



MITSUBISHI GAS CHEMICAL COMPANY, INC.

Mitsubishi Building 5-2, Marunouchi 2-chome Chiyoda-ku, Tokyo 100-8324
 Corporate Communications Division Tel: +81-3-3283-5041 Fax: +81-3-3287-0833
<https://www.mgc.co.jp/eng/>

Corporate Report
2019



Philosophy for Being

MGC contributes to societal growth and harmony by creating a wide range of value through chemistry.

MGC Group Vision

“Creating value to share with society”

Management Concept

- MGC management is striving to create a place where there is job satisfaction and a dynamic group in which motivations and abilities are respected
- Marketing that watches the world to ascertain needs, and expands/creates markets
- Creative research/development that deeply understands needs, and refines the seeds that will bring forth success
- Production activities that work toward improved technology, environmental preservation, ensure safety, and provide better products
- An open corporate culture in which each person can share their goals and actively participate

Principles of Conduct

As a Professional Group

1. Courage that does not shy away from change
2. Aim for lofty goals
3. Perseverance in achieving goals
4. Build team spirit with communication

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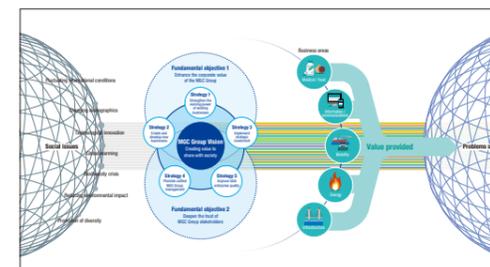
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Editorial Policy

In 2018, Mitsubishi Gas Chemical decided to consolidate its presentation of financial and non-financial information into a single Corporate Report combining both financial and non-financial information. To offer an easy-to-follow description of the management strategies designed to achieve the MGC Group Vision of “Creating value to share with society,” it offers the perspective of an integrated report while bringing together information on MGC’s Medium-term Management Plan, growth strategy, and CSR/ESG information, as well as financial information and other data. We hope that by reviewing this report, our stakeholders will gain a deeper understanding of MGC Group.

Scope of This Report

Mitsubishi Gas Chemical Company, Inc. (MGC) and MGC Group (where the scope of reporting differs, it is noted in the data).

Reporting Period

April 1, 2018–March 31, 2019 (Some activities taking place in or after April 2019 are also noted.)

Note that Responsible Care activities cover only the period between January 1, 2018 and December 31, 2018 (Some activities taking place in or after January 2019 are also noted.)

Published

November 2019

Launched as MGC

October 1, 1971

Originally founded 1918; Incorporated 1951

Net sales

648.9 billion yen

Capital

41.97 billion yen

Operating income

41.3 billion yen

Number of employees (consolidated)

8,276

Non-consolidated 2,355

Ordinary income

69.1 billion yen

Number of Group companies
(subsidiaries and affiliates)

150

Net income attributable to
owners of the parent

55.0 billion yen

Product varieties

Approx.110

R&D costs

18.6 billion yen

Number of stockholders

23,235

Cost of environmentally friendly R&D

2.6 billion yen

Mitsubishi Gas Chemical's Four In-house Companies and New Businesses



**Natural Gas
Chemicals
Company**

Methanol and Organic Chemical Products Business

- Methanol
- Ammonia
- Amine

Life Science Business

- Health food ingredients/Antibody drugs

Energy & Resources Business

- Geothermal power/Natural gas

Aromatic Chemicals Business

- Meta-xylenediamine/MX Nylon
- Meta-xylene/Purified isophthalic acid
- Aromatic aldehydes

Foamed Plastic Business

- Foamed plastic

**Aromatic
Chemicals
Company**



**Specialty
Chemicals
Company**

Inorganic Chemicals Business

- Hydrogen peroxide
- Electronic chemicals

Engineering Plastics Business

- Polycarbonate (lupilon™)/ Polycarbonate sheet, Polycarbonate film
- Polyacetal (lupital™)

Optical Materials Business

- Special polycarbonate (lupizeta™)

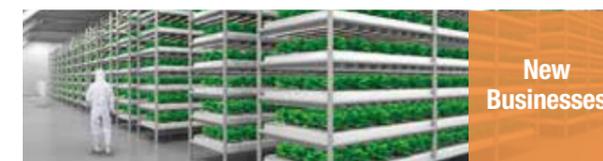
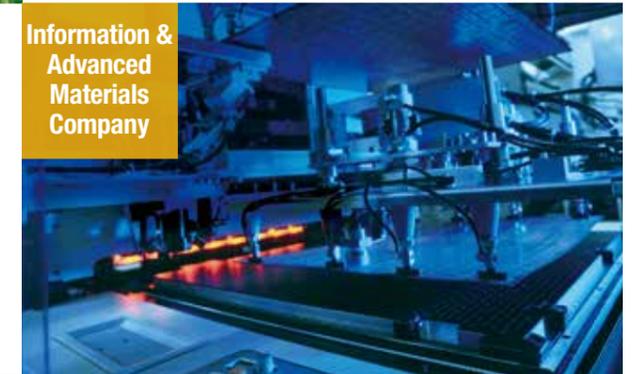
Electronics Materials Business

- BT materials for semiconductor packaging
- Auxiliary material for drilling (LE SHEET™)

Oxygen Absorbers Business

- Oxygen absorbers for food (AGELESS™)
- Oxygen absorbers for medical use (PharmaKeep™)

**Information &
Advanced
Materials
Company**



**New
Businesses**

- Medical packaging materials—OXYCAPT™
- Solid electrolytes
- Factory-produced vegetables—leaf lettuce and other leafy greens
- Active optical cable—TeraWire™

648.9 billion yen
(Fiscal year ended March 31, 2019)

1927 Formalin

First in Japan to manufacture formalin.

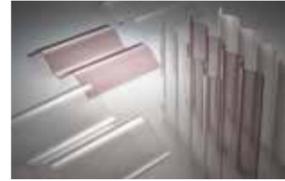
1952 Methanol

First in Japan to manufacture methanol from natural gas.



1971 Polycarbonate "Iupilon™"

Developed transparent resinous sheets as an alternative to glass.



1980 Nylon MXD6 Reny™

Used as an engineering plastic replacement for metal in automobiles, allowing for lighter-weight vehicles.



1991 Plastic lens monomer

Developed thin, lightweight plastic lenses as a replacement for glass.



2015 OXYCAPT™ plastic syringes and vials

Developed safe, reliable plastic medical instruments.



1933 Hydrogen peroxide

First in Japan to manufacture hydrogen peroxide using the electrolytic process.



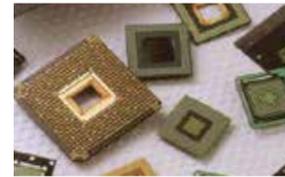
1968 Xylene separation and isomerization apparatus

World's first use of superacid "HF-BF₃" in industrial applications.



1976 BT materials

Used as replacement for then-mainstream ceramics in semiconductor packaging, contributing to the popularization of personal computers.



1991 "PharmaKeep™" "AnaeroPack™"

Expanded use of oxygen absorbing technology to the drug management and pathogen exam fields.



2015 Pyrroloquinoline quinone (PQQ)

Full-scale roll-out in Japan of a food ingredient that leads to healthy longevity.



1937 Laminated material for printed circuit boards (PCBs)

First in Japan to develop the base materials for PCBs.



1969 Meta-xylenediamine

Developed coating raw material with excellent curability and durability.



1977 AGELESS™ oxygen absorbers

Enabled food to maintain its freshness.



1982 Foamed polypropylene

Used in automobile bumpers. High shock absorbency contributes to enhanced safety performance, and light weight contributes to lighter-weight vehicles.



1984 MX Nylon

Made it possible to replace glass bottles with plastic for carbonated beverages.



2006 Specialty polycarbonate resin "Iupizeta™"

Enabled the achievement of compact, high-resolution cameras for smartphones and other mobile devices.

Awarded the 49th Ichimura Prize in Industry in April 2017.



1951 (Former) Japan Gas Chemical Co., Inc. Incorporated

1918 (Former) Mitsubishi Edogawa Chemical Co., Ltd. Founded

1971 Mitsubishi Gas Chemical Company, Inc. Launched

25.3 billion yen
(Fiscal year ended September 30, 1971)

143.7 billion yen
(Fiscal year ended March 31, 1978)

127.9 billion yen
(Fiscal year ended March 31, 1977)



Net sales Note: Consolidated accounting began with the fiscal year ended March 31, 1978.

We are steadily advancing the priority measures of the medium-term management plan to establish a solid earnings foundation that is resilient to market fluctuations and to generate value creation that will drive our business growth.

Masashi Fujii

President and Representative Director



Q1 What is the Company's status since you were appointed president in April 2019?

A1 Although we are facing a severe market environment, I intend to steadfastly execute the strategies in the medium-term management plan and lead the Company into its next growth phase.

