

Last revised: June 24, 2015

Mitsui Chemicals, Inc.

President & CEO: Tsutomu Tannowa

Stock code: 4183

<http://www.mitsuichem.com>

The status of Mitsui Chemicals' corporate governance is described below.

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

1. Basic philosophy

Mitsui Chemicals (hereinafter "MCI") places highest priority on enhancing corporate governance as one of our key management issues in order to keep the trust of our society and to fulfill our social responsibilities as a company.

To secure and add our corporate value, MCI pursues the realization of a smooth and efficient management by defining official authority and decision-making rules based on company regulations, clarifying the separation of functions between management oversight and business execution by establishing an executive officer system, establishing Management Committee meetings for the discussion of important matters that need to be discussed in advance of being put on the agenda of Board of Directors meetings and so on, while we strive to keep our company's management sound and appropriate by internal control system based on putting more weight on the corporate audit function, appropriateness-related audits about business operations conducted by the Internal Control Division, reliable risk management, etc. Further, to keep transparency of our company's management, we actively promote investor relations and public relations activities, where we disclose information timely and appropriately. To enhance the trust from stakeholders including shareholders, we also established various committees and have been making efforts to realize our CSR activities, to keep safety and environmental friendly operations, to ensure quality control and to comply with relevant laws and rules thoroughly.

2. Capital structure

Percentage of foreign shareholders:	over 30%
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[Status of major shareholders]

Name/Company name	Number of shares held	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	75,475,000	7.38
The Master Trust Bank of Japan, Ltd. (Trust account)	56,471,000	5.52
Japan Trustee Services Bank, Ltd. (Toray Industries Inc. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited.)	37,425,000	3.66
Japan Trustee Services Bank, Ltd. (Trust account 4)	22,320,000	2.18
Japan Trustee Services Bank, Ltd. (Trust account 9)	22,009,000	2.15
Sumitomo Mitsui Banking Corporation	21,946,663	2.14
Mitsui & Co., Ltd.	17,370,500	1.69
Japan Trustee Services Bank, Ltd. (Mitsui & Co., Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited.)	17,370,000	1.69
Mitsui Sumitomo Insurance Co., Ltd.	16,403,215	1.60
The Norinchukin Bank	12,732,142	1.24

Majority shareholder (excluding parent company)	-----
Parent company	None
Supplementary explanation	

3. Company profile

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

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

5. Other circumstances that may significantly affect corporate governance

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

1. Organizational composition and operation

Organization type	Company with a corporate auditors system
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[Directors]

Number of directors specified in articles of incorporation	15
Term in office specified in articles of incorporation	1 year
Chair of Board of Directors	President
Number of directors	9
Have outside directors been appointed	Yes
Number of outside directors	2
Number of outside directors selected as independent directors	2

Relationship to the company (1)

Name	Characteristics	Relationship to the Company (*1)											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshio Suzuki	Attorney												
Yukiko Kuroda	From other company								○				

* Types of relationship to the company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

k. Others

Relationship to the company (2)

Name	Independent Director	Supplementary Explanation of Conforming Items	Reason for Selection as Outside Director (Reason for Selection as Independent Director if applicable)
Yoshio Suzuki	○	Yoshio Suzuki has no vested interests in MCI	<p>Yoshio Suzuki has worked in the public prosecutors offices and the Ministry of Justice for many years, and has expertise in the legal field. We expect that he will provide useful advice on MCI's promotion of compliance based on his extensive experience in the legal profession and as an outside director at other companies and is therefore qualified to be an outside director.</p> <p>None of the items under the "Judgment Criteria for Violations of the Code of Corporate Conduct," to be observed when the issuer of a domestic stock reports to the Tokyo Stock Exchange its independent director(s)/auditor(s), as prescribed in the Guidelines concerning Listed Company Compliance, etc., apply to Mr. Suzuki, nor is he likely to have a conflict of interests with general shareholders. We therefore consider his independence as an independent officer to be ensured.</p>
Yukiko Kuroda	○	Yukiko Kuroda concurrently held the post of Managing Director and Founder of People Focus Consulting to which MCI committed a part of its employee training in fiscal year 2014. Given the extent of relevant dealings however, there is not deemed to be any risk of influencing the decisions of shareholders or investors. Further details have therefore been omitted.	<p>Yukiko Kuroda has extensive experience as a corporate manager and in-depth knowledge based on experience as a consultant. We expect that she will provide useful advice on MCI's corporate management based on this extensive experience and in-depth knowledge. Hence we believe she is the right person for the post of Outside Director.</p> <p>None of the items under the "Judgment Criteria for Violations of the Code of Corporate Conduct," to be observed when the issuer of a domestic stock reports to the Tokyo Stock Exchange its independent director(s)/auditor(s), as prescribed in the Guidelines concerning Listed Company Compliance, etc., apply to Ms. Kuroda, nor is she likely to have a conflict of interests with general shareholders. We therefore consider her independence as an independent officer to be ensured.</p>

