence is a process that needs to be conducted more than once.
The challenge is to build a system that enables continuous implementation of this process going forward.

• Avoided emissions related to Blue Value™ products and services

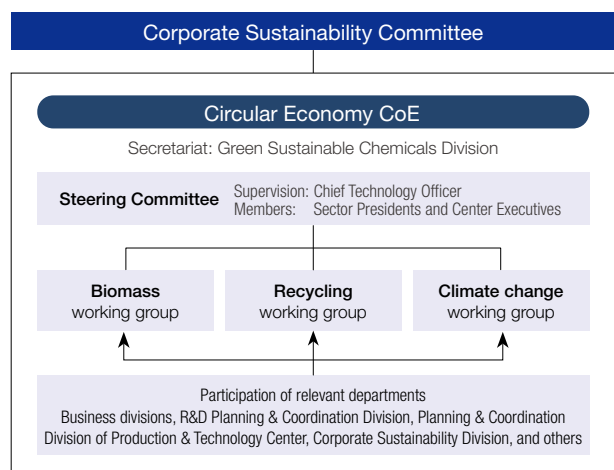
- ✓ In response to requests from investors for our Group to disclose the amount of avoided emissions, we are attempting to expand the scope of trial calculations and improve the accuracy of trial calculations.
It is necessary for us to get involved so that disposal, recycling, etc. can be included in the scenarios that help reduce GHG emissions in the avoided emissions calculation guidance that is being reviewed by the government and relevant initiatives.

• Review of material topics and non-financial KPIs in fiscal 2022

- ✓ As a result of conducting financial and non-financial-related analyses in each functional division, we recognized the need to set sub-KPIs and review current KPIs.
This was one of the useful outcomes of the review.
- ✓ It is necessary to visualize the overall picture of how each non-financial initiative links to the corporate value of the Group as a whole.

Circular economy-related governance

In order to strengthen our support for a circular economy, we established the Circular Economy Center of Excellence (CoE) as a subcommittee under the Corporate Sustainability Committee. The Circular Economy CoE comprises the steering committee and three working groups on biomass, recycling, and climate change. The Green Sustainable Chemicals Division serves as its secretariat. Through participation in each working group by related departments and information sharing and discussion, it is working to efficiently promote both projects run individually by departments and cross-organizational projects. The content of discussions conducted by the steering committee are reported to the Corporate Sustainability Committee. In addition, policies discussed at the Corporate Sustainability Committee and the steering committee are fed back to the working groups, thus ensuring consistency with the Group-wide strategy.



Responsible Care Safety Initiatives

Responsible Care <https://jp.mitsuichemicals.com/en/sustainability/rc/index.htm>

Safety and Prevention https://jp.mitsuichemicals.com/en/sustainability/rc/safety_prevention/ms/index.htm

The Mitsui Chemicals Group recognizes ensuring safety to be the foundation of continuous growth for the Group. It is the cornerstone of the trust placed in us by society, and at the same time, it increases our manufacturing quality, leading to improvement of corporate value.

With this approach, based on the management policy that states “Safety is our top priority,” our Responsible Care (RC) Policy—which serves as our Group’s basic policy and principles on ensuring safety—declares: “We pledge that safety is our top priority and will focus on achieving zero accidents and occupational injuries.” Top management repeats this on many occasions, such as in

fiscal-year kick-off addresses, plant visits, Safety Day messages, and in the president’s message within Company newsletters. Safety has also been given as one of the “prerequisites for business continuity” in our material topics, and VISION 2030 defines our ideal state of safety as: “By committing to our principle of ensuring safety as our top priority, we have fostered a culture of safety and achieved a high level of safety throughout the Group amidst the diversifying talent, equipment, and technology.” Each and every member of staff working for the Group, including construction subcontractors, will work steadily to foster a culture of safety.

TOPICS

A safety roundtable meeting held between the executive officer in charge of the Production & Technology Center and employees working at seven manufacturing sites

In the year 2023, which marks the 11th year of the explosion and fire of the resorcinol production facility at the Iwakuni-Ohtake Works, new fundamental safety measures were initiated. On this occasion, in order to consider once again what “fundamental safety” means and to promote it throughout the Group, a roundtable discussion was held between YOSHINO Tadashi, Representative Director, Senior Managing Executive Officer and CTO in charge of Production & Technology Center, and employees at seven manufacturing sites, regarding the following three issues of new fundamental safety measures: “To ensure that line managers are able to manage in response to generational change and work style reforms,” “To ensure that we are able to further improve our technical capabilities and to pass skills on to the next generation,” and “To thoroughly ensure that safety is our top priority and our employees are able to foster a sense of professionalism and feel a sense of accomplishment in their work.”



Key points for safety measures gained from the roundtable meeting

- Strengthen the sharing of information on why this work is necessary, or in other words, the “know-why” of the work to be done
- Make up for the difference in experience between veteran and younger workers through education and communication, based on a firmly aligned perspective
- Introduce new methods of passing on skills to the next generation through the active utilization of AI and VR
- Further strengthen communication as One Team at our manufacturing sites in order to promote safe and stable production of high-quality products

TOPICS

Responsible Care (RC) meetings in each region

In order to promote Responsible Care, we conduct our activities by establishing an information network in five regions, consisting of Japan, which is the center of the network, and China, Asia, Europe, and the Americas, where our affiliates are operating their business. As part of the program of our RC activities in each region, we hold RC meetings where persons in charge from our affiliates gather together. These meetings serve as an opportunity to provide mutual learning and share best practices among affiliates through case analyses of accidents and occupational injuries. In fiscal 2022, in addition to China, the Americas, and the Asia-Pacific regions, we also held RC meetings in Europe, where interest in chemical regulations is increasing.



Americas online meeting

October 2022: [China Region](#) [Main topics] Safety and disaster prevention, environmental protection, occupational safety

November 2022: [Asia Pacific](#) [Main topics] Chemicals management

December 2022: [The Americas](#) [Main topics] Life cycle assessment/Product carbon footprint

Respect for Human Rights

Basic philosophy

The Mitsui Chemicals Group pursues just business throughout the supply chain based on the belief “having a high regard for people” is important. The Group lists “respect for human rights” as part of the Group’s material topics as one of its prerequisites for business continuity, and incorporates its status of response to human rights risks into its business targets as non-financial metrics in VISION 2030.

The Group revised its Human Rights Policy (in July 2022), after obtaining approval from the Board of Directors. In order to implement management that respects human rights, we have declared our commitment both within and outside the Group to take further initiatives in line with the latest global developments.

Mitsui Chemicals Group Human Rights Policy <https://jp.mitsuichemicals.com/en/sustainability/society/rights/index.htm>

Human rights due diligence initiatives

Based on the above philosophy, we will establish a system of human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights to prevent and mitigate any adverse human rights impacts that our business activities may have on the rights holders.

Assessment of actual and potential human rights impacts

In order to identify potential human rights risks in our business activities, we conduct human rights risk assessments to confirm and organize the countries, regions, and product areas in which we operate and grasp our issues regarding human rights.

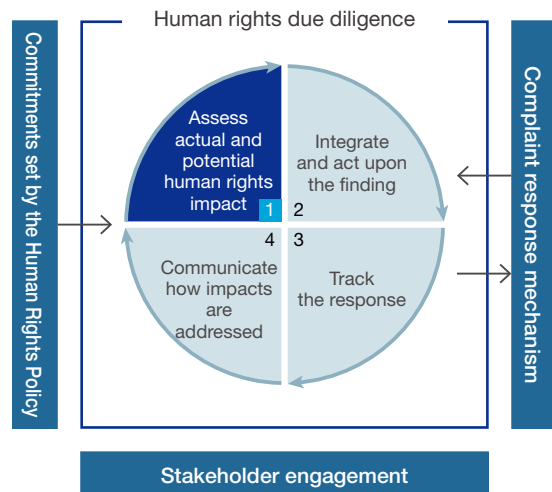
In fiscal 2021, we also reviewed our assessment methods, which includes the addition of the impact of climate change, waste, etc., on human rights as a new viewpoint of investigation.

In fiscal 2022, we conducted a human rights impact assessment focused on those working in our manufacturing sites, which are the

foundations of our business, in order to confirm the situation of “human rights risks pertaining to workers,” one of the potential risks identified in the human rights risk assessment. While the scope and subject coverage of the human rights impact assessment were limited, we recognize the human rights risks identified through on-site surveys of our domestic works as issues that the entire Group should acknowledge, and we will work to prevent and correct them.