The MGC Advance 2020 medium-term management plan launched in fiscal 2018 is a three-year roadmap to bring the MGC Group to its next stage of growth. When I was appointed to succeed previous President Toshikiyo Kurai in the second year of the plan, I committed myself to fulfilling the great responsibility I was given.

The restructuring of unprofitable businesses during our previous medium-term plan added new power to our corporate structure by establishing robust and balanced profit structures for all of our businesses and vastly improving our financial position.

Nevertheless, due to the unfavorable market conditions, we ended up posting profit declines in fiscal 2018, ended in March 2019. The business environment remains unpredictable in fiscal 2019 (ending in March 2020) with

numerous uncertainties, including trade conditions, in the global economy as well as in the markets for commodity products. In addition, we expect the new framework for the methanol operation in Saudi Arabia to significantly reduce our equity profits. We expect these factors to result in an overall decline in profits for the year.

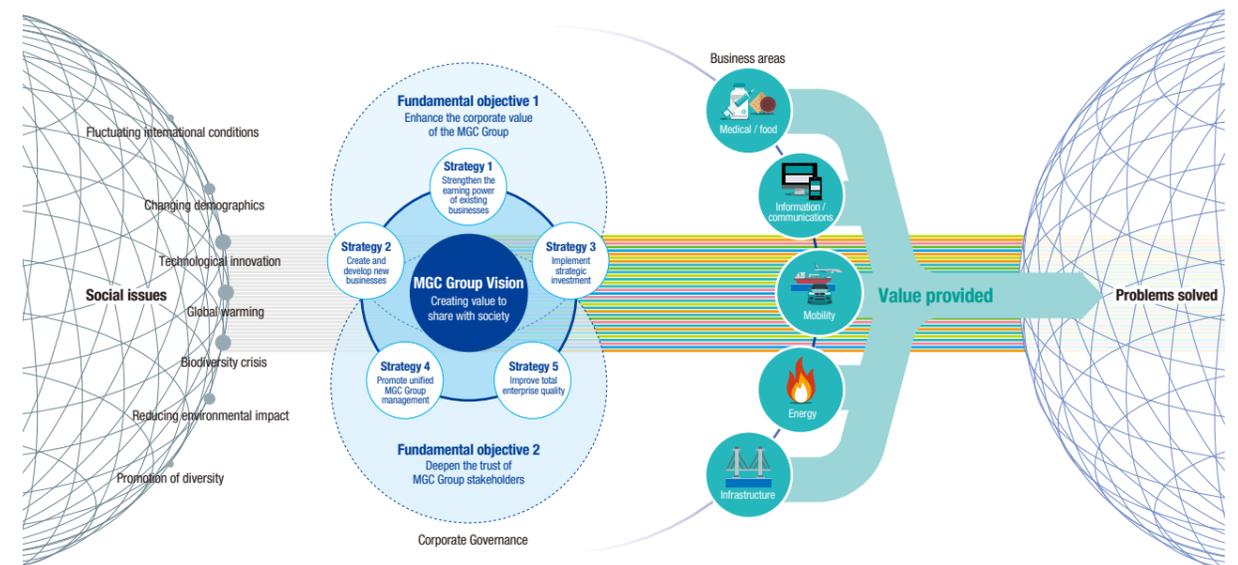
While the adverse environment affects our current performance, we will continue diligently advancing the strategies of our medium-term plan to bring the Company closer to establishing sustained growth in the future. The fundamental objectives of the plan are to "enhance the corporate value of the MGC Group" and "deepen the trust of MGC Group stakeholders", and we will tenaciously execute the plan's five strategies based these objectives.

One of these strategies is "implement investment strategies to form an optimal business portfolio." Since our businesses include commodity products, our earnings will always be affected to a certain degree by business conditions. With this in mind, we are forming a concrete business foundation that will enable the Group to realize sustained earnings growth. By strategically investing for growth and creating and developing new businesses, we are creating a strong business portfolio that will be unwavering in any external environment.

MGC Advance2020

A brighter future from bigger dreams!

The period from April 2018 to March 2021



Q2 What progress is being made with the five strategies in the medium-term management plan?

A2 We are steadily expanding the production capacity in our core businesses and emphasizing new business development.

To begin, we are aggressively advancing our first strategy to “strengthen the earning power of existing businesses with a focus on the core businesses.” Efforts in the past year include building two ultra-pure hydrogen peroxide plants in North America and expanding our special polycarbonate manufacturing plant to meet growing demand associated with smartphone camera lenses. We also started examining ways to boost our production capacity of meta-xylenediamine (MXDA) as our current facilities are operating at full capacity to meet the ongoing strong demand.

In our methanol operations, MGC equity-method affiliate Japan Saudi Arabia Methanol (JSMC) decided to extend the expiring partnership agreement for the joint-venture Saudi Methanol Company (AR-RAZI) while halving its equity stake to 25%. Although JSMC will pay a consideration to Saudi Basic Industries Corp. (SABIC) to extend the agreement, management determined that the JV’s competitiveness made the extension a rational economic investment. MGC and SABIC have formed a strong relationship over four decades of working together, and the agreement ensures a continuing stable supply of methanol imports to Japan and another 20 years of partnership with SABIC. We are working together with SABIC to incorporate new technologies to make our methanol plants more competitive and energy efficient. In addition, commercial operations are set to commence at our new methanol plant in Trinidad and Tobago in fiscal 2019, which will give us four methanol plants in full operation around the world.

We advanced our second strategy to “create and develop new businesses” in the medical field by continuing to conduct sample evaluations of our plastic OXYCAPT™ alternatives to glass instruments while the number of institutions using the products started to grow. In the antibody drug field, we successfully realized mass culture of cells producing a denosumab biosimilar candidate. We also invested in companies engaged in the examination and diagnosis devices and R&D of regenerative medicine. We also expect a boost to our new businesses when the new large-scale vegetable factory with 100% artificial lighting constructed in Shirakawa, Fukushima Prefecture, begins shipping produce this fiscal year. We intend to continue aggressively pursuing M&A to bring in new technologies and operations that will accelerate the creation and development of new businesses.

We believe the current unfavorable business conditions make it even more crucial to continue advancing our third strategy to “implement investment strategies to form an optimal business portfolio.” Although business results will inevitably be affected by the business conditions, we are leveraging the Group’s competitive businesses and focusing management resources into our commodity products with long lifecycles to shore up earnings. To formulate the optimal business portfolio for the Group, we intend to further raise the sales composition of high-value-added products with high profit margins that are resilient to market conditions and accelerate the creation and development of new businesses.

The fourth strategy to “promote unified MGC Group management” is to combine the various strengths of the Company and Group companies and focus them on addressing specific social issues. We will then invest management resources to harness the synergy effects and develop promising. We also introduced business management units (BMU) and began unified earnings management for all of our operations. In addition, we established MGC Trading in July 2018 as a first step toward integrating the Group’s three trading houses. The company will improve the efficiency and strengthen our internal trading functions and bring the Group closer to comprehensive unified management.

The fifth strategy to “improve total enterprise quality to support sustainable growth” entails improving the quality of our management resources and applying those resources effectively and efficiently. I believe a robust R&D structure is vital to this strategy and plan to invest not only in improving the quality and volume of our R&D activities but also in strengthening the organizational structure.

Q3 What specific R&D initiatives is the Company engaged in?

A3 As a technology-based company, R&D drives our success. We are actively reforming our organizational environment to strengthen our R&D for the future.

The MGC Group emphasizes originality, eliteness, and the ability and willingness to take on new challenges. These characteristics have enabled us to create numerous innovative products from scratch. For the future, product innovation and advances in new product directions are essential to expanding our business. My mission is to provide a clear path forward and ensure all of our employees integrate this awareness to their work activities to continue making our Company stronger.

A full staff is vital for full-fledged R&D. The Group currently has 890 research personnel, and we will be adding

more. We are also setting up sites and systems to facilitate communication among the engineers at our various operating segments to promote the creation of new value in the form of cross-value innovation. We are further strengthening our R&D structure with the MGC Technology Platform with open access to all of our research personnel. Focused on the medical & food, information & communications, and mobility business domains, the platform will enable effective use of the elemental technologies the Group has accumulated to accelerate the creation and development of new businesses.

Through these measures, we are creating a corporate culture encouraging creativity and flexibility in addressing issues by pursuing all ideas, even ideas presented by just one employee, and that can incorporate views from both inside and outside the corporation. I believe this will lead to value creation that will provide favorable positive economic, social, and environmental contributions. Looking back at the history of the MGC Group, our integrated teamwork and eager willingness to explore new directions as we seek to maintain our standard of providing peerless products has produced a steady stream of new value. The foundation of the Group’s strength is the unwavering commitment of our human resources. This dedication drives not just our R&D; it also fuels the growth of our other business activities.

Q4 What are some recent developments in the Five Business Domains?