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

Yes

Voluntary Committee

	Name of committee	Total number of members	Full-time members	Internal Directors	Outside Directors	Outside experts	Others	Chairperson
The committee that corresponds to a nominating committee	—	—	—	—	—	—	—	—
The committee that corresponds to a compensation committee	Executive Compensation Advisory Committee	6	3	3	0	3	0	Internal Director

Further note

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

[Corporate auditors]

Establishment of a board of auditors	Yes
Number of corporate auditors specified in articles of incorporation	6
Number of corporate auditors	5

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

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

Appointment of outside auditors	Yes
Number of outside auditors	3
Number of outside auditors selected as independent directors	1

Relationship to the company (1)

Name	Characteristics	Relationship to the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiromu Matsuda	From other company							△					△	
Osamu Sekine	Attorney											△		
Hiroki Nishio	From other company							△			○			

* Types of relationship to the company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

m. Others

Relationship to the company (2)

Name	Independent Director	Supplementary Explanation of Conforming Items	Reason for Selection as Outside Corporate Auditor (Reason for Selection as Independent Director if applicable)
Hiromu Matsuda		<p>Until June 2006, Hiromu Matsuda worked for Sumitomo Mitsui Trust Bank (SMTB) (then Chuo Mitsui Trust and Banking Co. Ltd.), which is one of MCI's main lenders and also has other dealings with MCI. MCI has annual borrowings from SMTB totaling ¥32,970 million (as of March 2015).</p> <p>SMBT also has dealings with MCI as Shareholder Registry Administrator of MCI. As there is not deemed to be any risk of this influencing the decisions of shareholders or investors,</p>	<p>Hiromu Matsuda has been involved for many years in management of financial institutions and also has experience as an auditor at another company. He possesses broad general business knowledge and experience, and is therefore qualified to be an outside corporate auditor.</p>

		<p>however, further details have been omitted.</p> <p>There has been exchange of external directors between MCI and SMTB in the past. Hiroyuki Nakanishi, who works as consultant to MCI, has also served as an external auditor at SMTB. (Further, Hiroyuki Nakanishi will resign from the external auditor of SMTB as of 26th June this year and after that, there will be no exchange of external directors between MCI and SMTB.)</p>	
Osamu Sekine	○	<p>Until December 2012, Osamu Sekine worked for law firm Nagashima Ohno & Tsunematsu, which has had dealings with MCI in the past. Given the extent and nature of relevant dealings, however, there is not deemed to be any risk of this influencing the decisions of shareholders or investors. Further details have therefore been omitted.</p>	<p>Osamu Sekine possesses legal knowledge and has extensive experience in the legal profession and as an outside officer at other companies and is therefore qualified to be an outside corporate auditor tasked with auditing the legality of the execution of MCI's business.</p> <p>None of the items under the "Judgment Criteria for Violations of the Code of Corporate Conduct", to be observed when the issuer of a domestic stock reports its independent director(s)/auditor(s) to the Tokyo Stock Exchange, as prescribed in the "Guidelines concerning Listed Company Compliance, Etc.," apply to Mr. Sekine, nor is he likely to have a conflict of interests with general shareholders. We therefore consider his independence as an independent officer to be ensured.</p>
Hiroki Nishio		<p>Until June 2008, and from June 2009 to June 2011, Hiroki Nishio worked for Sumitomo Mitsui Banking Corporation (SMBC), which is one of MCI's main lenders. He also worked for SMBC's parent company Mitsui Sumitomo Financial Group from June 2008 to June 2011. MCI has annual borrowings from SMBC totaling ¥64,932 million (as of March 2015). In addition, Mr. Nishio concurrently held the post of Representative Director and President at Muromachi Co., Ltd. and Muromachi Building Co., Ltd. MCI leases some rooms in a building owned and managed by</p>	<p>Hiroki Nishio has been involved for many years in corporate management in financial institutions and the private sector, and he has also served as Outside Director for private-sector companies. Thus he has gained broad knowledge and experience in general corporate management, and from the viewpoint of securing appropriateness in MCI's business execution, we expect that he is the right person for the post of Outside Corporate Auditor.</p>

