



CSR Management

Corporate Governance

Basic Ideas

The Mitsubishi Chemical Holdings Corporation (MCHC) Group has introduced a holding company system that completely separates portfolio management functions and individual operation management functions.

MCHC's core operation companies consist of Mitsubishi Chemical Corporation (MCC), Mitsubishi Plastics, Inc. (MPI) and Mitsubishi Tanabe Pharma Corporation (MTPC), and their principal operations involve performance products, healthcare and chemicals.

As a holding company, MCHC initiates various management measures to enhance corporate value, specifically through building group strategies, finding an optimal allocation of management resources and overseeing management, among other efforts. MCHC prioritizes management decision-making, efficient and timely execution of operations, clarification of management responsibility, strict compliance, and solid risk management as its most important corporate governance concerns. As a body responsible for overseeing the management of the MCHC Group, MCHC seeks to further enhance corporate value for the MCHC Group.

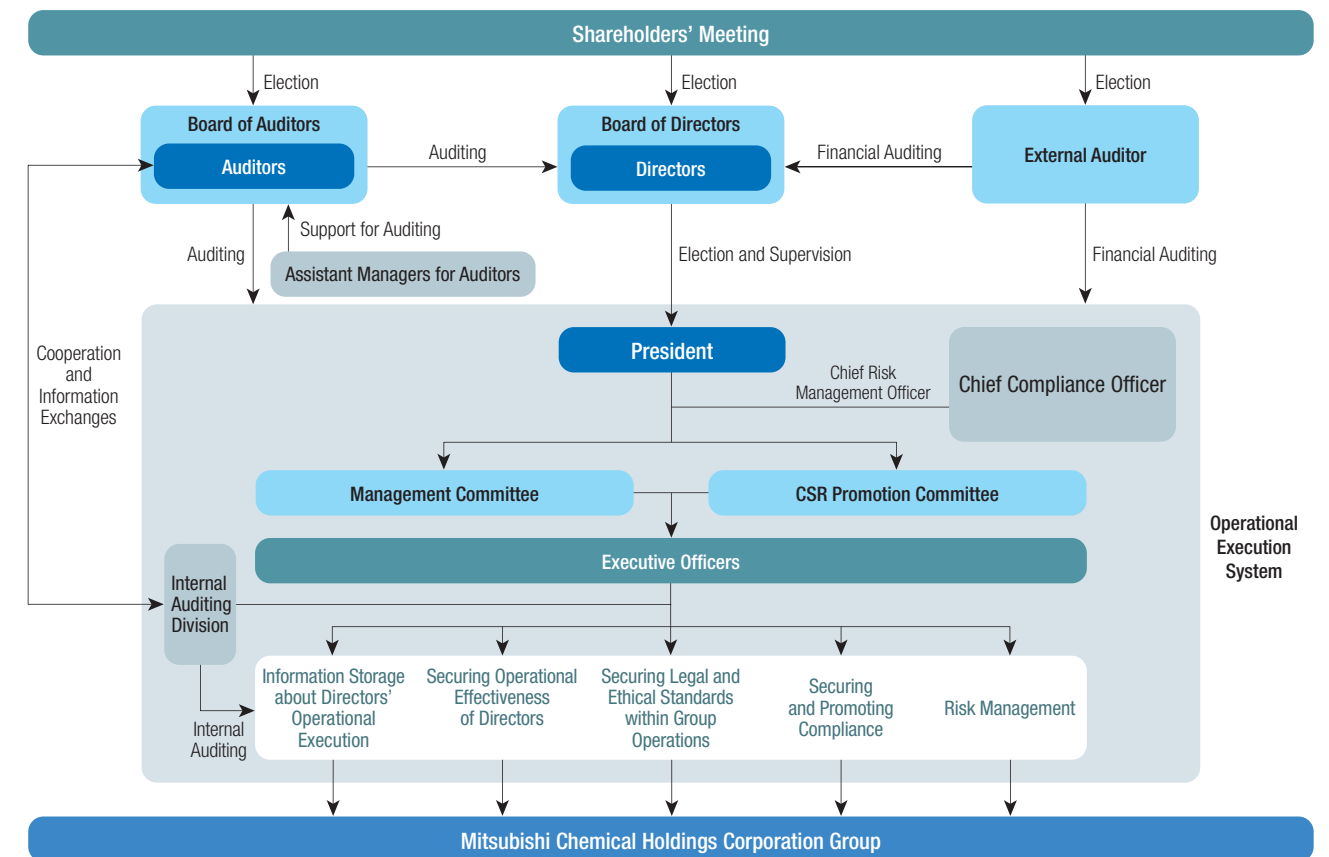
Corporate Governance Structure

The MCHC Group has adopted an executive officer system to separate management oversight and execution functions, and has set forth rules governing the activities of the Board of Directors, Management Committee, CSR Committee, and other decision-making organs, rules addressing the authority of individual employee positions, rules setting forth the responsibilities of individual departments, and other rules. The MCHC Group efficiently and properly pursues management decision-making and execution.

Cooperation between Statutory Auditors and External Auditors

MCHC has entrusted the performance of its external audits to Ernst & Young ShinNihon LLC. Ernst & Young ShinNihon maintains a close relationship with the statutory auditors. It provides the statutory auditors with reports on the status and results of audits, exchanges important information and opinions with the statutory auditors and strives to perform efficient, effective audits.

Corporate Governance Structure (As of June 30, 2009)



Authority and Roles of Governance Organs

● Board of Directors

The Board of Directors, based on the Board of Directors Regulations and other related regulations, makes decisions on important MCHC management matters and fundamental Group management matters, and oversees the execution of duties by directors.

In principle, the Board of Directors Meeting is convened once a month. MCHC, which has specified in its Articles of Incorporation that it shall have no more than 10 directors, has seven directors as of June 30, 2009. To ensure that its management system can quickly respond to changes in the business environment and in the interest of clarifying director management responsibilities and roles, MCHC has set the terms of office of directors at one year.