A4 We are focusing mainly on the domains of medical and food, information and communications, and mobility.

To start, in the medical and food domain, we commenced operations at the Niigata Plant of Cultivecs Inc., our JV company with Nippon Kayaku Co., Ltd., in the antibody drugs field. The operation is not yet contributing to Group profits, but the number of enquiries from potential customers is growing, and we expect the business to grow into a core profit contributor in the Life Science Business.

We also invested in a development company of nucleic acid drugs to extend our operations beyond antibody drugs. We expect this new business to start generating profits during the period of the next medium-term management plan and expect the business to be making a positive contribution to society as a common part of medical care within the next five years.

In the information and communications domain, we created the Optical Materials Division in April 2019 to consolidate the optical products we have developed for our various businesses and to develop business as a provider of “light control” solutions. Optical materials are becoming

essential to electronic equipment as demand grows for special polycarbonate resin used in smartphone lenses and with the increasing use of IoT and image sensors in on-board automotive cameras. These materials will play key roles in preventing automobile accidents and supporting the spread of self-driving vehicles, and we are promoting broad application proposals to customers with solutions that offer significant social value.

In the mobility domain, the automotive industry is our main target as we focus on developing solid electrolytes for all-solid-state batteries. We are also stepping up development and marketing of our foamed plastic, engineering plastic, and other materials in anticipation of growing demand from the automotive industry for materials to reduce vehicle weights.

We recently reached a milestone in the energy domain with the start of commercial operations of the Wasabizawa Geothermal Power Plant in May 2019. With power generation capacity of over 46,000 kW, the plant is the first geothermal facility of over 10,000 kW to come on line in Japan in over 20 years. Geothermal power generation is attracting increasing attention worldwide as a stable and environmentally friendly energy source. We are also steadily developing operations in the infrastructure domain, which we believe will be a fundamental part of future society. One of our main activities in this domain is increasing our production capacity of meta-xylenediamine (MXDA), a paint curing agent offering improved protection from corrosion.

Q5 Please describe some of the Company’s CSR and ESG activities.

A5 We established a new CSR Promotion Division and are involved in various activities to fulfill our social responsibility and role as a chemicals company.

The Group has been constantly strengthening its safety and environmental measures and internal control and compliance systems for many years and is fulfilling its vision to “Creating value to share with society.” As a chemicals company, we are focusing our R&D and recycling projects on “ensuring sustainable consumption and production patterns” which is number 12 of the 17 Sustainable Development Goals (SDGs) of the United Nations’ 2030 Agenda for Sustainable Development and where we believe we can make the greatest contribution to society.

As a corporate group that provides plastic products around the world, we are particularly concerned about the accumulation of plastic waste in our oceans, which has become a prominent issue worldwide. We are guiding our product development even from the most fundamental



molecular and atomic levels and applying the unique technologies and expertise we have cultivated as a chemical companies that has changed life and society as part of our active efforts to find a solution to this problem.

We recently launched a special polycarbonate resin recycling project aimed at reducing waste from our special carbonate resin operations to zero. We also established a CSR Promotion Division (provisional name) to facilitate swift integration of CSR measures into our operations and to oversee the implementation and effective application of PDCA cycle management in the CSR activities of all of our business departments.

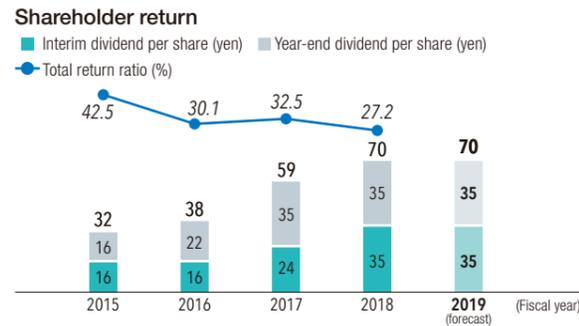
MGC management will identify material issues (materiality), set Group targets related to those issues, and oversee the Company's CSR activities.

Q6 What is the Company policy and strategy for shareholder returns?

A6 Management decisions take into account the total return ratio and our basic policy to continue providing a stable dividend.

The MGC Group seeks to maintain an optimal balance of internal reserves and shareholder return in accordance with a basic policy that "building corporate value raises profits for shareholders and all stakeholders." The Company distributes dividends to shareholders based on the policy of maintaining a stable dividend and in consideration of the recent business performance and future capital investment plans as well as the dividend on equity ratio. The Company also aims to maintain a certain level of total return ratio.

In fiscal 2018, the Company distributed an annual dividend payment of 70 yen per share, an increase of 11 yen from the 59 yen in the previous fiscal year. Management plans to distribute dividends of 70 yen per share (a 35 yen interim dividend and a 35 yen year-end dividend) in fiscal 2019.



Note: MGC conducted a 1-for-2 reverse stock split of ordinary shares effective October 1, 2016. The dividends per share amounts for fiscal 2015 are hypothetical amounts calculated as if the reverse stock split had occurred at the start of fiscal 2015 in April 2015.

Q7 Lastly, do you have a message you would like to communicate to stakeholders?

A7 We are establishing the MGC Group as steady contributor to realizing a sustainable society for the short, medium, and long term.

Mitsubishi Gas Chemical will be celebrating the 50th anniversary of its founding in 2021. Over this half century, there has been no Japanese chemical company of our size that has developed its overseas business as much as MGC. After launching our overseas business expansion in Saudi Arabia 50 years ago, we followed other opportunities into China, Thailand, Venezuela, and other countries. We invested in developing these businesses even when the investments carried a considerable degree of risk, and I believe those experiences have made MGC and the MGC Group the unique chemical company it is today. Our present medium-term management plan calls for the financing of ¥200 billion in new investments to ensure that we continue growing for another 50 years.

Although it takes time for the fruits of a chemical company's R&D to begin contributing to profits, particularly when the R&D is focused on new materials, we are planning and executing management strategies for the Group's future in balance with investment and business strategies aimed at producing sustained growth through the short, medium, and long terms.

I look forward to hearing the candid opinions of our stakeholders and will continue guiding the Company to fulfill your expectations to continue improving and growing.

