

Research and Development (R&D) Basic Policy

Committed to contributing to society, the Mitsui Chemicals Group works to provide solutions to a variety of social issues. These solutions are backed by material and product innovation spearheaded by the Group's R&D Division. At the same time, the Group strives to ensure its own sustainable development.

R&D Strategy

The Mitsui Chemicals Group has identified Mobility, Healthcare, and Food & Packaging as its three targeted business domains. Positioned as the driving force behind the Group's growth, Mitsui Chemicals engages in R&D in each domain on a priority basis as a part of efforts to contribute to society. Moving forward, the Group will pursue market-driven R&D while creating new customer value by exploring customer needs.

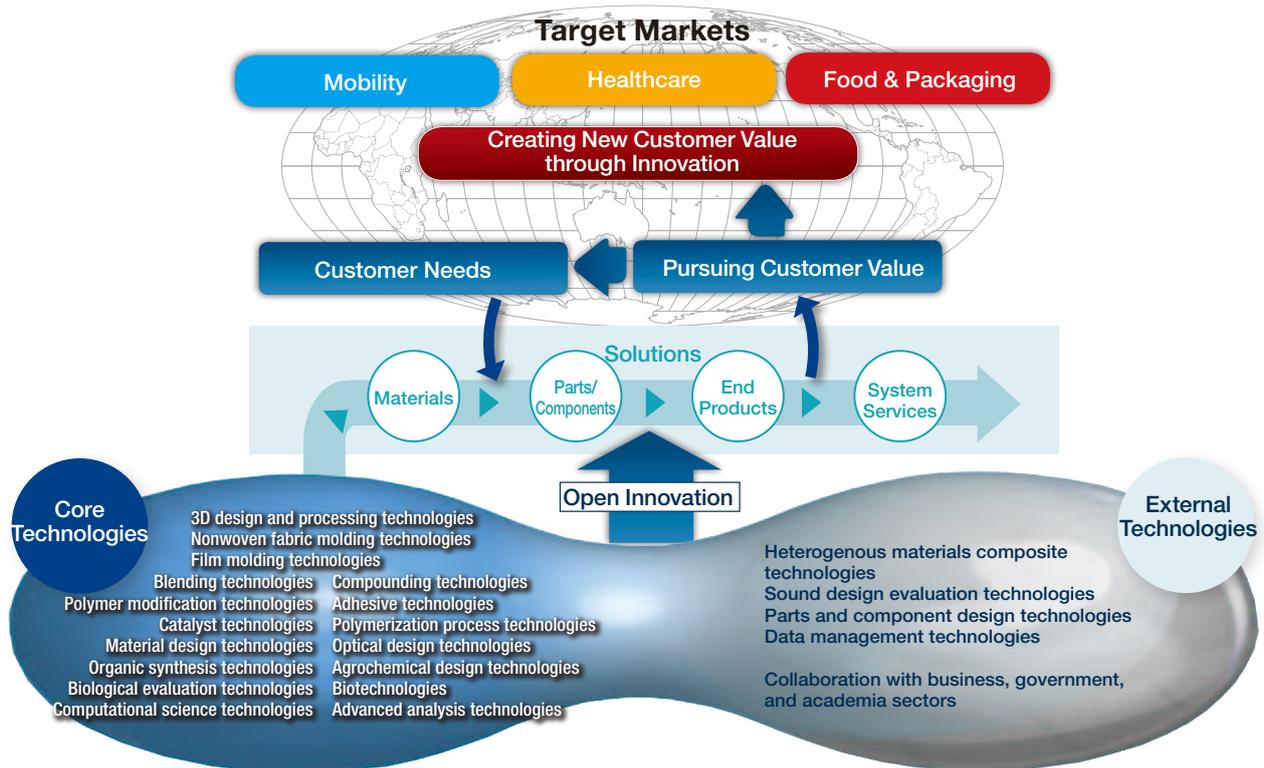
To accelerate new business and next-generation product creation while developing existing peripheral and downstream areas of business, the Group's R&D Strategy Division is consolidating information pertaining to market and customer needs as well as trends in industry, academia, and the public sector, including the activities of venture businesses. In addition, the Group has put in place an R&D management system to ensure that this information is optimally shared and evaluated. Building on this solid information platform, we will devise proprietary solutions that address social issues by actively exploiting open innovation and combining our core technologies with technologies from external sources.

Development Matrix for the Creation of New Businesses and New Products

New business and product creation is essential to the Group's achieving its target of ¥100 billion in operating income around 2020.

In order to increase the probability that the Group's development endeavors will succeed, steps have been taken to classify potential opportunities by market and technology and to then identify an appropriate direction while clarifying related issues and key success factors (KSF) by development domain.