In addition, since fiscal 2021, we have been conducting our human rights risk assessments and human rights impact assessments with the cooperation of Caux Round Table Japan (CRT Japan). Thus, we have received opinions from the viewpoint of third-party experts.

Overview of our human rights risk assessment and human rights impact assessment
<https://jp.mitsuichemicals.com/en/sustainability/society/rights/initiative/index.htm>



Board of Directors and Board of Corporate Auditors (As of June 27, 2023)

Directors



1 TANNOWA Tsutomu

Member of the Board, Chairman

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **11 years**

Apr. 1976 Joined the Company
Apr. 2007 Executive Officer of the Company, General Manager, Human Resources & Employee Relations Div.
Apr. 2010 Managing Executive Officer of the Company, Business Sector President, Basic Chemicals Business Sector
Jun. 2012 Member of the Board, Managing Executive Officer of the Company
Apr. 2013 Member of the Board, Senior Managing Executive Officer of the Company
Apr. 2014 Representative Director, Member of the Board, President & CEO of the Company
Apr. 2020 Representative Director, Member of the Board, Chairman of the Company
Jun. 2022 Outside Director of KDDI CORPORATION (to present)
Apr. 2023 Member of the Board, Chairman of the Company (to present)
Jun. 2023 Outside Director of TOKYO GAS Co., Ltd. (to present)

4 NAKAJIMA Hajime

Representative Director, Member of the Board, Senior Managing Executive Officer & Chief Financial Officer

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **3 years**

Apr. 1984 Joined the Company
Apr. 2013 General Manager, Performance Management Div. of the Company
Apr. 2015 Senior Director of the Company, General Manager, Finance & Accounting Div.
Apr. 2017 Executive Officer of the Company, General Manager, Finance & Accounting Div.
Apr. 2020 Managing Executive Officer of the Company
Jun. 2020 Member of the Board, Managing Executive Officer of the Company
Apr. 2022 Member of the Board, Senior Managing Executive Officer of the Company
Apr. 2023 Representative Director, Member of the Board, Senior Managing Executive Officer of the Company (to present)



2 HASHIMOTO Osamu

Representative Director, Member of the Board, President & CEO

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **5 years**

Apr. 1987 Joined the Company
Apr. 2015 Executive Officer of the Company, General Manager, Corporate Planning Div.
Apr. 2017 Managing Executive Officer of the Company, Business Sector President, Health Care Business Sector, and General Manager, New Health Care Business Development Div.
Sep. 2017 Managing Executive Officer of the Company, Business Sector President, Health Care Business Sector
Jun. 2018 Member of the Board, Managing Executive Officer of the Company, Business Sector President, Health Care Business Sector
Apr. 2019 Member of the Board, Senior Managing Executive Officer of the Company, Business Sector President, Health Care Business Sector
Apr. 2020 Representative Director, Member of the Board, President & CEO of the Company (to present)

5 ANDOU Yoshinori

Member of the Board, Senior Managing Executive Officer & Chief Human Resources Officer

Meetings of the Board of Directors
Attended/Held

11/11

Term of office **1 year**

Apr. 1986 Joined the Company
Apr. 2014 Senior Director of the Company, Deputy General Manager, Human Resources Div.
Apr. 2015 Senior Director of the Company, General Manager, Human Resources Div.
Apr. 2016 Executive Officer of the Company, General Manager, Human Resources Div.
Apr. 2019 Managing Executive Officer of the Company
Apr. 2021 Senior Managing Executive Officer of the Company
Jun. 2022 Member of the Board, Senior Managing Executive Officer of the Company (to present)



3 YOSHINO Tadashi

Representative Director, Member of the Board, Senior Managing Executive Officer & Chief Technology Officer

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **2 years**

Apr. 1987 Joined the Company
Apr. 2016 Executive Officer of the Company, Business Sector Vice President, Basic Materials Business Sector
Apr. 2018 Managing Executive Officer of the Company, Business Sector President, Basic Materials Business Sector
Jul. 2018 Managing Executive Officer of the Company, Business Sector President, Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.
Apr. 2020 Senior Managing Executive Officer of the Company, Business Sector President, Basic Materials Business Sector, Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.
Jun. 2021 Member of the Board, Senior Managing Executive Officer of the Company, Business Sector President, Basic Materials Business Sector, Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.
Apr. 2022 Representative Director, Member of the Board, Senior Managing Executive Officer of the Company (to present)

Independent Outside Directors



6 YOSHIMARU Yukiko

Member of the Board, Outside Director

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **4 years**

Apr. 1982 Joined Oki Electric Industry Co., Ltd.
Apr. 1998 Director of Oki America Inc., and Head of New York Office of Oki Electric Industry Co., Ltd.
Oct. 2004 General Manager of Diversity Development Office of NISSAN MOTOR CO., LTD.
Apr. 2008 Joined Nifco Inc.
Jun. 2011 Executive Officer of Nifco Inc.
Apr. 2018 Outside Director of Sekisui House, Ltd. (to present)
Jun. 2019 Member of the Board of the Company (to present)
Jun. 2021 Outside Director of Daiwabo Holdings Co., Ltd. (to present)

8 MIMURA Takayoshi

Member of the Board, Outside Director

Meetings of the Board of Directors
Attended/Held

11/11

Term of office **1 year**

Apr. 1977 Joined Terumo Corporation
Jun. 2002 Executive Officer of Terumo Corporation
Jun. 2003 Director and Executive Officer of Terumo Corporation
Jun. 2007 Director and Managing Executive Officer of Terumo Corporation
Jun. 2010 Director and Senior Managing Executive Officer of Terumo Corporation
Apr. 2017 Chairman of the Board of Terumo Corporation
Jun. 2021 Chairman of The Japan Federation of Medical Devices Associations
Apr. 2022 Director and Corporate Advisor of Terumo Corporation
Jun. 2022 Corporate Advisor of Terumo Corporation, Outside Director of AUTOBACS SEVEN CO., LTD. (to present)
Member of the Board of the Company (to present)
Jun. 2023 Outside Director of Niterra Co., Ltd. (to present)



7 MABUCHI Akira

Member of the Board,
Outside Director

Meetings of the Board of Directors
Attended/Held

13/13

Term of office **2 years**

Apr. 1979 Joined Fuji Heavy Industries Ltd.
(currently SUBARU CORPORATION)
Apr. 2005 Executive Officer of SUBARU
CORPORATION
Jun. 2007 Senior Vice President of SUBARU
CORPORATION
Jun. 2010 Director of the Board and Executive
Vice President of SUBARU
CORPORATION
Jun. 2015 Corporate Auditor of SUBARU
CORPORATION
Jun. 2021 Member of the Board of the Company
(to present)

Audit & Supervisory Board Members



9 KUBO Masaharu

Full-time Audit & Supervisory Board Member

Meetings of the Board of Directors Attended/Held

13/13

Meetings of the Audit & Supervisory Board
Attended/Held

17/17

Term of office **3 years**

Apr. 1980 Joined the Company
Apr. 2010 Executive Officer of the Company,
General Manager, Corporate
Administration Div.
Apr. 2013 Managing Executive Officer of the
Company
Jun. 2013 Member of the Board, Managing
Executive Officer of the Company
Apr. 2014 Member of the Board, Senior Managing
Executive Officer of the Company
Apr. 2016 Representative Director, Member of the
Board, Senior Managing Executive
Officer of the Company
Apr. 2017 Representative Director, Member of the
Board, Executive Vice President of the
Company
Apr. 2020 Member of the Board of the Company
Jun. 2020 Full-time Audit & Supervisory Board
Member of the Company (to present)

10 NISHIO Hiroshi

Full-time Audit & Supervisory Board Member

Meetings of the Board of Directors Attended/Held

11/11

Meetings of the Audit & Supervisory Board
Attended/Held

14/14

Term of office **1 year**

Apr. 1984 Joined the Company
Apr. 2013 Senior Director of the Company,
General Manager, Finance &
Accounting Div.
Apr. 2015 Senior Director of the Company,
General Manager, Internal Control Div.
Apr. 2017 Executive Officer of the Company,
General Manager, Internal Control Div.
Apr. 2022 Assistant to the President of the
Company
Jun. 2022 Full-time Audit & Supervisory Board
Member of the Company (to present)