Masashi Fujii

President and Representative Director

State of Progress of the Medium-term Management Plan

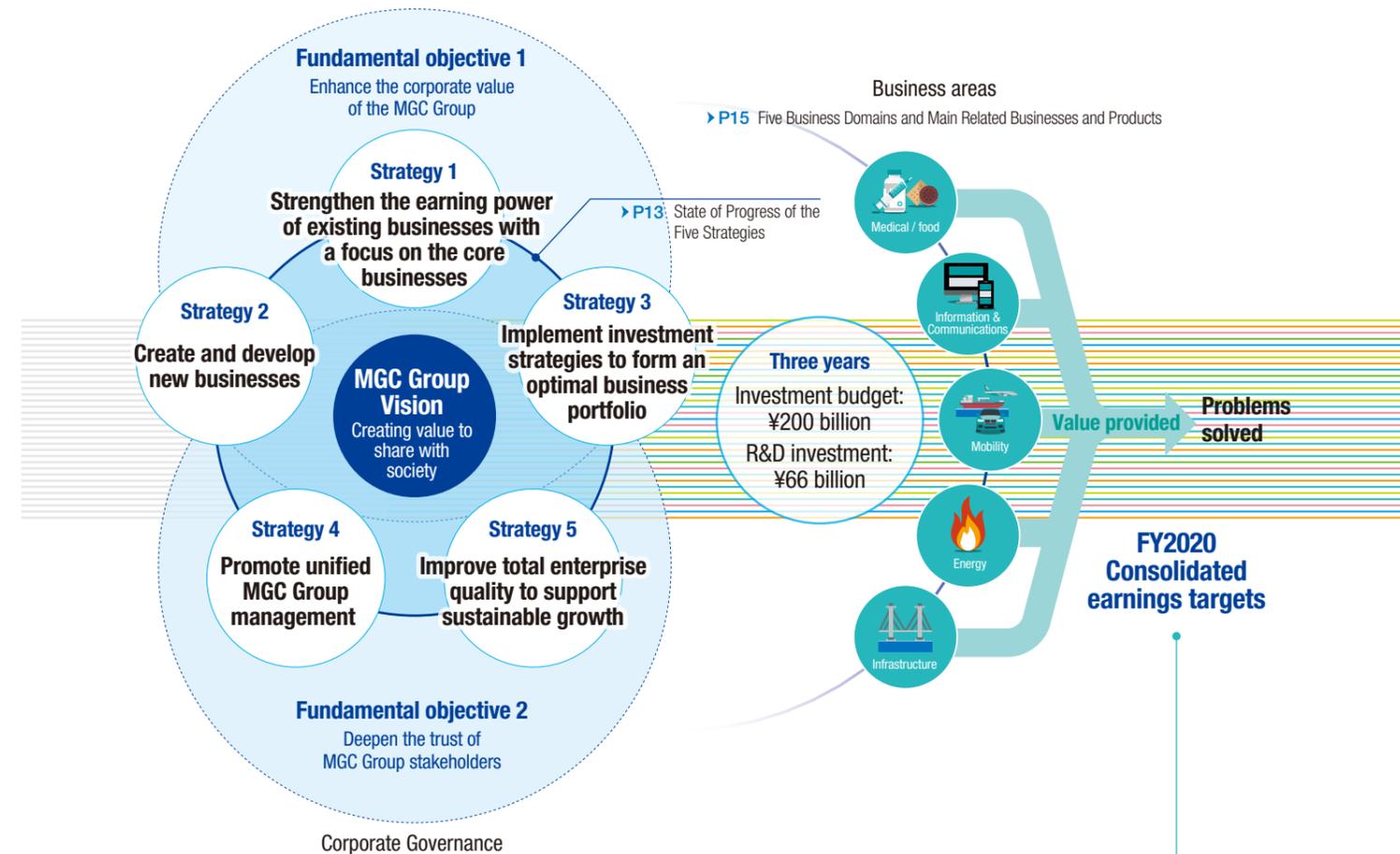
Five Strategies for Continuing Growth

MGC Advance2020, the new medium-term management plan launched in fiscal 2018, follows the Group vision to "create value to share with society" and outlines strategies in five areas to fulfill the fundamental objectives of "enhancing the corporate value of the MGC Group" and "deepening the trust of our stakeholders."

Medium-term Management Plan

MGC Advance2020 A brighter future from bigger dreams!

April 2018 to March 2021



Revision to

On May 9, 2018, with the announcement of our new medium-term management plan, we set quantitative consolidated performance targets for fiscal 2020 for net sales of 750 billion yen, operating income of 65 billion yen, and ordinary income of 90 billion yen with ROE of at least 12%.

However, MGC expects to face the unavoidable impact of a significant decrease in equity in earnings of affiliates associated with a joint methanol business in Saudi Arabia due to changes in the joint-venture business scheme, the content of which had not been determined at the time of the announcement of MGC Advance2020 and thus could not be reflected in the plan. Upon finalizing the agreement between MGC's equity-method affiliate and the joint venture partner, these changes include halving the former's equity stake in the joint venture. Taking these factors into account, MGC has decided to reflect these changes in the plan, re-setting its consolidated ordinary income target as described in the next section.

Please note that MGC has not revised other aspects of the management plan. The basic policies, strategies being deployed and assumptions used in the formulation of the plan remain unchanged.

Quantitative Targets and Management Indicators
Final year of MGC Advance2020

Consolidated indices	Fiscal 2020 targets		Change (B - A)
	Initial target (A)	Revised target (B)	
Net sales (Billions of yen)	750	750	-
Operating income (Billions of yen)	65	65	-
Ordinary income (Billions of yen)	90	80	(10)
ROE	12% or higher	12% or higher	-

State of Progress of the Five Strategies

Strategy 1

Strengthening the earning power of existing businesses with a focus on the core businesses

- We will enhance the profitability of existing businesses by improving our technology, maintaining our competitive advantage, and efficiently developing markets for our products.
- For our existing products, we will develop new applications and markets while also developing applications in new business areas.
- We will conduct safe and stable production operations to enhance our profitability and strengthen our business base.
- We will work to expand and strengthen our business base, through solid execution of our Trinidad and Tobago project, the smooth launch of our super-pure hydrogen peroxide plants in North America, and by boosting our capacity in special polycarbonate resins (2019), as well as considering domestic plant expansion and plans for new plants (2022) for meta-xylenediamine (MXDA).

Progress So Far



Promotion of methanol project in Trinidad and Tobago



Added construction of special polycarbonate resin manufacturing plant



New establishment of Optical Materials Division

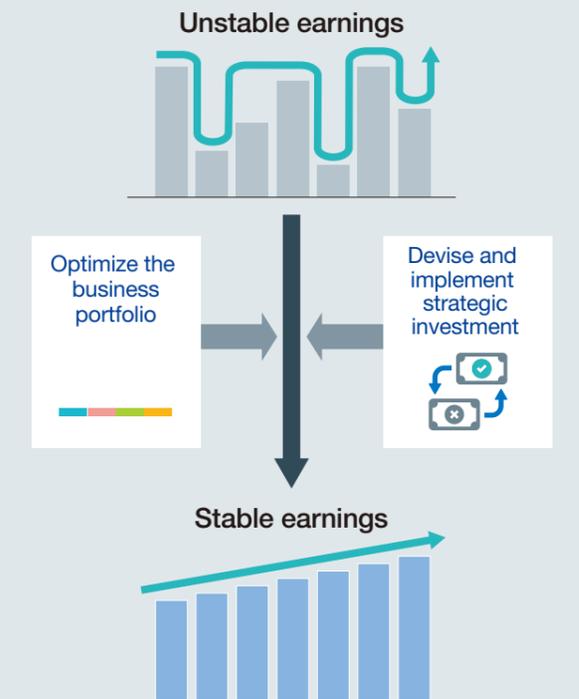


Construction of new super-pure hydrogen peroxide plants in North America

Strategy 3

Implementing investment strategies to form an optimal business portfolio

- We will devise and implement an investment strategy that diversifies revenue sources by constantly generating new technologies, products, and businesses, and that supports a balance of commodity, high-performance, specialty, and new products within the MGC Group.
- We will formulate investment strategies that take into account how megatrends are changing the markets for our products and how quickly the markets are changing. Investments will be geared to growth with the aim of enhancing our corporate value.



Strategy 2

Creating and developing new businesses

- We will develop and launch new technologies and products by increasing our sensitivity to market changes influenced by megatrends and to the speed of those changes. We will also identify specific target markets and seek to launch products in a timely manner to ensure maximum success.
- We will generate new business by incorporating new management approaches, such as partnerships and M&A, and by actively applying our management resources.
- We are focusing on creating and developing new businesses in antibody drugs and bioproducts, medical packaging materials, factory-produced vegetables, Neopulim™, semiconductor-related materials (including 5G-compatible materials, semiconductor underlayer films, etc.), solid electrolytes and CFRP curing agents.

Progress So Far



Decision to employ glass-substitute containers for syringes



Establishment of joint venture for production and sale of factory-produced vegetables and construction of production plant



Investment in company engaged in R&D on testing and diagnostic devices and regenerative medicine



Successful mass-culture of cells producing denosumab biosimilar candidate

Strategy 4

Promoting unified MGC Group management

- We will accurately determine Group information and continue striving to improve the efficiency of our Group management by introducing business management units (BMU) to facilitate standardizing and integrating the three trade houses of the MGC Group as well as sharing and unifying the accounting systems within the Group.
- We will make our investment management methods more sophisticated from the Group perspective, including formulating an accurate performance evaluation system capable of appraising all of the various investment activities of the Group.

Progress So Far

Establishment of MGC TRADING LTD. as first step toward integration of three Group trading companies

Establishment of MGC ENERGY Company Limited as subsidiary with the aim of ensuring optimum power supplies to the Group

Strategy 5

Improving total enterprise quality to support sustainable growth

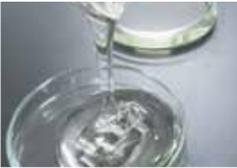
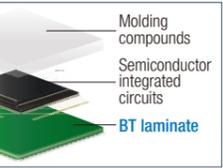
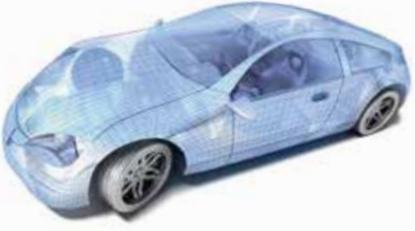
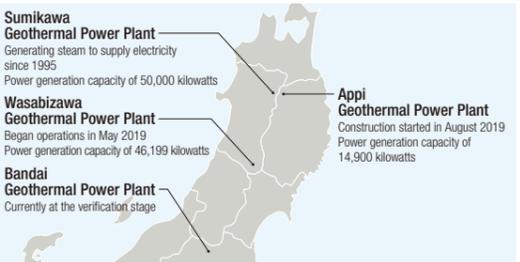
- We will raise the level of our awareness and culture of safety in our operations and deepen its application throughout the Group.
- We will strive to operate an effective corporate governance system that we will continually reinforce.
- We will practice compliance while readying and strengthening systems for responding to any manner of risk.
- We will develop human resources.
- We will cultivate research and development capabilities that encourage innovation.
- We will improve the efficiency of our information systems.