● Management Committee

The Management Committee, as an organ for assisting the President and Representative Director in decision-making, discusses investment, financing and other important matters of business execution for both MCHC and the MCHC Group companies. Actions related to matters of particular management import discussed by the Management Committee must be approved by the Board of Directors prior to execution. The Management Committee meets twice a month and is

composed of the president, standing executive officers, executive representatives of principal direct investees and statutory auditors.

● CSR Promotion Committee

The CSR Committee, as an organ for assisting the President and Representative Director in decision-making, discusses important matters related to MCHC and the MCHC Group company compliance, risk management, safety and environmental measures, human rights education, social contributions, and other aspects of corporate social responsibility (CSR).

In principle, the CSR Committee convenes twice a year and at other times as necessary. Its members consist of representatives of both MCHC Group companies. Included are presidents, executive officers in charge of compliance, risk management officers, responsible care (RC) officers and other officers with CSR responsibilities, and statutory auditors.

● Statutory Auditors and Board of Auditors

Auditing operations are performed by statutory auditors and the Board of Auditors. The Board of Auditors Meeting, in principle, takes place once a month. As of the end of June 2009, the Board of Auditors consists of five statutory auditors, including three outside auditors.

Internal Controls

Basic Concepts on and the Status of the Internal Control System

Mitsubishi Chemical Holdings Corporation (MCHC) strives to strengthen and thoroughly implement its internal control system based on the basic policies decided by the Board of Directors. The Board of Directors inspects the implementation status of these basic policies at the end of every fiscal term and reviews any specifics of the policies as needed.

In fiscal year 2008, MCHC established an MCHC Group information security policy and information system security rules. Moreover, in response to enforcement of the internal control report system of the Financial Instruments and Exchange Law, MCHC took stock of and improved the actual conditions of the enhancement/operational situations of the Group's internal control concerning financial reporting. MCHC then evaluated such enhancement/operational situations in accordance with the standard concerning the evaluation of the internal control, as specified by the Financial Instruments and Exchange Law.