Independent Outside Audit & Supervisory Board Members



11 SHINBO Katsuyoshi

Outside Audit & Supervisory Board Member

Meetings of the Board of Directors Attended/Held

12/13

Meetings of the Audit & Supervisory Board
Attended/Held

16/17

Term of office **6 years**

Apr. 1984 Registered as an attorney
Nov. 1999 Attorney at Shinbo Law Office
(to present)
Jun. 2015 Outside Corporate Auditor of
Sumitomo Mitsui Banking Corporation.
Jun. 2017 Audit & Supervisory Board Member of
the Company (to present)
Outside Director of Sumitomo Mitsui
Financial Group, Inc. (to present)
Jun. 2021 Outside Director of Yakult Honsha Co.,
Ltd. (to present)

13 ONO Junshi

Outside Audit & Supervisory Board
Member

Newly appointed

Oct. 1985 Joined Asahi Shinwa & Co
(currently KPMG AZSA LLC)
Mar. 1989 Registered as a certified public
accountant
May 2002 Partner of Asahi & Co.
(currently KPMG AZSA LLC)
May 2007 Representative Member
(current Partner) of KPMG AZSA & Co.
(currently KPMG AZSA LLC) (to present)



12 GOTO Yasuko

Outside Audit & Supervisory
Board Member

Newly appointed

Apr. 1980 Joined the Ministry of Transport
(currently the Ministry of Land,
Infrastructure, Transport and Tourism)
Jun. 2004 Head of the New York Office of the
Japan National Tourism Organization
Oct. 2005 Vice Governor of Yamagata Prefecture
Jul. 2008 Director of the Hokuriku-Shinetsu
District Transport Bureau, the Ministry
of Land, Infrastructure, Transport and
Tourism
Jul. 2013 President of the Policy Research
Institute for Land, Infrastructure,
Transport and Tourism, the Ministry
of Land, Infrastructure, Transport and
Tourism
Jun. 2015 Managing Director, Deputy General
Manager of Railways Business Division
and General Manager of Travel Business
Division of Kyushu Railway Company
Jun. 2017 Managing Director (CFO in charge
of the Finance Division) of Kyushu
Railway Company
Jun. 2018 Member of the Audit and Supervisory
Committee of Kyushu Railway Company
Mar. 2019 External Audit & Supervisory Board
Member of Shiseido Company, Limited
(to present)
Jun. 2019 Outside Auditor of DENSO
CORPORATION (to present)
Jun. 2023 Audit & Supervisory Board Member of
the Company (to present)

Executive Officers

Assignment of Duties by Executive Officers <https://jp.mitsuichemicals.com/en/corporate/overview/director/index.htm>

President	HASHIMOTO Osamu	
Senior Managing Executive Officers	YOSHINO Tadashi ANDOU Yoshinori	HIRAHARA Akio NAKAJIMA Hajime
Managing Executive Officers	SHIBATA Shingo KOMORIYA Atsushi TANAKA Hisayoshi HOSOMI Yasuhiro	YOSHIZUMI Fumio IZAWA Kazumasa SAMBE Masao

Executive Officers	OZAWA Satoshi* FUJIMOTO Kensuke* MATSUZAKA Shigeharu* MATSUZAKI Hiroshi HAYASHIDA Hiromi OKADA Kazunari	FUNAKOSHI Hiromitsu TSURUDA Satoshi MIGITA Ken ZENKOH Hirofumi YOSHIDA Osamu ABE Shinji	MATSUE Kaori Antonios GRIGORIOU URAKAWA Toshiya KOUZUMA Yasuhisa ICHIMURA Satoshi SAKAMOTO Akihiro
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* Corporate
Fellows

Policy and basic philosophy

The Mitsui Chemicals Group is working to establish a new Group-wide risk management system, in order to minimize threats from risks and take full advantage of opportunities, from a medium- to long-term and continuous perspective.

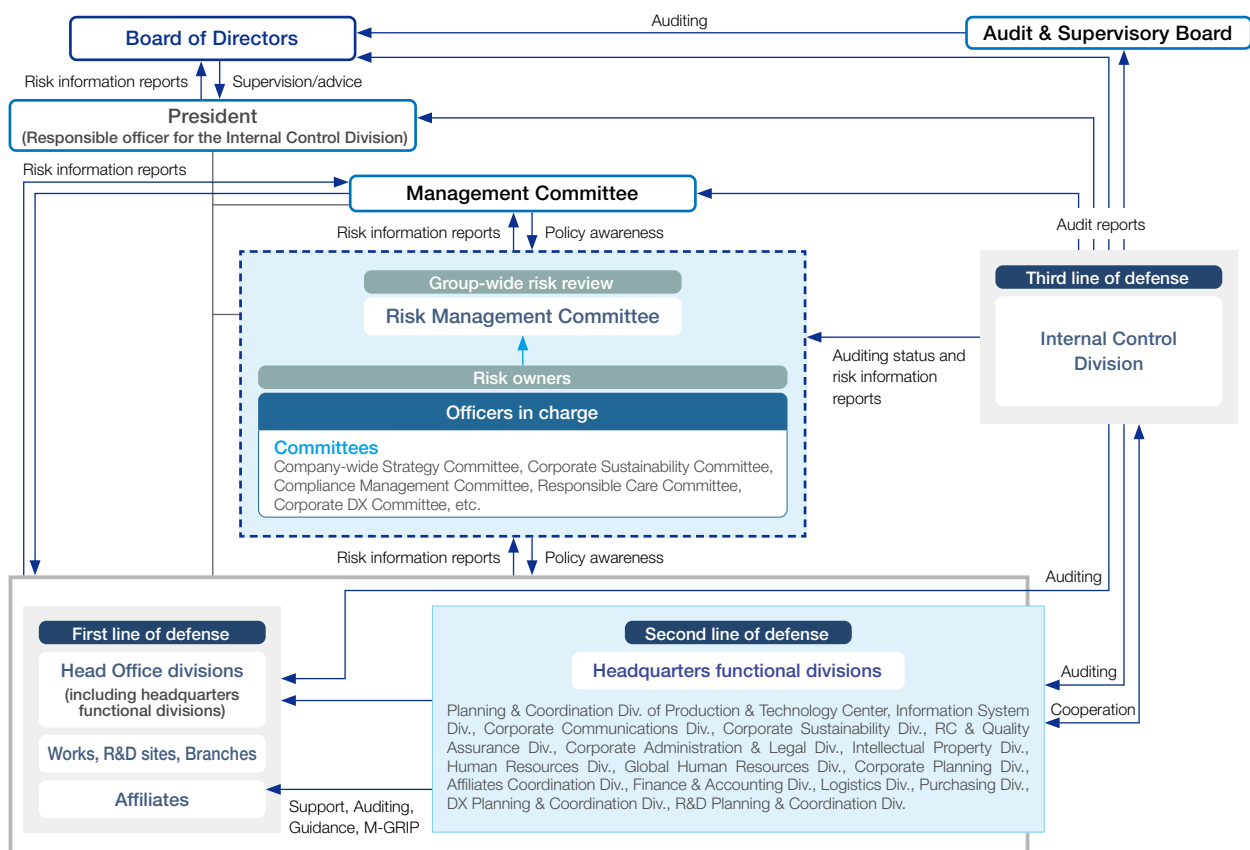
We will pursue sustainable growth and increased corporate value by utilizing risk management in corporate management while continuously reviewing and improving its system.

System and responsible officers

As for the development and operation of the risk management system, under the supervision of the Board of Directors, the President assumes the ultimate responsibility for the risk management of the entire Group, while the Chief Strategy Officer (CSO) is responsible for overseeing the risk management system and execution of the entire Group. In addition, the President and CSO shall establish a Risk Management Committee as a specialized committee for risk management

of the entire Group. As a risk owner, each executive officer with a specific title executes risk management by utilizing the various committees (Corporate Sustainability Committee, Compliance Management Committee, Responsible Care Committee, Corporate DX Committee, etc.) and other committees under their control (Company-wide Strategy Committee, investment deliberation meetings, etc.).

Risk Management System



First line of defense

The head of each division is responsible for the day-to-day risk management, under the responsibility of an executive officer with a specific title who is the risk owner of his/her own line. They identify and assess risks based on the risk model twice a year, appropriately identify risks, and design and implement organizational controls.