Progress So Far

Compilation of the MGC Group Declaration on Environmental Sustainability

Construction of platform relating to research technology

Five Business Domains and Main Related Businesses and Products

<p>Medical / food</p> 				
	<p>OXYCAPT™ Plastic syringes and vials that block both oxygen and water vapor</p>	<p>BioPQQ / Elion™ SA Food compounds that benefit human health</p>	<p>Antibody drugs Drugs that target only antigens, with few side effects and exceptional safety</p>	<p>Oxygen absorbers / MX-Nylon Functional materials that absorb / block oxygen</p>
<p>Information / communication</p> 				
	<p>Neopulim™ (Transparent polyimide resin) Flexible, transparent resin film and varnish</p>	<p>Lupizeta™ EP (Special polycarbonate) Material enabling smaller, higher resolution mobile cameras</p>	<p>Chemicals for the electronics industry Electronics innovations made possible with high-purity chemical agents</p>	<p>BT laminate Semiconductor packaging materials supporting electronic device innovations</p>
<p>Mobility</p> 	 <p>Polycarbonate / Polyacetal Engineering plastics with superior rigidity and impact resistance</p> <p>Foamed plastic Meeting needs for lighter weight</p> <p>Glycidyl methacrylate (GMA) Automotive topcoat paints</p> <p>Meta-xylenediamine (MXDA) / 1,3-Bis (Aminomethyl) cyclohexane (1,3-BAC) Curing agent used in fiber-reinforced plastic production</p>			
<p>Energy</p> 		 <p>Sumikawa Geothermal Power Plant Generating steam to supply electricity since 1995 Power generation capacity of 50,000 kilowatts</p> <p>Wasabizawa Geothermal Power Plant Began operations in May 2019 Power generation capacity of 46,199 kilowatts</p> <p>Bandai Geothermal Power Plant Currently at the verification stage</p> <p>Appi Geothermal Power Plant Construction started in August 2019 Power generation capacity of 14,900 kilowatts</p>		
	<p>Geothermal power generation Clean renewable energy</p>			<p>Direct methanol fuel cell Clean, quiet electricity generator</p>
<p>Infrastructure</p> 				
	<p>Hydrogen peroxide Environmental chemical for soil remediation</p>	<p>Meta-xylenediamine (MXDA) Paint curing agent improves corrosion protection</p>		

Growth Strategy

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Natural Gas Chemicals Company

We are leveraging our value chain from resource mining to basic chemicals, derivatives, and life science to diversify and globally expand our business domain.



Main and New Products

Methanol and Organic Chemicals

- Methanol
- Formalin
- Dimethyl ether (DME)
- Ammonia
- Polyols
- Amine
- Methyl methacrylate (MMA), Methacrylic acid (MAA), Methacrylate specialty esters
- ALTESTER™ (thermal resistant, amorphous polyester resin)
- CYTESTER™ (thermosetting cyanate monomer)

Life Science

- PQQ (pyrroloquinoline quinone)
- SAME (S-adenosylmethionine) yeast
- SPD (spermidine) yeast
- Antibody drugs

Energy & Resources

- Mining and exploring for natural gas and oil
- Developing geothermal energy

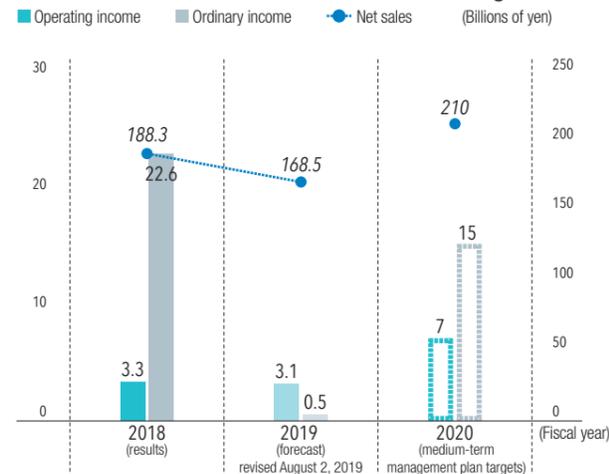
Fiscal 2018 Review

In fiscal 2018, the Natural Gas Chemicals Company took several steps to develop and advance its businesses for growth, particularly the Life Science Business, while also committing to continuing the joint methanol operation in Saudi Arabia.

The Company recorded a decline in operating income owing to higher raw material costs, lower prices for neopentyl glycol, and higher repair costs, along with an increase in equity-method profit supported by a rise in methanol prices from the previous fiscal year and the falling away of temporary factors that impacted last year's result.

However, equity-method revenue from the joint venture Saudi Methanol Company (AR-RAZI) in Saudi Arabia for the year continued to be recorded at the equity-method rate set in the previous joint venture agreement that expired at the end of November 2018. The equity-method rate was higher than the new rate under the revised agreement. The amortization costs (from the reduced equity stake under the new JV agreement and the consideration paid to extend the agreement during December 2018 to March 2019) associated with the agreement extension were also not booked in fiscal 2018. Management plans to book the anticipated losses from the sale of half of its equity holdings in the company after the sale of the shareholdings is completed in fiscal 2019.

Fiscal 2018 Results and Fiscal 2020 Quantitative Targets



Tomohiko Okubo

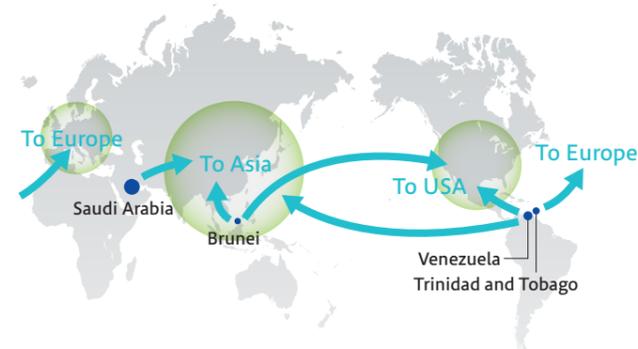
Director and Managing Executive Officer
President, Natural Gas Chemicals Company

Outlook and Strategies for Growth

Continue Diversifying our Methanol Production Sites to Disperse Risk and Reduce Costs

We expect a significant drop in revenue from the transition to the new scheme for the joint operation in Saudi Arabia in fiscal 2019, but the operation is highly competitive and we believe maintaining an equity stake in the Saudi Arabia plant will provide significant the long-term benefits for the Company.

MGC is also a lead JV partner in a new methanol plant scheduled to begin operations in Trinidad and Tobago in the second half of fiscal 2019. By obtaining the new facility, we will have production sites in the Middle East, Asia, and Caribbean Islands/South America and, coupled with the expanded Panama Canal operations in 2016, create a network for more economical methanol transport. We plan to fully leverage these new developments to further enhance the earning power of our methanol business.



Building Antibody Drugs into a Core Business

We launched the Life Science Business in 2016 with the objective of building and strengthening our antibody drug business to become one of the Company's core operations. The Niigata Plant of Cultivecs Inc., a joint venture with Nippon Kayaku Co., Ltd., successfully achieved mass culture of cells producing a denosumab biosimilar candidate, and we expect this achievement to provide a further boost to our business.

Reaffirming our Strengths for Medium- and Long-term Growth

The Natural Gas Chemicals Company's strengths are producing methanol, ammonia, urea, and other basic chemicals by adding chemicals to natural gas to create value-added products. To this we add our abundant experience and expertise developing a wide variety of organic chemical products as well as our expertise locating and excavating natural gas, which is the domain of our Energy & Resources Business. We are applying our strengths to identify and develop new functions and applications for a wide variety of natural gas-derivative products as we continue to expand our business.

TOPICS

Mass Culture of Cells Producing a Denosumab Biosimilar

In March 2019, Mitsubishi Gas Chemical realized conditions enabling the mass-culture of cells producing a biosimilar candidate for denosumab, an antibody drug used to treat osteoporosis and multiple myeloma. Group subsidiary Cultivecs Inc. developed the mass-culture production technology after the Company had transferred the denosumab-producing cells and associated manufacturing technologies from MGC partner GlycoNex Inc. The technology promises to enable mass culture of a high quality, low cost denosumab drug substance, and the Company is negotiating with several pharmaceutical firms eager to conduct joint development of the substance.



Wasabizawa Geothermal Power Plant Commences Operations

Yuzawa Geothermal Power Generation Corporation, established by Electric Power Development Co., Ltd., Mitsubishi Materials Corporation and Mitsubishi Gas Chemical Company, Inc., in 2010, began commercial operations at the Wasabizawa Geothermal Power Plant in May 2019. Located at a promising geothermal site in Yuzawa, Akita prefecture, the new plant has a generating capacity of 46,199 kW and is the first geothermal power facility with output of over 10,000 kW to come on line in Japan in 23 years. The steady operation of the Wasabizawa plant will contribute to wider use of renewable energy in Japan.



Aromatic Chemicals Company

We will continue building a business portfolio for sustained growth while accelerating high-value-added products for the global market and developing new products to add to our product lineup.