Furthermore, in order to help strengthen the initiatives for the internal control pursued by its overseas group companies, MCHC held an Asian Region Internal Control System Promotion Meeting in China (with 28 companies) and Singapore (13 companies), respectively. There, participants discussed and exchanged information on MCHC Group's initiatives for internal control, compliance by each operating company and risk management.



Asian Region Internal Control System Promotion Meeting

In fiscal year 2009, MCHC will further enhance the situations of its internal control based on the evaluation results. MCHC will also strengthen its collaboration with the internal control system-related departments and internal audit departments of its core operation companies (Mitsubishi Chemical Corporation (MCC), Mitsubishi Plastics (MPI) and Mitsubishi Tanabe Pharma Corporation (MTPC)), in order to assist the penetration of internal control such as the promotion of compliance and risk management.

Risk Management

Basic Concept and Risk Management System

The Mitsubishi Chemical Holdings Group (MCHC Group) has been consolidating its risk management system, in order to fulfill the Group's social responsibility and enhance its

corporate value. In April 2006, MCHC developed a risk management system, with its President as head, bearing the ultimate responsibility, which was followed up by formulating and implementing the Mitsubishi Chemical Holdings Corporation Group Risk Management Basic Policy to avoid major risks related to Group business activities and minimize damage when occurred.

The CSR Committee discusses important issues related to the Group's risk management, such as risk management policies and response to major risks for the Group. Based on the Committee's discussions, the MCHC President makes decisions as the leader ultimately responsible for the Group's risk management.

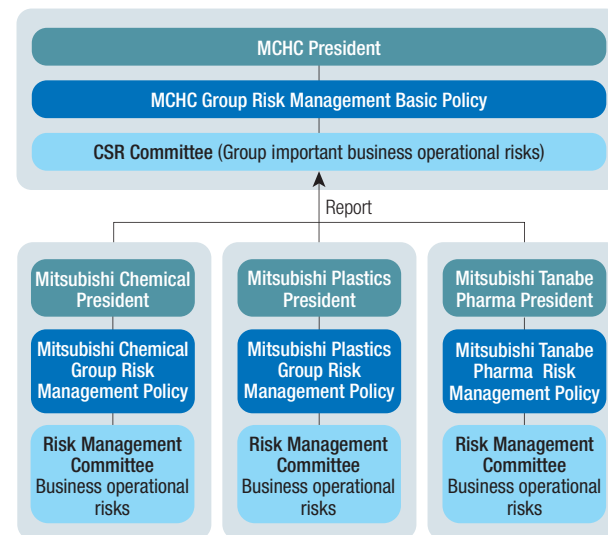
Each of the operating companies builds its own risk management system tailored to its business characteristics, overseeing its subsidiaries to create their risk management systems.

Activities in Fiscal 2008

In FY2008, MCHC also promoted what it had regularly done in the past—the monitoring of the enhancement/operational situations of the Group's risk management system and grasp/evaluations of the Group's major risks. MCHC arranged to share information among operation companies, in relation to risk management. Moreover, MCHC held internal promotions of risk factors such as new types of influenza and information security in order to dissolve and reduce such factors.

In FY2009, MCHC will help build risk management systems for its Group companies and support the consolidation of these systems' operations.

Risk Management System (As of June 30, 2009)



Creating a Safety Culture

MCHC has established the Group Foundation Enhancement Office to foster cross-group ties in such areas as production technologies, the environment and safety. In addition, MCHC

holds the Three-Company Cooperation Council as necessary, attended by general managers in charge of these functions at Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Tanabe Pharma. The objective of this council is to create a common awareness of environmental and safety activities throughout the MCHC Group and to serve as a platform for sharing information and opinions on the companies' policies and issues in this regard.