Second line of defense

In order to ensure that each division manages risks, the heads of headquarters functional divisions with expertise in their areas of responsibility support the risk management of first-line-of-defense divisions, their own divisions, and affiliates from a professional

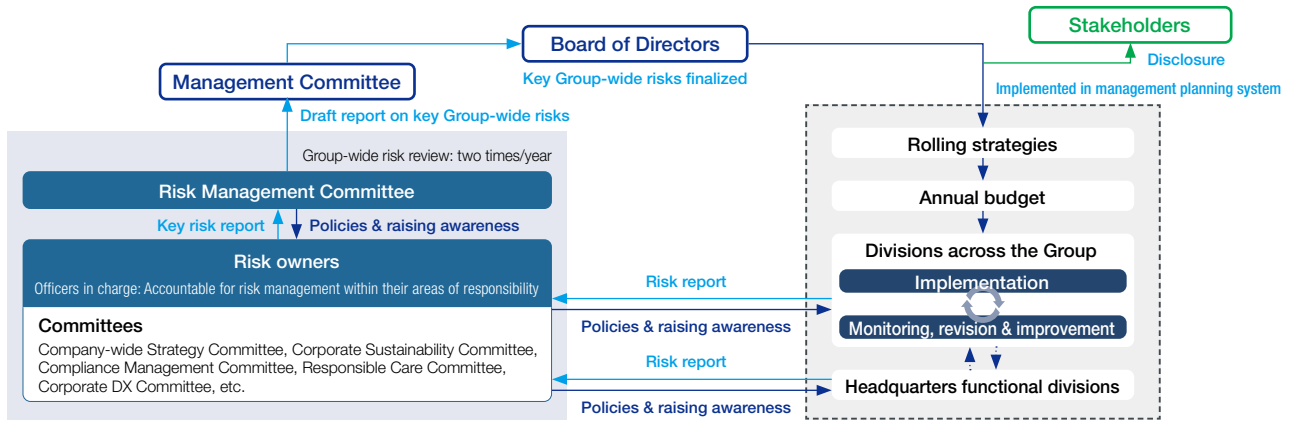
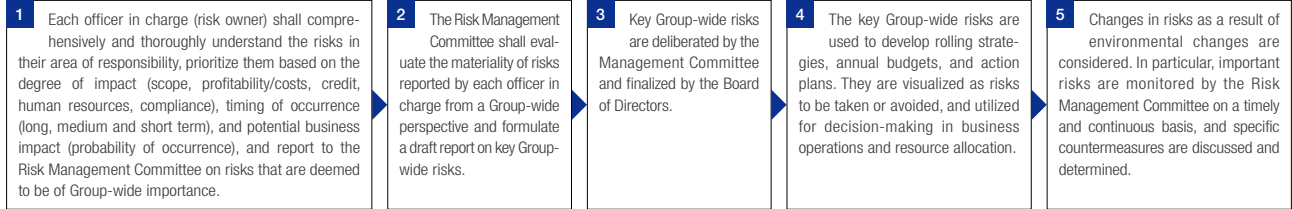
standpoint, and they also implement Group-wide risk management measures in the relevant area.

Third line of defense

The Internal Control Division audits the first and second lines of defense from an independent standpoint and provides assurance to top management and the Board of Directors. Moreover, in addition to conducting operational audits and audits related to responsible care, it continuously checks and evaluates the design and operation of internal control over financial reporting for the entire Group, required by the Financial Instruments and Exchange Act in J-SOX assessments.

Risk management process

Under the risk management system, the following process will be used to determine key Group-wide risks, and the PDCA cycle will be implemented.



M-GRIP*, a platform for globally strengthening governance of affiliates and sharing best practices

With the goals of reducing the risks that have grown as globalization accelerates and of further transforming and expanding the business of the Mitsui Chemicals Group, in fiscal 2020 we began deploying the Mitsui Chemicals Global Risk Management & Business Support Improvement Platform (M-GRIP), which is a shared indirect operations platform for the Group.

M-GRIP is the mechanism that lays out Global Policies (G/Ps) comprising measures that are common to the entire Group regarding indirect operations such as human resources, accounting, and logistics. By ensuring that each company within the Group implements those measures, it allows the execution of proper business operations and ongoing improvements. It is also intended to support the activities of affiliates through the effective use of the Group's economies of scale. In fiscal 2022, amid the ongoing COVID-19 pandemic, we explained the

details of this mechanism to the Group companies via individual online meetings. Through dialogue, we sought to deploy M-GRIP within the Group. In addition, we have also formulated three new G/Ps, such as environmental preservation and occupational safety management, and since the start of deployment in fiscal 2020, the number of G/Ps has reached 17, and we are steadily moving toward the stage where they will become firmly established within the Group. By fiscal 2025, we plan to complete the formulation and expansion of necessary G/Ps, which will mark a milestone of the deployment phase. By fostering a common awareness throughout the Group and supporting sustainability management and thorough crisis management, which helps improve corporate value, we aim to realize a corporate group that enjoys sustainable growth by working to reduce and avoid risk and improve business efficiency.

* M-GRIP: Mitsui Chemicals Global Risk Management & Business Support Improvement Platform

M-GRIP Deployment Chart

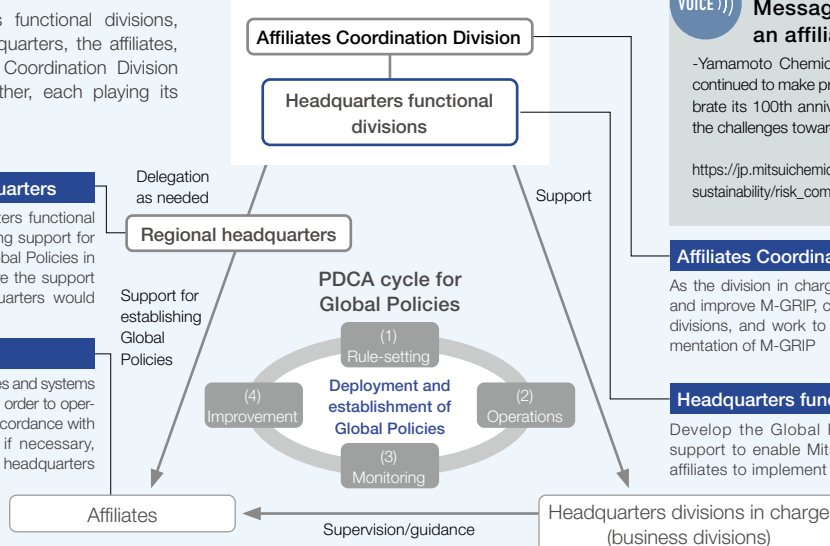
The headquarters functional divisions, the regional headquarters, the affiliates, and the Affiliates Coordination Division are working together, each playing its respective role.

Regional headquarters

Tasked by headquarters functional divisions with providing support for implementing the Global Policies in specific regions where the support of a regional headquarters would be effective

Affiliates

Establish company rules and systems and train employees in order to operate the business in accordance with the Global Policies; if necessary, request support from headquarters functional divisions



VOICE)))

Message from an affiliate

-Yamamoto Chemicals that has so far continued to make progress and will celebrate its 100th anniversary and take on the challenges towards the new century-

https://jp.mitsuichemicals.com/en/sustainability/risk_compliance/risk/index.htm

SUGIURA Kenji

General Manager of Administration Division, Yamamoto Chemicals, Inc.



Affiliates Coordination Division

As the division in charge of M-GRIP, maintain and improve M-GRIP, coordinate with relevant divisions, and work to ensure smooth implementation of M-GRIP

Headquarters functional divisions

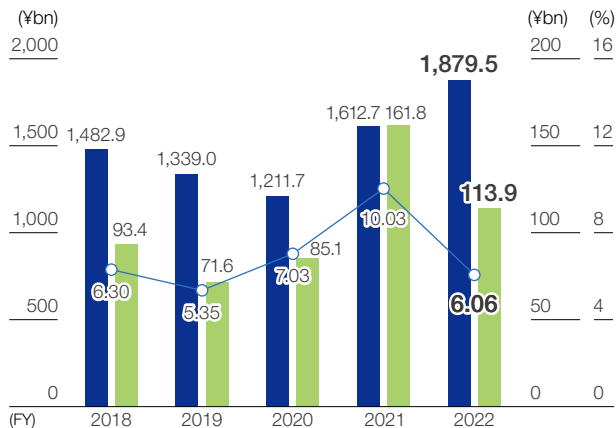
Develop the Global Policies and provide support to enable Mitsui Chemicals and its affiliates to implement the policies

Data Highlights

Financial highlights

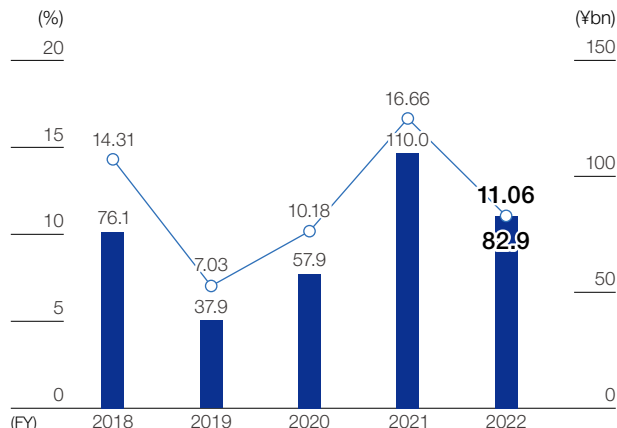
Mitsui Chemicals, Inc. has voluntarily adopted International Financial Reporting Standards (IFRS) from fiscal 2020. Figures for fiscal 2019 and before are reported under Japanese Generally Accepted Accounting Principles (J-GAAP), while figures for fiscal 2020 and later are reported under IFRS.