Main and New Products

Aromatic Chemicals

- meta-xylene
- meta-xylenediamine (MXDA)
- 1,3-BAC (1,3-bis (aminomethyl) cyclohexane)
- MX-Nylon (N-MXD6)
- LEXTER™
- Aromatic aldehydes

- Purified isophthalic acid
- Phthalic anhydride
- Plasticizers
- Neopulim™ (heat-resistant, transparent polyimide resin)
- MAXIVE™ (gas barrier two-part epoxy resin)

Foamed Plastic (JSP Corporation)

- Expanded polypropylene
- Expanded polyethylene
- Molded resin products

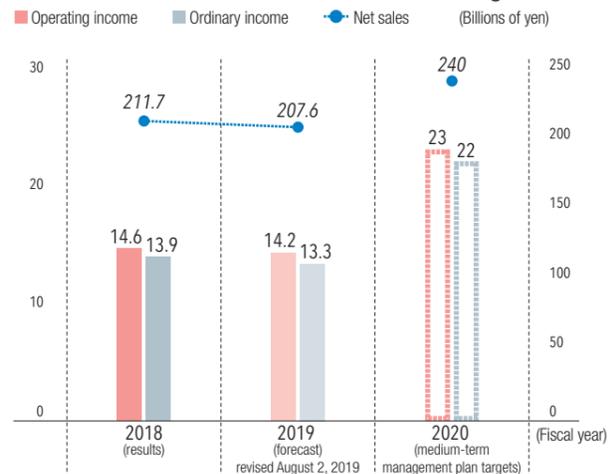
Fiscal 2018 Review

The Aromatic Chemicals Company posted a profit decline in fiscal 2018 as overall profitability deteriorated mainly due to lower prices for purified isophthalic acid. At the same time, sales were strong for our core diamine products (such as MXDA), polyamide products (such as MX-Nylon), and our aromatic aldehydes.

Demand was particularly strong for our diamines and aromatic aldehydes, and we are considering increasing production capacity for both product lines. There is still room to increase sales of these high-value-added products, but it is also essential that we continue formulating and developing new products to further strengthen our business foundation.

Among our newer products, we are actively developing applications for the transparent polyimide resin Neopulim™ for smartphones, automotive displays, and other devices. The thermoplastic polyimide resin Therplim™ is currently being tested by several companies to apply its excellent thermal properties for carbon fiber reinforced substrate and electronic and machine parts. Enquiries also continue to grow for NeoFARIT™, an aromatic aldehyde-based product the Company successfully developed to serve as a raw material of semiconductor underlayer film for multilayer, high-definition electronic circuits.

Fiscal 2018 Results and Fiscal 2020 Quantitative Targets



Hiroyuki Otsuka

Director and Managing Executive Officer
President, Aromatic Chemicals Company

Outlook and Strategies for Growth

Accelerating High-value-added Product Business Development

The Aromatic Chemicals Company is strengthening its business by focusing on high-value-added products with clear paths for growth. Among our diamine products, sales remain strong for MXDA. Demand for 1,3-BAC is growing rapidly in China as an epoxy curing agent for construction materials and in Europe for carbon fiber reinforced plastics (CFRP) for automotive applications. In our polyamide products, MX-Nylon is in strong demand for food packaging, and we are seeking to maintain the sales growth to the food industry while developing its market as a molding material. We are receiving an increasing number of enquiries for mobile electronic devices and automotive applications for our bio-based polyamide resin LEXTER™, which offers exceptional dimensional stability. Demand is also growing for our aromatic aldehydes for use in fragrances and in resin additives. In commodity products, we are reducing risk exposure to fluctuations in market prices by improving production efficiency and creating a flexible production structure while streamlining operations to stabilize.

Our high-value-added products meet the needs of a global base of current and potential customers. It is essential to reach out to these customers effectively. In 2018, we combined our R&D and sales division into a unified marketing structure that has strengthened our ability to expand sales of our current products while also accelerating the commercialization process for new products.

The Aromatic Chemicals Company' business is based on the super-acid HF-BF₃ catalyst technology, which to date MGC is the sole commercial provider. Our methanol catalyst specialists have also collaborated in the development of new catalyst technologies to improve the productivity of MXDA and 1,3-BAC. Our strength lies in our ability to capitalize on the unique attributes of the products we create with our core technologies, which enables us to form a business foundation resilient to fluctuations in market conditions. The Company has a long market presence in Europe where our chemical business retains a leading edge, and we will leverage our broad customer base and sales channels in the region to further enhance our presence in the industry.

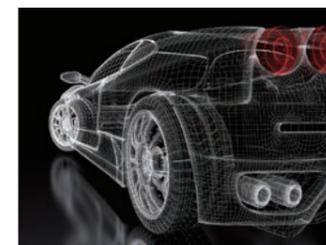
Allying In-house and Group Companies to Create New Products

We also continue to focus on developing new products that will drive our future earnings. We will approach developing solutions for emerging and future issues by leveraging our wide-ranging strengths through collaborations between in-house companies and Group firms to incorporate ideas and input from various perspectives. We jointly developed and commercialized a gas barrier sheet with Group company JSP Corporation, whose core automotive bumper and seat materials command high market share. We are also working with the Group's Fudow Company, which specializes in resin processing and molding technology, and are starting to see success with resins for CFRP 3D printers.

TOPICS

Environmentally Friendly CFRP for Automotive Exteriors in Europe

The automobile industry, particularly in Europe, has started to use CFRP for automotive components, which use 1,3-BAC as a curing agent. Its low viscosity makes 1,3-BAC easy to use, and its fast curing speed reduces the environmental impact of the production process. Although it costs more than the commonly used steel sheet, light-weight CFRP components are an attractive choice as automakers seek higher fuel efficiency. We expect CFRP vehicle components to become increasingly common worldwide and are considering to increase our production capacity of 1,3-BAC in anticipation of the growing demand.



Plant-derived, High Heat-Resistance Polyamide Resin LEXTER™

LEXTER™ is a bio-based polyamide made from MGC's diamine technology and sebacic acid derived from castor oil. Created from a formula with over 50% plant-based materials, the Japan BioPlastics Association has certified LEXTER™ as a biomass plastic. Using LEXTER™ in place of oil-derived materials reduces CO₂ emissions, while its attributes of high strength, high heat resistance, low water absorption, and moderate toughness are gaining more usage as a material for automotive parts, electric and electronic equipment components, and direct soldering components for smartphones.



Specialty Chemicals Company

We are investing to strengthen our production system to further expand sales of high-value-added products, especially in advanced fields such as information-communications and mobility, to drive profit growth for the Group.



Main and New Products

Inorganic Chemicals

- Hydrogen peroxide
- Persulfates
- Water treatment agents
- Environmental reagents
- Electronic chemicals (Chemicals for use in the electronics industry)
- DIAPOWER FP™ (Peracetic acid as food additives)

Engineering Plastics

- Iupilon™ (Polycarbonate), Polycarbonate sheet, Polycarbonate film
- Iupital™ (Polyacetal)
- Reny™ (Polyamide MXD6 molding compound)
- Iupiace™ (Modified PPE resin)

Optical Materials

- Iupizeta™ (Special polycarbonate)
- Optimas™ (Acrylic polymer)
- Lumiplus™ (Curable optical resin composition)
- IURESIN™ (Monomers for high refractive index plastic lenses)
- Photoresist monomer (adamantane derivatives)

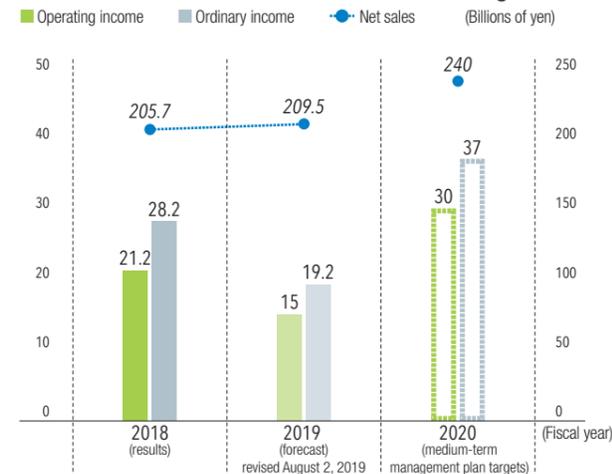
Fiscal 2018 Review

The Specialty Chemicals Company's profits declined in fiscal 2018 as results were strongly impacted by intensified competition in the electronic chemicals business and a narrower input-price spread for polycarbonate products while sales grew for our special polycarbonate, which is primarily used in smartphone camera lenses. The results were a blunt reminder of how difficult it is to maintain a profit balance with commodity products, such as polycarbonate and hydrogen peroxide, and functional products, such as Super-pure hydrogen peroxide and special polycarbonate,

when external market conditions fluctuate, particularly when prices decline.

Meanwhile, in fiscal 2018 we made concrete progress with our plan to fortify the profit foundation for future growth by increasing our production capacity in product fields where we anticipate expanding markets. We made significant progress with steps to fortify the competitiveness of our core businesses by advancing construction of two Super-pure hydrogen peroxide manufacturing plants in the United States and the expansion of the production capacity of the special polycarbonate manufacturing facility at the Kashima Plant in Japan.

