

Risk and Compliance Management

Risk and Compliance Management Basic Policy

The Mitsui Chemicals Group's basic stance toward risk management emphasizes early discovery as well as efforts to prevent risks from materializing. The Group constantly works to thoroughly enhance its risk management system to secure the trust of stakeholders, including shareholders, customers and the local community, and to fulfill its corporate social responsibilities.

From an organizational perspective, the Group established the Risk & Compliance Committee. Positioned under the CSR Committee and headed by a board director, this committee is a separate entity that is charged with the responsibility of deliberating on the Group's risk management policy while maintaining and operating its risk management system in accordance with established risk management regulations.

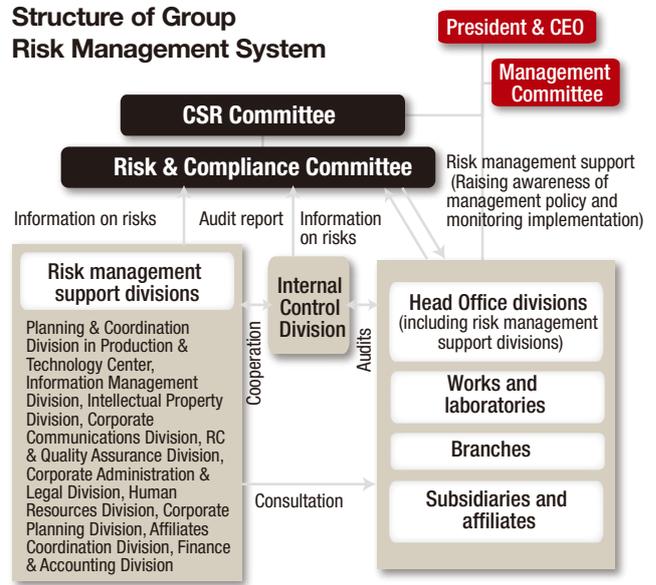
Risk Management System

In line operations, the Group applies PDCA* cycle management and bolsters risk management systems throughout the Group, including at subsidiary and affiliate companies.

The system involves identifying key risks, analyzing those risks, and taking appropriate countermeasures in the annual budget of each company and division. The Group also uses compliance checklists as part of a risk management PDCA* cycle designed to monitor progress and to prevent risks from materializing. Moreover, any Group company or division can also enlist specialist help from the risk management supporting divisions.

*PDCA: Plan, do, check, act

Structure of Group Risk Management System



Risk Hotline

As an adjunct to the aforementioned initiatives, the Group has established a risk hotline to enable employees who uncover potential illegal activities in the Group to report their suspicions directly to the Risk & Compliance Committee or an outside attorney. Any information pertaining to risks that is acquired through this hotline is properly and promptly reported to the Corporate Auditors.

Our Company regulations clearly state that employees using the hotline to report or seek advice about an incident must not receive unfavorable treatment.

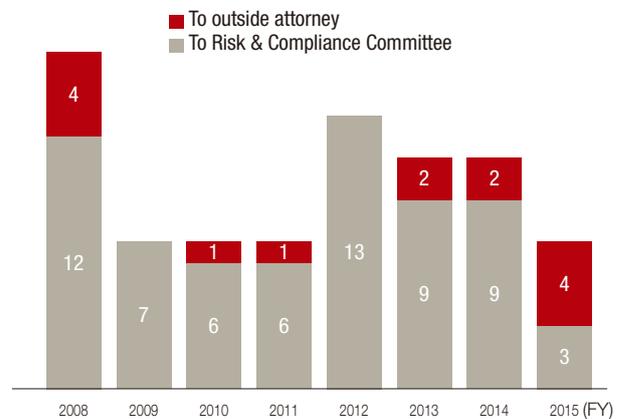
Extending beyond the scope of Mitsui Chemicals Group employees, this hotline is also open to reports and requests for advice from employees working for contractors at our works or other sites and those working for companies supplying us with items such as raw materials or parts.

Business Continuity Plan

Mitsui Chemicals created a business continuity plan (BCP) in preparation for a major earthquake in the Tokyo metropolitan region. The plan calls for the creation of an emergency headquarters to quickly establish a command and control structure at key centers, including Osaka Works, if the functioning of the head office becomes paralyzed in addition to emergency customer response centers to provide prompt and appropriate support to our customers. We have also created BCPs in preparation for outbreaks of new strains of influenza and for large-scale plant accidents.