		Muromachi Building Co., Ltd., but given the limited extent of the relevant dealings, there is not deemed to be any risk of this influencing the decisions of shareholders or investors. Further details have therefore been omitted.	
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[Independent directors]

Number of independent directors	3
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Other details relating to independent directors

[Incentives]

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

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

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

Stock option recipients	
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Supplementary explanation of the above

[Director Compensation]

Disclosure of compensation of individual directors	No
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Supplementary explanation of the above

No director received compensation over 100 million yen and therefore director compensation remains undisclosed.

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

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

- Compensation must be commensurate to the director's managerial responsibilities, and contribute to the growth and performance of the Mitsui Chemicals Group.
- Compensation must be linked in some way to the performance of the company and the individual director.
- Compensation for more senior directors must reflect their contribution to the growth of the company over the medium to long term.
- Priority must be given to compensation during the director's term in office, so as to reflect their current contribution.
- Compensation must be transparent, and allow for full accountability.

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

[Outside Director (Outside Corporate Auditor) Support System]

1. Support provided to outside directors

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

2. Support provided to outside corporate auditors

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

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

1. Outline of present system of corporate governance

MCI operates a corporate auditor system, overseen by a Board of Directors and Board of Auditors.

2. Board of Directors

Based on the regulations of the MCI's Board of Directors, the Board of Directors makes decisions about important matters related to management, and oversees the business execution of each director. The Board of Directors met on 11 occasions in fiscal 2014. Of the nine Members of the Board, one is female.

3. Roles/functions of outside directors

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

4. Executive officers system

In order to clarify the division of responsibilities between management oversight and business execution, MCI has established an executive officer system. In April 2012, executive directors were appointed as executive officers and their respective roles clearly specified in order to further clarify responsibility for business execution. This system speeds up the decision making of management, facilitates and accelerates the business execution of each division, and further strengthens and enhances MCI's management organization.

5. Establishment of Management Committee meetings

MCI has established Management Committee meetings for the discussion of items that need to be discussed in advance of being put on the agenda of Board of Directors meetings and for the discussion of important matters related to business

execution, and built a system that enables appropriate and efficient decision making. The Management Committee met on 24 occasions in fiscal 2014. The Management Committee consists of members designated by Members of the Board, Executive Officers and the President.

6. Executive Compensation Advisory Committee

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

7. Status of internal audits and corporate auditor audits

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

Corporate auditors attend not only Board of Directors meetings but also various important internal meetings, and regularly exchange opinions with the president and other members of senior management. They officially receive and check the final-decision documents of executive directors and records of important meetings.

Corporate auditors also exchange opinions with accounting auditors and the Internal Control Division regarding annual audit plans and audit results, and coordinate with one another on other matters, whilst ensuring that their respective auditing activities remain independent. (Corporate Auditors Hiromu Matsuda and Hiroki Nishio have been widely experienced from business to management in financial institutions for many years and have extensive knowledge and insights on finance and accounting.)

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

8. Status of commitment to enhance corporate auditors' functions

The corporate auditors attend not only the meetings of the Board of Directors but important meetings of MCI, have regular meetings with the president and others to exchange opinions and officially receive and check the final-decision documents of executive directors and records of important meetings.