Sales revenue/Operating income before special items/ROS



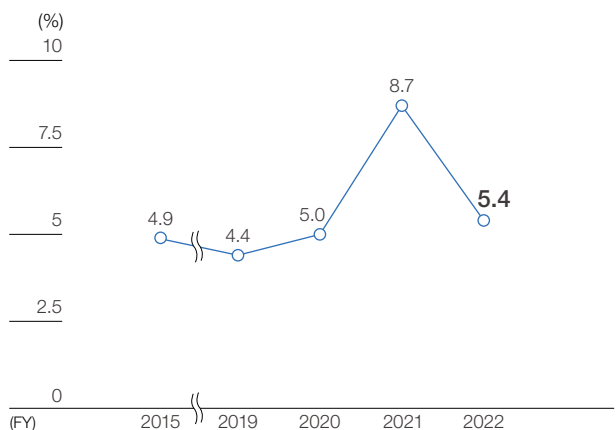
■ Sales revenue/Net Sales (J-GAAP) (left scale)
 ■ Operating income before special items/Operating income (J-GAAP) (right scale)
 ○ ROS: return on sales (right scale)

ROE/Net income attributable to owners of the parent



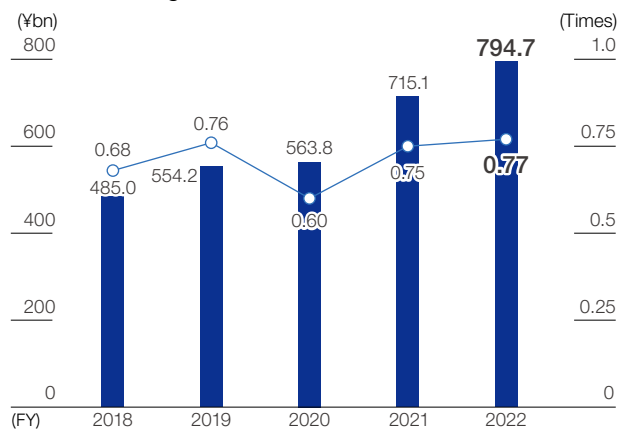
■ Net income attributable to owners of the parent/Profit attributable to owners of parent (J-GAAP) (right scale)
 ○ ROE: Return on equity (left scale)

ROIC



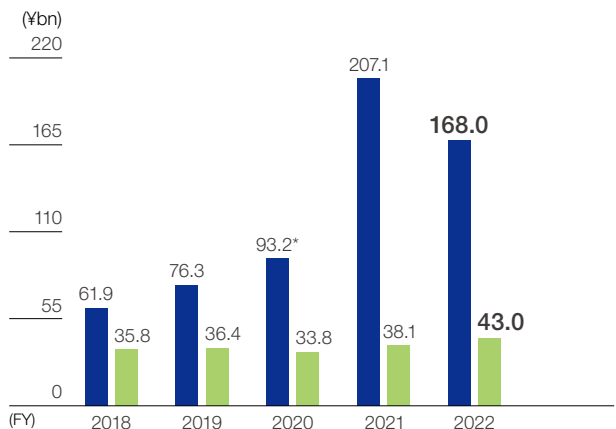
* ROIC: Return on invested capital=NOPAT/Invested capital

Interest-bearing debt/Net D/E ratio



■ Interest-bearing debt (left scale) ○ Net D/E ratio (right scale)

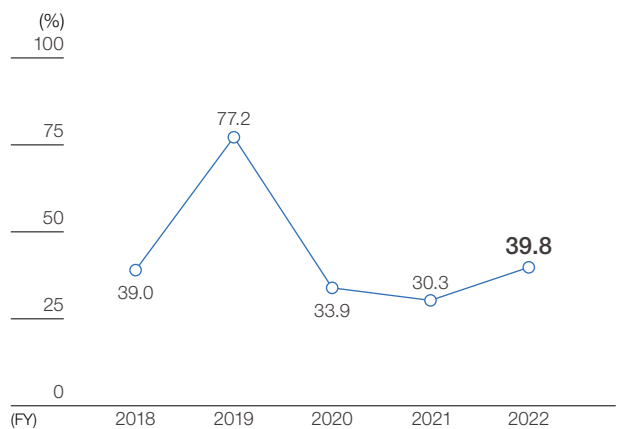
Capital expenditure/R&D expenses



■ Capital expenditure ■ R&D expenses

* Includes increase from the recognition of regular maintenance and repair costs, etc., under IFRS

Total return ratio



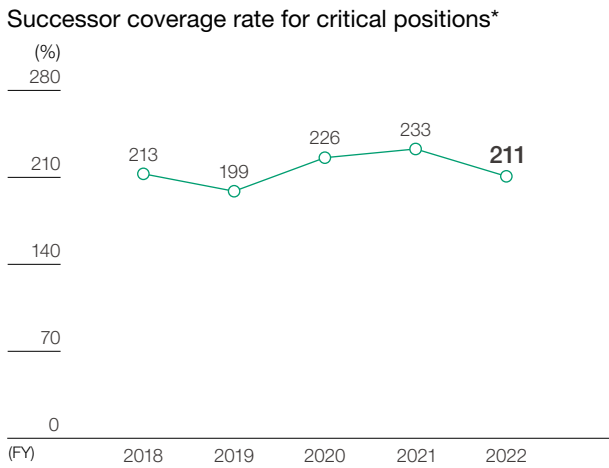
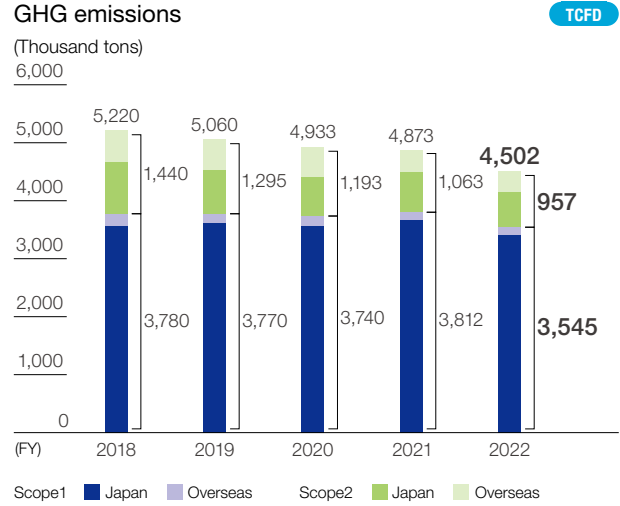
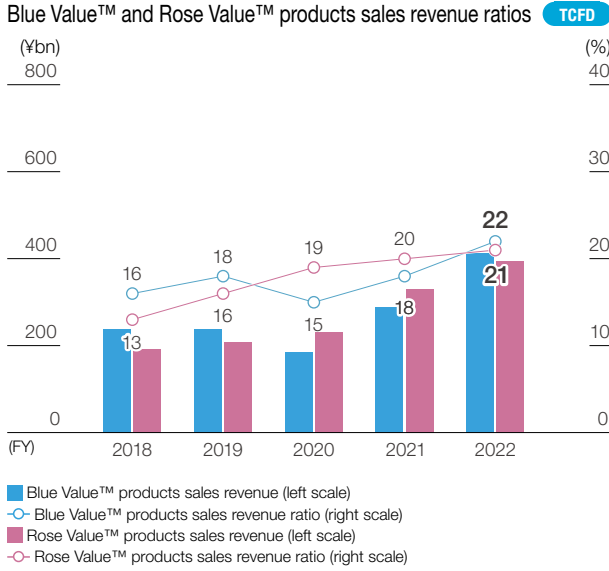
ESG Performance Data – Environment