- 1. New products: Technology development areas (Technical innovation)**
Pursue development on the back of comprehensive proprietary technologies in existing markets where the Group excels
- 2. New products: Market development areas (Application innovation)**
Apply existing technologies and products and roll out applications that match customers' needs in new markets
- 3. New business areas (Business model innovation)**
Pursue M&As and open innovation and create new business by combining the Group's technologies with technologies from external sources



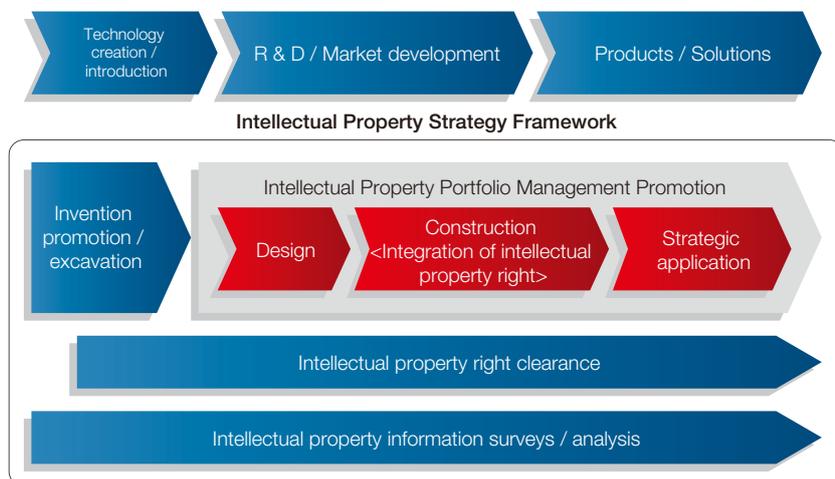
Matrix for New Business and Product Creation

M: Mobility, H: Healthcare, F: Food & Packaging, N: New Business

		1. New products: Technology development areas (Technical innovation)	3. New business areas (Business model innovation)
Technologies	New	Issues Accelerating large-scale theme development with a clearly identified exit KSF • Taking full advantage of the comprehensive strengths of product and production technology development Examples of development M: Compounds for outer panel use H: New ophthalmic lens materials, functional nonwoven fabrics F: New agrochemical agents, new EVOLUE™, etc.	Issues Securing sufficient resources for downstream expansion KSF • Open innovation • Securing safety and reliability Examples of development M: Integrated metal/resin parts; LIB components H: Whole You™ Dentures, electronic eyeglasses, mouthpieces, etc.
	Existing	Existing Businesses	2. New products: Market development areas (Application innovation) Issues Co-creation with customers KSF • Selecting lead customers and sharing milestones • Strengthening product prototype proposals Examples of development M: Engineering plastics F: Overseas development of agrochemicals N: Robot components Diagnostics for photovoltaic power generation, etc.
		Existing	New
		Markets (Business Model)	

Intellectual Property Strategy

The Mitsui Chemicals Group regards intellectual property as a wide range of intangible assets that contribute to its business. Such assets include a host of rights under contract and trade secrets as well as intellectual property rights like patents, confidential know-how, utility models, designs, brands (trademarks), and copyrights. The Intellectual Property Division devises the intellectual property portfolio management scenarios necessary for the realization of strategies, including those for new and next generation business development, set by the business divisions and shares these scenarios among the business divisions, R&D divisions, and production and technology divisions. In addition, the Intellectual Property Division collaborates closely with departments inside and outside the Group. Every effort is made to maximize business opportunities that take full advantage of the Group's intellectual property rights and minimize associated risks.



Building and Reinforcing an Intellectual Property Portfolio

Mitsui Chemicals and its major subsidiaries, Mitsui Chemicals Tohcello, Inc., Mitsui Chemicals Agro, Inc., Prime Polymer Co., Ltd., and Mitsui Chemicals & SKC Polyurethanes Inc., collectively possess more than 3,800 patents (held as patent families) in Japan and overseas as of March 31, 2016. Approximately 60% of these patents are related to the Group's Mobility, Healthcare, and Food & Packaging businesses as well as new and next-generation business development. Moreover, around 80% of the items for which patent applications were filed in fiscal 2015 are related to the growth driver domains identified above as well as new and next-generation business development.

Moving forward, every effort will be made to create and utilize the best mix of the wealth of intellectual property assets, including patent rights held by the Group, in order to build and strengthen an intellectual property portfolio that is capable of further expanding business success, including new and next-generation business development.

In the previous fiscal year, the Group's efforts and strategic activities to protect intellectual property rights both domestically and overseas received high acclaim. Based on an analysis of overall patent volume, Thomson Reuters, one of the world's leading information service companies, named Mitsui Chemicals one of the year's Top 100 Global Innovators.



Patent Families

	Business Sector	Number of Items
Growth Drivers	Mobility	670
	Healthcare	407
	Food & Packaging	878
Supportive Earnings Platform	Basic Materials	1,051
New business development		412
Other (R&D divisions, etc.)		406
Total		3,824

(As of March 31, 2016)

Furthering Intellectual Property Strategies in Key Overseas Regions

In addition to efforts aimed at developing new business in Europe and the United States as well as the implementation of brand strategies, measures to counter risks associated with intellectual property rights in emerging markets, such as those in Asia, are becoming increasingly important as the Group works to expand globally. Against this backdrop, Mitsui Chemicals is forming close ties with regional holding and local Group companies to ensure the deeper penetration and promotion of the Group's intellectual property strategy, which includes efforts to better protect the Mitsui Chemicals Group brand across overseas businesses, while addressing changes in the global business environment in a timely manner.

Strengthening the Mitsui Chemicals Group's Intellectual Property Platform

Mitsui Chemicals is strengthening its operating platform to better ensure the uniform Group-wide management of its intellectual property assets so as to carry out its intellectual property strategy collaboratively with Group companies. In addition, we have established an intellectual property education and training system. By devising a program to develop human resources who are well versed in areas related to intellectual property, we are supporting and strengthening efforts to build an abundant pool of personnel with keen intellectual property mind-sets and skills.