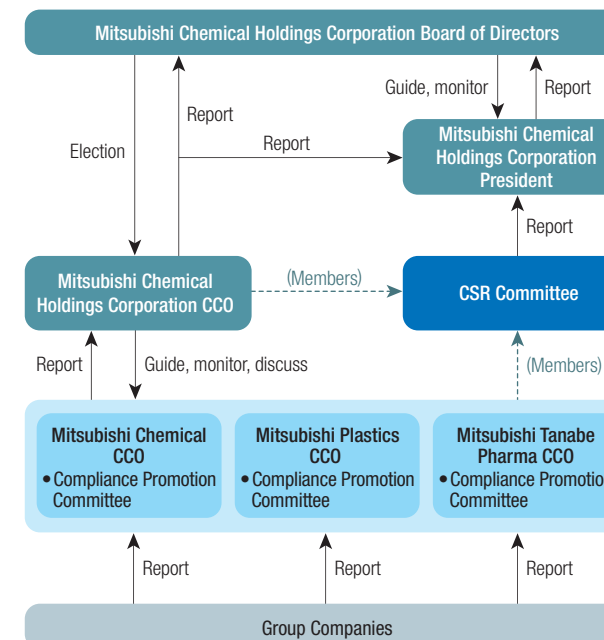
Compliance

Basic Concepts and Compliance Promotion Structure

The Mitsubishi Chemical Holdings Group (MCHC Group) interprets "compliance" as more than simply legal compliance; we take it to mean the upholding of corporate ethics and social mores, as well. In addition, we have made compliance our top management priority and have established various related regulations, including the MCHC Group Corporate Ethics¹, MCHC Group Compliance Code of Conduct¹, and the MCHC Group Compliance Promotion Regulations, which underpin all other compliance-related regulations.

To ensure the thorough understanding and practice of compliance throughout the Group, Compliance Groups have been established in MCHC's Internal Control Office and Compliance Promotion Committees appointed in each MCHC Group company. These are headed by Chief Compliance Officers (CCO), who are appointed by the MCHC Board of Directors. MCHC requires each MCHC Group company to prepare a code of conduct and guidebook, undertake education and training activities, conduct business audits and monitoring, establish and operate a compliance hotline, and perform other activities, all via Compliance

Group Compliance Promotion System (As of June 30, 2009)



Promotion Committee activities. It also dispatches training instructors, prepares tools, and provides other types of support for the activities of MCHC Group companies. These concepts and activities also apply to overseas Group companies, which ensure and enhance compliance by using the MCHC Group Corporate Ethics as a common set of fundamental regulations in developing codes of conduct and preparing promotion regulations that are consistent with the laws and social mores of their host country.

Activities in Fiscal 2008

In FY2008, MCHC held a lecture on compliance as a top seminar for the presidents and CCO of its 98 Group companies. MCHC's compliance initiatives also included revisions of operating rules, aimed to protect hotline users even more firmly. These initiatives were reported at the CSR Promotion Committee.

In FY2009, MCHC will support measures to widen the understanding of compliance among its Group companies, particularly those operating overseas, promoted by the core operation companies of Mitsubishi Chemical, Mitsubishi Plastics, and Mitsubishi Tanabe Pharma.

¹ The MCHC Group Corporate Ethics and MCHC Group Compliance Code of Conduct are posted on MCHC's website.

TOPICS

Basic Policy on Information System Security Prepared for the MCHC Group

In March 2009, MCHC set up a basic policy and administrative system for information system security, aimed at protecting MCHC's information system assets from internal and external threats, and thereby maintaining/enhancing the corporate value of the entire MCHC Group.

The basic policy calls on each Group company to "regard its information system assets as part of the Group's infrastructure and to strive to ensure the company's information security pursuant to the policy." As the promoting body, an MCHC Group Information System Security Administration Committee was set up, comprised of person in charge of information system of MCHC Group Synergy Office, the information system unit managers of the three core operation companies and technical supervisors of the information system operation company. The Committee's chairperson, assuming the highest responsibility for promoting the security of the MCHC Group, is assigned to the executive officer in charge of information systems at the MCHC Group Synergy Office. Moreover, a "person in charge of information system security management" is assigned in each Group company as the responsible promoter of the company's security initiatives.