Moreover, corporate auditors exchange opinions about the yearly audit plan and audit results with the accounting auditor and the Internal Control Division, and coordinate other matters, to carry out their audits. The auditor audits are attended by outside auditors, as necessary, who make statements based on their extensive experience and broad knowledge. (Corporate Auditors Hiromu Matsuda and Hiroki Nishio have been widely experienced from business to management in financial institutions for many years and have extensive knowledge and insights on finance and accounting.) When necessary, MCI's corporate auditors conduct audits of affiliated companies based on the results of audits by the Internal Control Division and each company's corporate auditors, and they also exchange information and otherwise coordinate with each company's corporate auditors.

Employees with specialist legal and accounting knowledge are assigned to assist corporate auditors in the performance of their auditing duties.

9. Status of accounting audits

MCI is audited by Ernst & Young ShinNihon LLC.

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

Masakazu Nakamura

Shigeyuki Kanou

Yoshihiro Sugimoto

Takayuki Ueki

Details have been provided of any certified public accountants that have carried out audits of MCI for more than seven years.

10. Establishment of various committees

We have established various committees to enhance our corporate governance.

(1) CSR Committee

MCI targets sustainable growth and development for the Mitsui Chemicals Group and society at large, striving to enhance its corporate value by maintaining dialog with its stakeholders and using its business activities to contribute to the resolution of issues within society that combine economics with environmental and social considerations. The CSR Committee (chaired by the President and CEO) discusses the relevant policies, strategies, and plans, and obtains approval from the Management Committee. The CSR Committee met on two occasions in fiscal 2014.

(2) Risk & Compliance Committee

The Risk & Compliance Committee (chaired by the director in charge) is established as a separate committee within the CSR Committee to draft separate policies, strategies, and plans relating to risk management and compliance with laws, regulations and rules. The Risk & Compliance Committee endeavors to promote early risk identification and prevent risk actualization by steadily implementing the relevant PDCA cycle. This includes identifying and analyzing key risks arising from the fiscal year targets at each Group company and division, and enacting measures to address them, in accordance with the "Group Risk Management System." The Risk & Compliance Committee met on two occasions in fiscal 2014. Important policies, strategies, and plans decided by the Committee are reported to the Management Committee.

(3) Responsible Care Committee

The Responsible Care Committee (chaired by the director in charge) is established as a separate committee within the CSR Committee. Its mandate is to oversee activities (hereinafter "RC Activities") relating to environmental conservation, security and disaster preparedness, chemical safety, occupational safety and health, and quality control throughout the entire chemical life cycle from development through manufacture, distribution, use and final consumption, to disposal. The Committee's responsibilities include drafting policies, strategies, and plans relating to RC Activities, and evaluating the results of the activities undertaken. The Responsible Care Committee met on three occasions in fiscal 2014. Important policies, strategies, and plans drafted by the Committee are approved by the Management Committee.

3. Reason for adopting present system of corporate governance

In addition to appointing highly independent outside directors and appointing a Board of Directors, MCI has a system in place to enable the regular exchange of information between its Board of Auditors and the President or relevant director (see *Section 2-7 Status of internal audits and corporate auditor audits*). The Board of Auditors ensures that the decision making process and business execution are effectively supervised from an independent standpoint. The director in charge of internal control meanwhile ensures effective supervision from the standpoints of legality and adequacy.

In addition to legally required bodies, MCI also organizes regular Management Committee meetings (see *Section 2-5 Establishment of Management Committee meetings*) for the purpose of preliminary discussion prior to submitting matters to the Board of Directors. This ensures that decisions can be made appropriately and efficiently by the Board of Directors.

It is for the above reasons that MCI has adopted the present system of corporate governance.



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

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

	Supplementary Explanation
Early notification of convocation of general meeting of shareholders	Notification of convocation is sent 22 days prior to the meeting.
Scheduling of general meeting of shareholders away from “concentrated days.”	The general meeting of shareholders for the 18 th fiscal period (for the fiscal year ended March 31, 2015) was held on June 24.
Option to exercise voting rights electronically	Available from 13 th general meeting of shareholders (June 24, 2010) onwards
Efforts to improve voting arrangements for institutional investors (access to electronic voting platform, etc.)	Access to electronic voting platform from 13 th general meeting of shareholders (June 24, 2010) onwards
English extract of notification of convocation of general meeting of shareholders is posted on the MCI’s website	English extract posted on official website.
Others	The convocation notice for the 18 th general meeting of shareholders (for the fiscal year ended March 31, 2015) was disclosed on the official website on May 29, before being mailed out on June 2.