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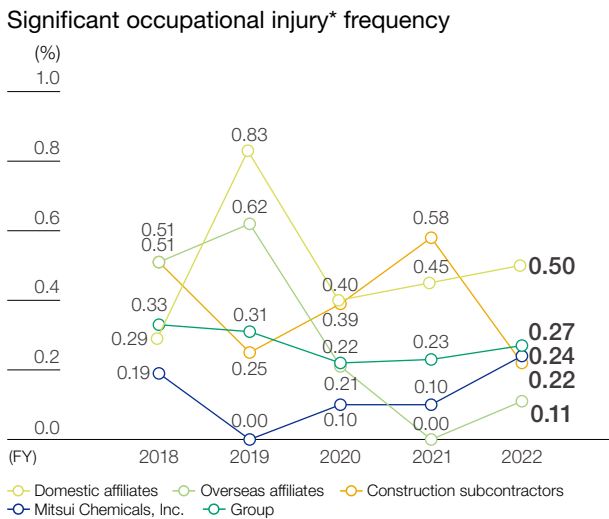
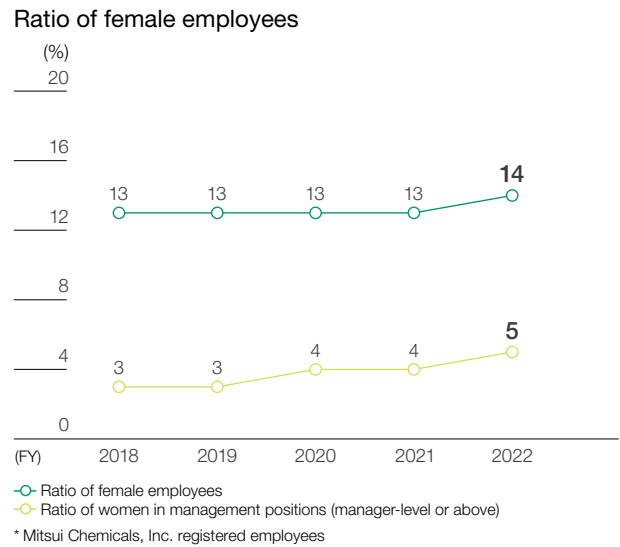
ESG Performance Data – Society

https://jp.mitsuichemicals.com/en/sustainability/others/esg_performance/society/index.htm

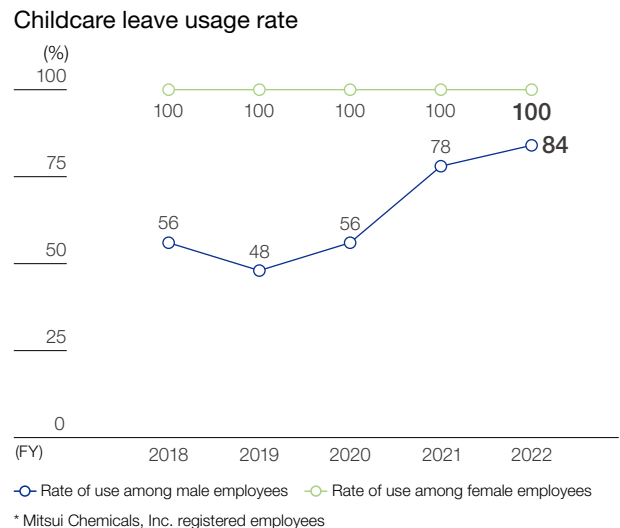
Non-financial highlights



* Successor coverage rate for critical positions: Number of successor candidates for critical positions / Number of critical positions



* Significant occupational injuries (SOIs) refer to occupational injuries that resulted in absence from work or death. SOIs also include lighter occupational injuries that, due to the potential danger in the cause of the injury, could have led to absence from work or death. SOIs do not include those injuries that are not directly related to operations.



11-Year Overview of Major Financial and Non-Financial Indicators

For the Fiscal Year	J-GAAP						
	2012	2013	2014	2015	2016	2017	2018
Financial Data							
Operating Results (for the year)							
Net Sales	¥1,406,220	¥1,566,046	¥1,550,076	¥1,343,898	¥1,212,282	¥1,328,526	¥1,482,909
Operating income (loss)	4,290	24,899	42,040	70,926	102,149	103,491	93,427
Profit (loss) before income taxes	(796)	(10,538)	35,840	41,302	85,772	94,208	105,297
Profit (loss) attributable to owners of parent	(8,149)	(25,138)	17,261	22,963	64,839	71,585	76,115
Net cash provided by operating activities	18,512	43,476	58,287	145,913	100,440	82,660	109,492
Net cash used in investing activities	(58,136)	(89,781)	(35,036)	(36,365)	(47,395)	(75,041)	(64,255)
Free cash flows	(39,624)	(46,305)	23,251	109,548	53,045	7,619	45,237
Financial Position (at year-end)							
Total current assets	¥ 715,396	¥ 777,015	¥ 731,708	¥ 628,210	¥ 678,938	¥ 731,326	¥ 786,677
Property, plant and equipment, net	446,637	425,840	433,629	413,402	409,429	432,908	443,063
Total intangible assets, investments and other assets	175,962	229,307	246,453	217,336	237,158	267,075	271,334
Total assets	1,337,995	1,432,162	1,411,790	1,258,948	1,325,525	1,431,309	1,501,074
Total current liabilities	493,908	507,056	448,499	364,259	392,783	443,105	458,758
Total non-current liabilities	415,173	515,459	491,992	451,452	418,107	400,982	410,577
Total shareholder's equity & Total accumulated other comprehensive income (loss)	376,779	352,843	406,235	381,971	449,692	511,586	551,915
Interest-bearing debt	507,183	581,260	548,713	472,986	439,868	463,658	485,043
Other							
Depreciation and amortization	¥ 43,864	¥ 48,143	¥ 48,251	¥ 48,640	¥ 44,057	¥ 45,654	¥ 49,504
Capital expenditures	56,649	113,200	47,531	43,405	45,383	81,248	61,924
R&D expenses	31,997	33,569	32,473	31,493	30,777	33,377	35,796
Per Share Data*2							
Net income (loss) per share (basic)	¥ (40.70)	¥ (125.50)	¥ 86.20	¥ 114.75	¥ 324.05	¥ 358.38	¥ 385.60
Cash dividends per share	30.00	15.00	25.00	40.00	70.00	90.00	100.00
Ratios							
Return on sales	0.31	1.59	2.71	5.28	8.43	7.79	6.30
Return on equity	—	—	4.55	5.83	15.59	14.89	14.31
Return (Operating income (loss)) on assets	0.33	1.80	2.96	5.31	7.90	7.51	6.37
Net D/E Ratio	1.22	1.44	1.22	1.03	0.79	0.75	0.68

For the Fiscal Year 2012 2013 2014 2015 2016 2017 2018

Non-Financial Data

Social and Environmental*3 Data

Employees	Consolidated	12,846	14,271	14,363	13,447	13,423	17,277	17,743
	Mitsui Chemicals, Inc. registered employees	7,266	7,129	6,931	6,733	6,516	6,541	6,670
Percentage of women	Mitsui Chemicals, Inc. registered employees	12	12	12	12	12	13	13
SOI*4 frequency*5	Consolidated	0.49	0.24	0.18	0.30	0.23	0.24	0.33
GHG emissions (Scopes 1 and 2)*6	Consolidated*7	546	520	501	5,780	5,730	5,580	5,220
Energy consumption	Consolidated	94	89	86	95	97	95	93
Industrial waste	Landfill disposal volume (Consolidated)	1.2	0.6	0.7	1.0	0.9	0.7	0.7
	Landfill rate (Consolidated)*8	0.4	0.2	0.2	0.4	0.4	0.3	0.3

*1 The Mitsui Chemicals Group adopted IFRS in the fiscal year ended March 31, 2021. Comparisons with the fiscal year ended March 31, 2020 have been made using data adjusted to IFRS.

*2 On October 1, 2017, Mitsui Chemicals, Inc. conducted a 5-to-1 share consolidation. Net income (loss) per share is calculated as if the consolidation had been conducted at the start of fiscal 2016. The figures listed for cash dividends per share have also been retroactively adjusted to account for the impact of the consolidation.