Fiscal 2018 Results and Fiscal 2020 Quantitative Targets



Masahiro Johno

Director and Managing Executive Officer
President, Specialty Chemicals Company

Outlook and Strategies for Growth

Accelerating Development of a Global Super-Pure Hydrogen Peroxide Operation

The semiconductor market is expected to see medium- and long-term growth related to AI, self-driving vehicles, IoT, and 5G, and we expect this to support growing demand for the Super-pure hydrogen peroxide, which is used to achieve the ultra-clean state required in the production of semiconductor devices and silicon wafers. MGC has a global production network with bases in five countries. In addition to boosting our production capacity in the United States, we are also considering plans to establish a production base in China in anticipation of growing demand there. At the same time, we are working closely with our customers to strengthen our development and sales structures.

The Engineering Plastics Business is Strengthening its High-value-added Product Offerings in the Mobility Field

Polycarbonate prices fell sharply in fiscal 2018, and conditions do not point to a recovery in the near future. The Engineering Plastics Business is therefore turning its focus to developing applications in the mobility domain, where we see potential for growth. We anticipate growing demand in the automobile industry stemming from the drives to reduced vehicle weights and increase safety as well as from the advent of self-driving vehicles. We are

accordingly developing and proposing products that meet these demands with a focus on high-value-added products, which offer greater resilience to fluctuations in business conditions.

The New Optical Materials Division

The market for optics-related instruments has been expanding in recent years to encompass high-performance cameras for information devices and cameras with sensing applications for automobiles, and we expect the market to continue to grow. To place the Group in the best position to promote its optical materials, in April 2019 we gathered the optics-related products of our various businesses into the newly established Optical Materials Division of the Specialty Chemicals Company. Bringing together the expertise developed across our operations into a single division will enable a much more efficient and market-oriented approach to this promising market.

We expect the use of multiple camera lenses on smartphones to become a mainstream trend that will drive solid sales of our high-value-added special polycarbonate products. The expected completion of the production capacity expansion at the Kashima Plant in 2019 will enable us to meet the growing demand and increase earnings.

We are particularly eager to create new value in leading-edge fields in the growth markets of information & communications and mobility.

TOPICS

Two New Super-Pure Hydrogen Peroxide Plants in the US

The ongoing miniaturization of semiconductors is creating growing demand for high-quality chemical agents used in chip production processes. MGC is preparing to meet the growing demand by expanding its Super-pure hydrogen peroxide production capabilities with the construction of plants in Oregon and Texas in the United States, both of which are planned for completion in the second half of 2019. Added to the existing plant in Arizona, the plants will give the Group three production facilities in the US and double existing production capacity.



Oregon Plant



Texas Plant

Growing Demand for Lightweight, Low-distortion Iupizeta™

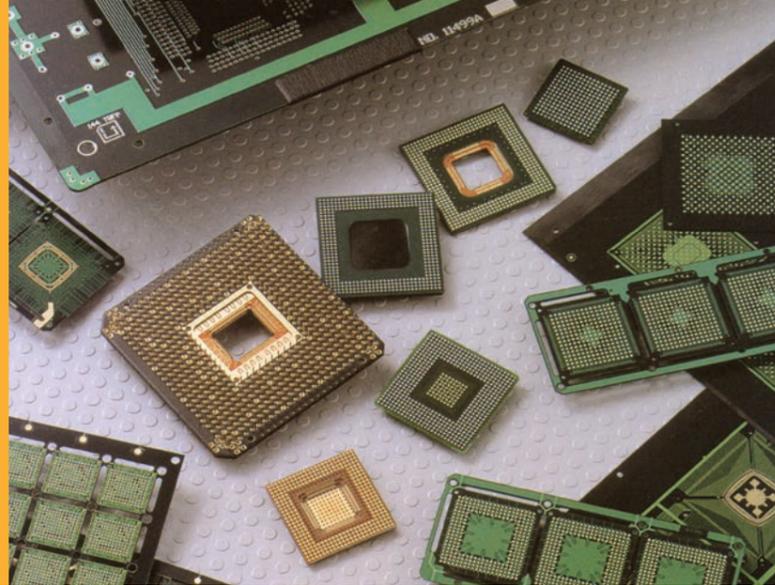
The Iupizeta™ is a unique polycarbonate material with optical properties, such as a high refractive index, which is essential for thin lenses, and low birefringence, which contributes to screen clarity, that make it an optimal material for use in camera lenses. Its properties make it ideal for customizing to meet specific customer needs.

Iupizeta™ sales are steadily growing, and it has a commanding share of the market as a material used in smartphone camera lenses. It is also attracting attention for use in on-board drive recorders and surveillance cameras in the rapidly expanding markets for automotive and security fields.



Information & Advanced Materials Company

While anticipating the value needed by a changing society, we will establish a high-profit business model by accelerating the R&D cycle and continuing to introduce high-value-added technologies and products.



Outlook and Strategies for Growth

Aiming to Expand Market Shares in 5G and HVA Fields

The Electronic Materials Business is different from our other businesses for its large number of customers, and marketing campaigns can strongly influence its earnings. Because a high responsiveness to customer needs is essential, the business has a dedicated Customer Response Department staffed with teams from the R&D Center focused on improving existing products and our production technologies to facilitate quick development of product grades that meet customer needs. On the production side, at our Thai plant, which is our global supply hub, we have begun training leaders to guide improvements in our product quality and technologies.

Anticipating the ramping up of the market for 5G-related materials, we are advancing our product development and continuing to propose solutions to clients. Over the past year we have amassed a lineup of attractive materials with a range of electrical properties, and customer have been responding favorably to our products even amid a very aggressive field of competitors. We are stepping up our sales activities to nurture the favorable responses to actual use.

New developments in 5G, IoT, and AI technologies are all expected to fuel the growth of the electronic materials market, and we plan to stay on top of the changes in the market and expand our market share in the high-value-added fields. In addition, we will continue seeking to establish optimal production operations in Japan and Thailand by implementing measures to lower costs as well as by considering increasing our production capacity.

Aiming to Increase Overseas HVA Product Sales, with a Focus on Medical & Food Products

Our oxygen absorbent products are currently available in over 40 countries worldwide, and we are seeking markets in even more countries for our oxygen absorbing film, PHARMAKEEP™, Anaero Pack™, RP System™, and other high-value-added products to further boost sales and increase profits.

Growing interest in Asia to assure the safety and security of food is boosting demand for AGELESS™ as a product to help preserve food quality during the distribution logistics. The quality preservation capabilities of our oxygen absorbent products are also gaining recognition for medical applications in China, which has the world's largest population, and India, where the pharmaceuticals industry is growing at a rapid pace. We are also focusing on developing new markets for our high-value-added products, including broadening our aggressive sales activities for ANAERO PACK™ simple bacteria cultivation system to hospitals and medical facilities to emerging markets and efforts to increase recognition in China of the abilities of PharmaKeep™ as a pharmaceuticals preservative. We will seek to grow our business by helping address social issues while focusing on the emerging markets where awareness for safety and quality is growing in the Medical & Food.

In this way, the Information & Advanced Materials Company will work with the Electronic Materials Business and the Oxygen Absorbers Business to actively introduce new products and develop new markets as we continue to create value to share with society and grow our business.

Business and Main products

Electronics Materials

- Laminate materials for printed circuit boards
- LE SHEET™ (auxiliary material for drilling)

Oxygen Absorbers

- AGELESS™
- AGELESS OMAC™ (oxygen absorbing film)
- PHARMAKEEP™ (for pharmaceuticals and medical equipment)
- AGELESS DRY™ (desiccant)
- Anaero Pack™ (anaerobic cultivation system)
- RP System™ (for electronic and machinery components)



Fiscal 2018 Review

The Electronics Materials Business grew healthily in the first half of the fiscal year on solid worldwide demand for semiconductors but demand slowed in the second half for smartphones and memory. Sales volume of BT materials, used primarily in semiconductor packaging, ultimately declined for the year.

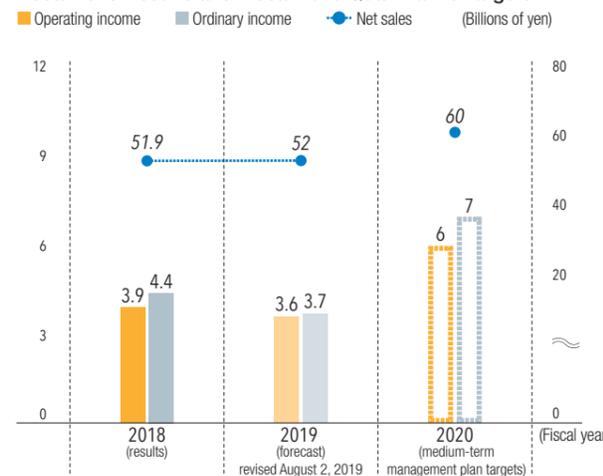
In the Oxygen Absorber Business, our new plant in Shirakawa came on-line during the year but profits from AGELESS™ and other products decline amid intensified

competition and higher raw material costs in Japan and overseas.