2. Status of activities related to IR

	Supplementary Explanation	Explanation from Representative
Holding of regular meetings for individual investors	Meetings are held for individual investors several times a year, mainly in the Tokyo area or other major cities.	None
Holding of regular meetings for analysts and institutional investors	Investors information meetings to explain the Group’s strategy and business performance are held twice a year, following MCI’s end-of-year and second quarter account settlement announcements. On the day of each quarterly account settlement announcement, MCI holds “Net Conferences” (in Japanese) to explain the Group’s business performance. MCI also holds “IR events” several times a year, to explain its business strategy, and tours of Company facilities, both in Japan and overseas.	Yes
Holding of regular meetings for overseas investors	Institutional investors in North America, Europe and Asia are visited once a year to explain MCI’s mid-term business plans and strategies in person and exchange opinions. MCI also takes part in conferences organized by securities firms several times a year.	Yes

IR information on the website	Timely disclosure of information such as earnings reports and revisions of earnings forecasts, annual security reports, quarterly business reports, annual reports, materials for analysts and institutional investors, status of corporate governance and convocation notices for the shareholders' meetings are posted on our website. The CEO also issues a message to shareholders by video via MCI's website. (Please refer to the following URL for the details. http://www.mitsuichem.com/ir/index.htm)	
Establishment of departments (personnel responsible) for IR	MCI has established the IR Group within its Corporate Communications Division as an internal department dedicated to IR.	

3. Status of efforts to consider the standpoint of stakeholders

	Supplementary Explanation
Implementation of environmental protection activities, CSR activities, etc.	<p>MCI engages in various CSR activities which include but are not limited to ensuring environmental protection, safety and quality, local contribution activities, and compliance with laws and regulations to ensure that it continues to meet the expectations of all its stakeholders. The policies and directions of these CSR activities are decided upon at the "CSR Committee" which is chaired by the President & CEO.</p> <p>To actively promote CSR in line with companywide vectors and clarify how each individual employee should act after carefully considering what matters, in 2006 we established the Mitsui Chemicals Group Action Guidelines. In 2012, we went on to formulate a set of fundamental Core Values – "Challenge", "Diversity" and "One Team" – to underpin our Corporate Mission and Action Guidelines.</p> <p>Based on these initiatives, we are working to further deepen trust amongst our various stakeholders through CSR activities that are typical of the Mitsui Chemicals Group. We are also committed to realizing sustainable corporate and social development, based on the Group's Corporate Mission of "contributing broadly to society by providing high-quality products and services to customers through innovations and the creation of materials, while keeping in harmony with the global environment".</p> <p>Further details regarding MCI's CSR activities are available via the CSR section of MCI's website. CSR Communication 2015, which outlines some of the Mitsui Chemicals Group's characteristic initiatives, is also due to be published in September this year in an effort to further reinforce dialog with the Group's stakeholders. (Please refer to the following URL for the details. http://www.mitsuichem.com/csr/index.htm)</p>
Others	<p>Promotion of women employees</p> <p>In line with one of our core values, "Diversity", MCI continues to undertake measures aimed at improving the work environment of its women employees and support for the continued growth of their capabilities. MCI actively promotes women, including recruiting candidates from outside MCI, to fill roles and positions to enable them to fully use their skills and expertise.</p> <p>The current percentage of 1.8% for women in managerial positions at the level of section chief or above is targeted at 5% by 2017. (The percentage of women in all managerial positions at Japan's listed companies averages 4.9%, while the</p>

percentage at MCI is 5.4%).

Of the current women in management, five are general managers (one a senior director). From 2006, one of the two outside directors has been a woman.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Establishment of response coordination departments

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

(2) Ties to outside specialists

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

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

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

1. Matters Regarding Takeover Defense Measures

Takeover defense measures	Yes
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Supplementary explanation of the above

Outline of the Takeover Defense Measures

Please refer to “Convocation Notice for the 16th Ordinary General Meeting of Shareholders”, dated June 3, 2013 (<http://www.mitsuichem.com/ir/pdf/130603e.pdf>).

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