*3 Due to changes in aggregation methods and legal revisions, only data that complies with such methods and laws is presented.

*4 "Significant Occupational Injuries (SOIs)" refer to occupational injuries that resulted in absence from work or death. SOIs also include lighter occupational injuries that, due to the potential danger in the cause of the injury, could have led to absence from work or death. SOIs do not include those injuries that are not directly related to operations.

2019	For the Fiscal Year	IFRS*1			2022
		2019	2020	2021	
Financial Data					
Operating Results (for the year) (Millions of yen)					
¥1,338,987	Sales revenue	¥1,349,522	¥1,211,725	¥1,612,688	¥1,879,547
71,636	Operating income before special items	72,330	85,140	161,815	113,903
68,460	Income before income taxes	60,824	74,243	141,274	117,278
37,944	Net income attributable to owners of the parent	33,970	57,873	109,990	82,936
114,974	Net cash provided by operating activities	142,232	174,323	92,584	101,241
(85,168)	Net cash used in investing activities	(109,112)	(77,555)	(205,234)	(106,340)
29,806	Free cash flows	33,120	96,768	(112,650)	(5,099)
Financial Position (at year-end) (Millions of yen)					
¥ 781,347	Total current assets	¥ 781,834	¥ 787,572	¥1,033,445	¥1,094,286
485,531	Property, plant and equipment and Right-of-use assets, net	499,650	501,960	553,584	600,887
213,189	Total investments and other non-current assets	249,031	268,593	347,936	373,030
1,480,067	Total assets	1,530,515	1,558,125	1,934,965	2,068,203
478,498	Total current liabilities	485,674	466,305	706,569	695,444
393,548	Total non-current liabilities	435,134	409,663	421,274	489,456
527,589	Total equity attributable to owners of the parent	529,220	607,921	712,654	786,827
554,243	Interest-bearing debt	599,388	563,791	715,059	794,700
Other (Millions of yen)					
¥ 52,106	Depreciation and amortization	¥ 76,009	¥ 76,621	¥ 84,222	¥ 92,080
76,294	Capital expenditures	106,539	93,170	207,132	168,002
36,368	R&D expenses	36,081	33,802	38,124	42,954
Per Share Data (Yen)					
¥ 194.94	Net income (loss) per share (basic)	¥ 174.52	¥ 298.00	¥ 565.45	¥ 431.17
100.00	Cash dividends per share	100.00	100.00	120.00	120.00
Ratios					
5.35	Return on sales	5.36	7.03	10.03	6.06 %
7.03	Return on equity	6.28	10.18	16.66	11.06 %
4.81	Return (Operating income (loss) before special items) on assets	4.63	5.51	9.26	5.69 %
0.76	Net D/E Ratio	0.81	0.60	0.75	0.77 Times
	Return on invested capital	—	5.0	8.7	5.4 %

2019	2020	2021	2022
------	------	------	------

17,979	18,051	18,780	18,933	Persons
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6,773	6,809	6,899	7,073	Persons
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13	13	13	14	%
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0.31	0.22	0.23	0.27	
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5,060	4,933	4,873	4,502	Thousand tons
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89.3	87.1	88.0	82.8	PJ
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0.8	0.7	0.7	0.6	Thousand tons
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0.4	0.3	0.3	0.3	%
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ESG Performance Data – Environment

https://jp.mitsuichemicals.com/en/sustainability/others/esg_performance/environment/index.htm

ESG Performance Data – Society

https://jp.mitsuichemicals.com/en/sustainability/others/esg_performance/society/index.htm

*5 SOI frequency: The number of deaths or SOIs per million hours worked.

*6 We had disclosed our GHG emissions as a combination of both Scope 1 and Scope 2 less the amount of electricity and steam sold up to 2014, but after 2015 we have been disclosing the sum of Scope 1 and Scope 2.

*7 GHG emissions for overseas consolidated subsidiaries are calculated in accordance with Japan's Law Concerning the Promotion of Measures to Cope with Global Warming based on energy consumption figures. (CO₂ emission factors from electricity generation were retroactively changed to the International Energy Agency (IEA) emission factors for each country.) Data reflect the total of domestic and overseas consolidated subsidiaries.

*8 Figures are calculated based on global data. However, figures before the fiscal year ended March 31, 2018 are calculated based on consolidated data in Japan.

Data by Business Segment

Life & Healthcare Solutions

Main products

Life care solutions		<p>Vision care materials Plastic ophthalmic lens materials (MR™, RAV 7™, Do Green™), Photochromic lens materials (SunSensors™), Coating materials (Crystal Coat™)</p> <p>Nonwovens Nonwovens (AIRYFA™, SYNTEX™, TAFNEL™), Shape holding material (TEKNOROTE™), Breathable films (ESPOIR™)</p> <p>Personal care materials Acrylamide, Methacrylamide, Synthetic pulp (SWP™), Antibacterial and anti-mold agents (YOHTOL™ DP95, YOHTOL™ DP-CD), DMI™</p>
Wellness solutions		<p>Agrochemical products Insecticides, Fungicides, Herbicides, Non-crop specialty chemicals, Pet medication ingredients</p> <p>Personal care materials Medical materials (taurine)</p>
Medical solutions		<p>Oral care materials Restorative materials (Charisma™, Venus™), Dental cement (Super-Bond™), Denture-related products (PALA™), 3D printer ink (DIMA™)</p> <p>Personal care materials Medical materials (taurine, serine, PLGA™)</p>

Market share and market growth rate of key products (FY2022)

		Share		Market growth rate
Vision care	Ophthalmic lens materials (MR™ series, RAV 7™ series)*1	Global	45% (No. 1 in market)	Overall 3% High refractive index 6–7%
Nonwovens	SYNTEX™ (spunbonded nonwoven hygiene materials)*2	ASEAN	No. 4 in market	8%
		Japan	No. 1 in market	1.2%
Agrochemicals		Global	—	12.4%*3
Oral care	Dental materials	Germany	No. 1 in market	Global 3%*4

*1 FY2014–2021 (including impact from COVID-19) *2 FY2019–2021 (Japan) *3 FY2021–2022 *4 FY2019–2024

Mobility Solutions

Main products

Materials business		<p>Elastomers</p> <ul style="list-style-type: none"> Ethylene-propylene terpolymer (Mitsui EPT™), Alpha-olefin copolymer (TAFMER™), Liquid polyolefin oligomer (LUCANT™) <p>Composite materials</p> <ul style="list-style-type: none"> Adhesive polyolefin (ADMER™), Thermoplastic elastomer (MILASTOMER™), Engineering plastics (ARLEN™), PP compounds, Metal/resin integral molding parts (POLYMETAC™), Unsaturated polyester (POLYHOPE™), Molding compound (POLYMAL™ MAT)
Solutions business		<ul style="list-style-type: none"> ARRK Group, Kyowa Industrial Co., Ltd. 

Market share of key products (FY2022)

		Share	
PP compounds	Global	No. 2 in market	
	Asia	No. 1 in market	
	Japan	No. 1 in market	

ICT Solutions

Main products

Semiconductor & assembly solutions		<ul style="list-style-type: none"> Dust covers for photomasks (MITSUI PELLICLE™), high purity gas for deposition process (silane/disilane), photoresist raw material (MILEX™), tape for semiconductor manufacturing process (ICROS™ Tape), silicone-coated film (SP-PET™), heat-resistant release film (Opulent™), soluble polyimide varnish (PIVAR™), high frequency printed circuit board material (Gigafreq™)
Imaging solutions		<ul style="list-style-type: none"> Lens materials (APEL™), materials for reflective films (TPX™), LCD and OLED sealing materials (STRUCTBOND™)
Battery material solutions		<ul style="list-style-type: none"> Materials for LiB separator (HI-ZEX MILLION™), electrolyte for LiB (MILLET™), adhesive for LiB pouch (UNISTOLE™), heat resistant coating material (BONRON™)
Converting solutions		<ul style="list-style-type: none"> L-LDPE film (T.U.X™), resource-saving and environmentally friendly L-LDPE film (L-Smart™), heat sealant for environmentally friendly paper packaging materials (CHEMIPEARL™), barrier coating materials for sustainable packaging materials (TAKELAC™ WPB), packaging adhesives (TAKENATE™ & TAKELAC™)

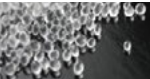


Market share and market growth rate of key products (FY2022)