In light of the growing possibility of an earthquake along the Nankai Trough or a major earthquake centered beneath the Tokyo metropolitan region, we conduct comprehensive BCP training encompassing various response measures each year in order to enhance BCP efficacy. Based on this training, rules and regulations as well BCPs are reviewed and revised. Every effort

Number of Reports Made



is made to ensure awareness and strict adherence within each workplace. Steps are also taken to check and provide all necessary equipment. Moreover, we conduct routine training in countermeasures against earthquakes and tsunami and set up an evacuation system for plant workers after plant operations have been safely shut down.

With respect to business operations, in order to secure an appropriate supply chain, systems are in place to acquire certain key raw materials from multiple suppliers as well as alternative items. Furthermore, countermeasures include the setting up of a production structure that is dispersed over multiple works for the Group's mainstay products and the securing of a certain level of inventories.

* Business Continuity Plan (BCP): A practical plan for how an organization will minimize the decrease in business activity levels as well as recover and restore partially or completely interrupted critical functions as soon as possible after a disaster or extended disruption.

Compliance

As an indication of the priority given to compliance with laws and regulations over any pursuit of profit, the Mitsui Chemicals Group has identified compliance with the laws and regulations as the first item in its Group Action Guidelines formulated in February 2006. In addition to putting in place a risk management framework that includes the Risk & Compliance Committee and Risk Hotline, Mitsui Chemicals is acutely aware of the critical need to have its employees who drive its risk management framework forward strictly adhere to all laws and

regulations. With this in mind, the Company has undertaken four initiatives in an effort to promote compliance. In addition to preparing a basic Compliance Guidebook, we conduct compliance awareness education and training as well as workplace discussions covering case studies of violations of laws and regulations in order to strengthen the understanding of employees. From a skills and knowledge perspective, we also conduct legal and regulatory compliance training.

1. Workplace Discussions Encompassing Case Studies of Various Statutory and Regulatory Violations

The Company has been holding workplace discussions encompassing case studies of various statutory and regulatory violations since fiscal 2008. The causes, preventive measures and other subjects related to typical breaches in compliance are discussed in the workplace. Going beyond raising awareness about compliance, such discussions are effective in furthering communication among employees.

3. Training on the Observance of Laws and Regulations

The Mitsui Chemicals Group conducts training on statutory and regulatory compliance in an effort to improve employee knowledge of compliance matters. For almost all the courses, e-learning classes have been created. In order to ensure that employees keep abreast of the latest information and requirements, the Company's rules require that refresher courses be taken every three to five years.

2. Raising Awareness of Compliance

From senior management to new employees, compliance awareness-raising programs tailored to each level of employees are being implemented.

4. Distributing a Compliance Guidebook

The Mitsui Chemicals Group published a compliance guidebook containing important information on how to better observe compliance. Japanese, English, and Chinese editions of this booklet are published and distributed to all Group employees. Through published materials that employees can refer to at any time, the Mitsui Chemicals Group strives to continuously promote compliance.

CSR-Oriented Procurement

As we regard all of our suppliers as good partners here at the Mitsui Chemicals Group, in April 2006 we formulated the Mitsui Chemicals Group Purchasing Policy in an effort to get our suppliers involved in our CSR-oriented purchasing activities. We have been purchasing supplies in accordance with the relevant policy ever since.

In selecting suppliers, we adopt a CSR-oriented approach. In specific terms, we will give priority to and seek to build stronger partnerships with companies that satisfy the following requirements. Moreover, we routinely conduct surveys to confirm the level of compliance with requirements. In addition to assessing

the results of surveys, we take steps to obtain feedback through visits and other measures.

- Strict compliance with laws and social norms
- Respect for human rights and consideration for working environments
- Commitment to environmental preservation and safety assurance
- Sound management
- Commitment to maintaining and improving appropriate standards in areas such as quality, price and delivery dates

Policy on Conflict Minerals

We are fully aware of the essential need to address so-called conflict minerals here at the Mitsui Chemicals Group. We have conducted our own investigation and confirmed that we do not purchase or use any conflict minerals associated with inhumane acts committed by armed groups on the ground in the Democratic Republic of Congo or any of its neighboring countries. That includes gold (Au), tantalum (Ta), tungsten (W) and tin (Sn). If it comes to light that we have used any conflict minerals in the future, we will immediately halt procurement of the relevant minerals.