		Share	Market growth rate
ICROS™ Tape, tape for semiconductor manufacturing process	Global	No. 1 in market	7%
APEL™, cyclic olefin copolymer	Global	Over 50% (No. 1)	Smartphone lens market -8%*1
Pellicles	Global	No. 1 in market	9%*2

*1 FY2021–2022 *2 FY2019–2027 CAGR

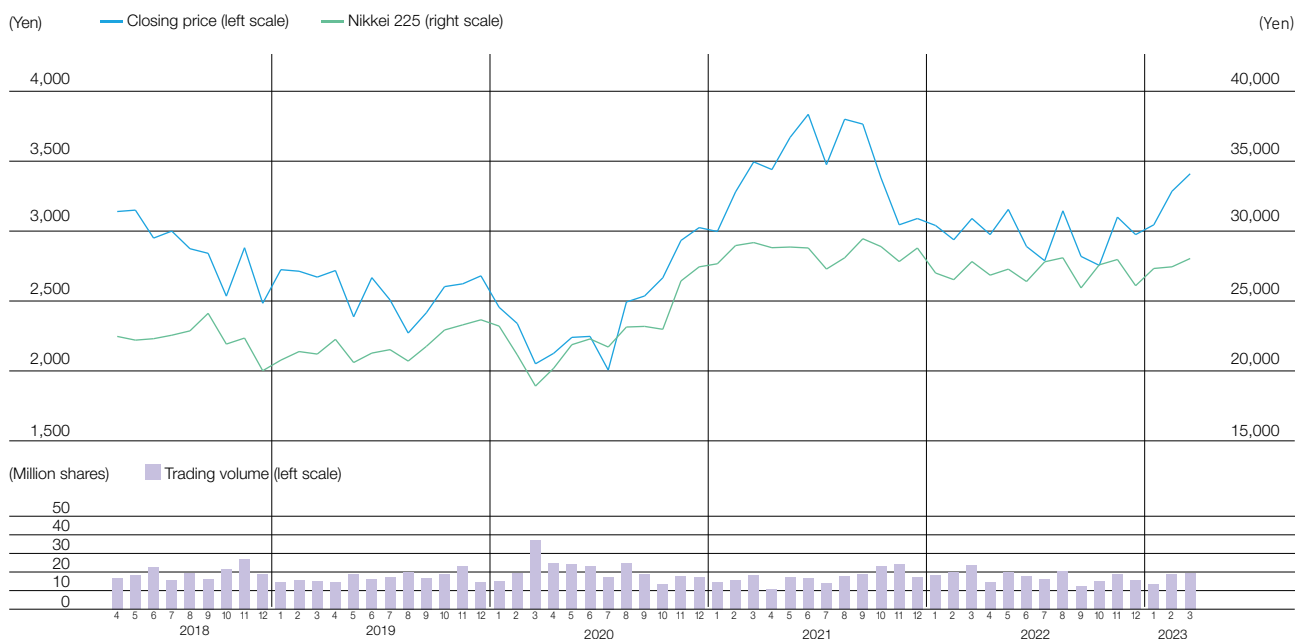
Basic & Green Materials

Main products

Petrochemicals		<ul style="list-style-type: none"> Ethylene, Propylene, High density polyethylene, Metallocene linear low density polyethylene (EVOLUE™), Linear low density polyethylene, Polypropylene, Olefin polymerization catalysts
Basic chemicals		<ul style="list-style-type: none"> Phenol, Bisphenol A, Acetone, Isopropyl alcohol, Methyl isobutyl ketone, Purified terephthalic acid, PET resin, Ethylene oxide, Ethylene glycol, Hydroquinone, Meta/Para-cresol, Ammonia, Urea, Melamine
Polyurethane raw materials		<ul style="list-style-type: none"> TDI (COSMONATE™), MDI (COSMONATE™), PPG (ACTCOL™, ECONYKOL™, Nextyol™)

Stock Information

Common Stock Price and Trading Volume



Total Shareholder Return (TSR)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Year-end stock price (yen)	3,355	2,671	2,051	3,495	3,090	3,410
Dividend per share (yen)		100	100	100	120	120
Cumulative dividends per share (yen)		100	200	300	420	540
TSR		82.6%	67.1%	113.1%	104.6%	117.7%
TOPIX Total Return		95.0%	85.9%	122.1%	124.6%	131.8%

Credit Ratings (As of March 31, 2023)

Rating Agencies	Rating
Japan Credit Rating Agency, Ltd. (JCR)	A+
Rating and Investment Information, Inc. (R&I)	A+

* Total shareholder return is the value as of the end of the year in fiscal 2018 and thereafter assuming investment at the closing price at the end of fiscal 2017.

Corporate Information (As of March 31, 2023)

Date of Establishment	October 1, 1997
Paid-in Capital	125,572 million yen
Employees	18,933 (Consolidated)
Subsidiaries and Affiliates	165 (Domestic 53, Overseas 112)
Shares of Common Stock Issued	200,763,815
Number of Shareholders	72,894
Stock Exchange Listing	Prime Market, Tokyo Stock Exchange (Code: 4183)
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited

Head Office	Tokyo Midtown Yaesu, Yaesu Central Tower, 2-2-1 Yaesu, Chuo-ku, Tokyo 104-0028 Phone: +81-3-6880-7500 Facsimile: +81-3-6880-7616
U.S.A.	MITSUI CHEMICALS AMERICA, INC. 800 Westchester Avenue, Suite S306 Rye Brook, NY 10573, U.S.A. Phone: +1-914-253-0777 Facsimile: +1-914-253-0790
Germany	MITSUI CHEMICALS EUROPE GmbH Oststr. 34, 40211 Düsseldorf, Germany Phone: +49-211-17332-0 Facsimile: +49-211-17332-701
Singapore	MITSUI CHEMICALS ASIA PACIFIC, LTD. 3 HarbourFront Place, #10-01 HarbourFront Tower 2, Singapore 099254, Singapore Phone: +65-6534-2611 Facsimile: +65-6535-5161
China	Mitsui Chemicals (China) Co., Ltd. 21F, Capital Square, 268 Hengtong Road, Jing'an District, Shanghai, 200070, P. R. China Phone: +86-21-5888-6336 Facsimile: +86-21-5888-6337


We're reshaping the world
from a material level.

Achieving carbon neutrality with biomass

Be▶PLAYER

Creating a circular economy through recycling

RePLAYER



We explore the materials of materials

Convenience stores have started charging for plastic bags, while coffee shops have abandoned plastic straws for paper ones. The world is transitioning away from plastic amid growing consciousness of waste and other environmental problems.

But plastic offers so much convenience and user-friendliness that it is now an integral part of our daily life. Used in every single industry, plastic cannot be eliminated entirely. Simply renouncing plastic use will inevitably reach a limit at some point. We need a new way of thinking to ensure we are ready for that day.

We explore the materials of materials. Under the banner of Green Theory 2030, the Mitsui Chemicals Group will push ahead with reforming plastic rather than renouncing plastic. We have launched BePLAYER™ and RePLAYER™ initiatives to realize our goals of carbon neutrality and a circular economy. These initiatives are aimed at achieving social progress by involving everyone as a player.

Under BePLAYER™, we will help the transition to bio-based society to solve the problem of climate change.

For example, we will use bio-based hydrocarbons generated from used cooking oil to produce plastic materials.

This enables us to create bio-based versions of materials once seen as too difficult to produce from biomass, and will help to substantially reduce GHG emissions across society.

Under RePLAYER™, we will rethink the way we handle plastic waste and other waste products and reuse them as resources.

By developing new materials, recycling systems and value chains, we will create a robust circular economy loop that encompasses a broader part of society.

Our approach of exploring the materials of materials is an important challenge for us, one that is focused on the huge goals of achieving carbon neutrality and a circular economy.

BePLAYER™ may have a higher price than ordinary plastic. But our ambitions are just as high. RePLAYER™ will have to overcome great hurdles to achieve widespread use across society. But the contribution we make to the future will be just as great.

Working with our business partners and consumers, we will steadily reshape the world, one step at a time, starting with the materials of materials.

<https://jp.mitsuichemicals.com/en/sustainability/beplayer-replayer/>

BePLAYER™, RePLAYER™ and these marks are trademarks or registered trademarks of Mitsui Chemicals, inc. in Japan and other countries and regions.



Corporate Communications Division IR Department

Tokyo Midtown Yaesu, Yaesu Central Tower, 2-2-1 Yaesu, Chuo-ku, Tokyo 104-0028

Phone: +81-3-6880-7500 Facsimile: +81-3-6880-7616