MGC AGELESS Shirakawa Plant

Fiscal 2018 Results and Fiscal 2020 Quantitative Targets



Kenji Kato

Director and Managing Executive Officer
President, Information & Advanced Materials Company

TOPICS

Advancing Development and Sales of 5G Electronic Materials

The upcoming adoption of 5G using high bandwidths over 20 GHz is coming with a challenge to minimize connection failures that can occur with high frequency signals. MGC offers a solution with its bismaleimide triazine (BT) materials, which are compatible with the new high frequencies.

Smartphones with 5G technology are expected to start appearing on the market in the latter half of 2019 followed by a steady stream of other products. We are developing and proposing materials that will enable the higher-quality communications that will help fuel the market transformation and further enhance our presence in the market.



AGELESS™ Reduces Food Loss and Helps Keep Food Healthy

AGELESS™ oxygen absorbers help keep food fresh for longer periods and are primarily used to maintain food quality and flavor. However, our AGELESS™ products can also reduce food loss and help keep food safe to eat – two areas that have become increasingly important in recent years and which the United Nations has targeted in its Sustainable Development Goals (SDGs). In fiscal 2018, a major fast food chain in the United States began using our AGELESS™ products as a way to reduce the use of synthetic preservatives and other food additives.



New Businesses

We will harness MGC's strengths and actively incorporate outside resources to rapidly establish new businesses that meet society's needs.



The Role and Strategies of the Advanced Business Development Division

The Advanced Business Development Division was established in April 2015. The division enables rapid business creation and development in new domains by shepherding new business development from defining business domains through R&D of the necessary technologies to market development and final commercialization.

Developing a business for a new business domain does not start by asking "what can we make our technology do?" instead it begins by always thinking "what does society need?" and then focusing on the fields where we can make the greatest use of our strengths. Rather than being bound by our existing businesses and technologies, we need to have a flexible and broad market perspective and establish a clear path toward commercialization.

To achieve these objectives, we will not rely solely on our own expertise and technologies, we must all bring in

expertise from outside the organization and will actively pursue alliances with other companies and research institutions.

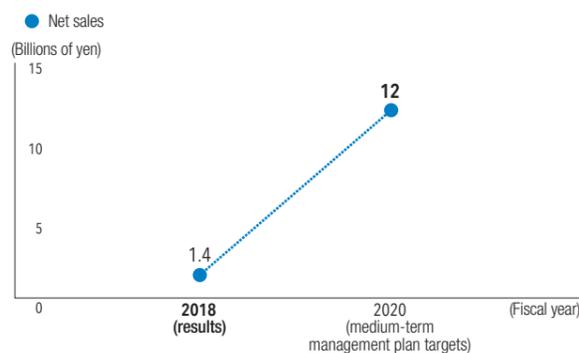
All manufacturing operations need materials, and we will utilize the MGC Group's vast palette of materials to quickly bring new businesses to commercialization while maximizing synergies.

Fiscal 2018 Review

Our open innovation, M&A, and venture investments have spawned numerous projects, and we saw many of them take tangible steps forward in fiscal 2018.

Last year we started focusing on gaining quick entry to markets and then gathering our own raw data. The advantages of partnering with another company to enter a market can truly be felt once you are inside a market and start getting an idea about the technologies and products the market is eager for. Our biggest struggle right now is, after quickly entering a market and launching operations, determining the best way to balance raising profits while preparing the business for the operations in the long term. Decisions whether to continue developing a project are made during regular meetings with the R&D Division where they approach each project from the R&D Divisions view of the technology potential and our view of the business potential.

Sales Plan for New Businesses and Products



Yoshihiro Kayano

Executive Officer
General Manager, Advanced Business Development Division
General Manager, Business Strategy Division

Target Domains for New Business

Medical / food	Mobility	Information / communications	Infrastructure / Energy
Plastic vials and syringes OXYCAPT™	All-solid-state lithium-ion batteries Complex hydride solid electrolyte		
Nucleic acid pharmaceuticals			
Factory farming business		Active optical cable	

Project Progress

We currently, as of June 2019, have over a dozen projects we are preparing for commercialization. Following is a summary of recent progress with of some of the main projects.

OXYCAPT™ Plastic Vials and Syringes

OXYCAPT™, the world's only multilayered plastic container that is highly resistant to cracking while offering high oxygen barrier properties similar to those of glass. These properties allow OXYCAPT™ vials and syringes to be used for long-term storage of pharmaceuticals while preserving the pharmaceuticals' stability and effectiveness until the date of expiration.

In fiscal 2018, we established a manufacturing, sales, and quality assurance structure and began marketing the OXYCAPT™ products. We soon started receiving feedback from customers, such as about the caps holding the needles onto the vials and a need for syringes with needles attached, and have begun integrating those needs to the product designs. Once we had the products on the market, we also became aware of new potential for the products, such as through the positive responses we received from pharmaceuticals companies that make biopharmaceuticals and emergency drugs, like epinephrine and dopamine.

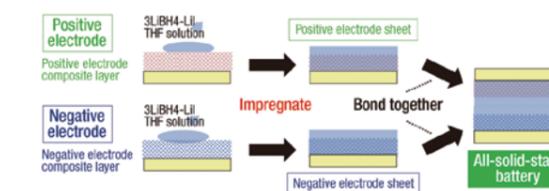


Solid Electrolyte for All-solid-state Automotive Batteries

Solid-state batteries are attracting attention for their potential to become the next-generation of rechargeable lithium-ion batteries. Anticipating widespread use of solid-state batteries in electric vehicles, MGC is working to realize efficient mass production of the solid electrolyte used in the batteries.

In fiscal 2018, we strengthened our structure for cooperation with our development partner and continued building the relationship of trust needed to tackle technical development challenges.

Mass Production Process for Electrolyte Impregnation



Plant Cultivation Factory Aims to Produce Safe and Secure Vegetables

MGC is constructing in Shirakawa, Fukushima Prefecture, what will become Japan's largest plant cultivation factory using 100% artificial lighting using LED as its light source. The factory will enable safe and secure production of leafy vegetables in an optimal growth environment unaffected by weather conditions, which will realize a reliable supply to produce markets. Vegetable production and sales operations are slated to begin in November 2019.

The operation is a joint venture with Farmship, Inc., which is contributing its deep expertise in the agricultural field, and we are joining together to utilize a related company for operation of the facility. Inside, the facility incorporates MGC's chemical expertise to provide an artificially controlled environment with the optimal light, temperature, humidity, carbon dioxide concentration, moisture, and nutrients to grow the vegetables. Through continuous and carefully planned operations, we anticipate sales reaching several hundred million yen in fiscal 2020.



Photo provided by Farmship, Inc.

Research and Development

MGC maximizes technical synergies inside and outside the Group and seeks to quickly give shape to the value society seeks to contribute to a flourishing society while achieving sustained growth for the Group.



R&D Fuels our Business and Addresses Social Issues

Our R&D activities are focused mainly on two of the five strategies in the medium-term management plan: strengthening the earning power of existing businesses with a focus on the core businesses and creating and developing new businesses.

R&D is often thought to focus solely on the development of new products, but it also plays critical roles in raising the competitiveness of existing products by improving quality and lowering costs and in development new applications for our products.

Cost competitiveness is especially important. With plant construction costs rising substantially worldwide and product cost only rising moderately, the ability of a company to quickly reduce the costs of its production processes can determine whether or not the company survives. At MGC, we are currently actively conducting R&D to improve the cost efficiency of our methanol and MXDA production processes.

Application development covers many areas. Lenses, for example, can be adapted for eyeglasses, smartphones,

or industrial uses. One of the biggest challenges for our R&D department is to widen the range of applications for lenses. Our R&D also focuses on environmental issues, such as developing resin-based products and materials that can replace parts made of metal and other materials to help make automobiles lighter.

In the creation and development of new businesses, we identify the short-, medium-, and long-term technology trends and advance R&D so we can be ready to offer the best materials when they are needed. The short- and medium-term trends in the mobility and information & communications fields are clearly electric vehicles and 5G technologies. I believe it is the materials manufacturers who will enable the new products in these fields to bring a new level of convenience to society.

Our R&D also actively pursues themes that can contribute to resolving social issues in the long term. In the Medical & Food domain, for example, we are pursuing ideas to help reduce hunger and support aging society, while in the Energy domain we are developing ways to reduce greenhouse gas emissions. As a chemical company, one of our main R&D objectives is to solve the problem of plastic waste.

We are actively conducting R&D in various areas where I believe we must harness the power of chemicals to create products that are both safe and secure.

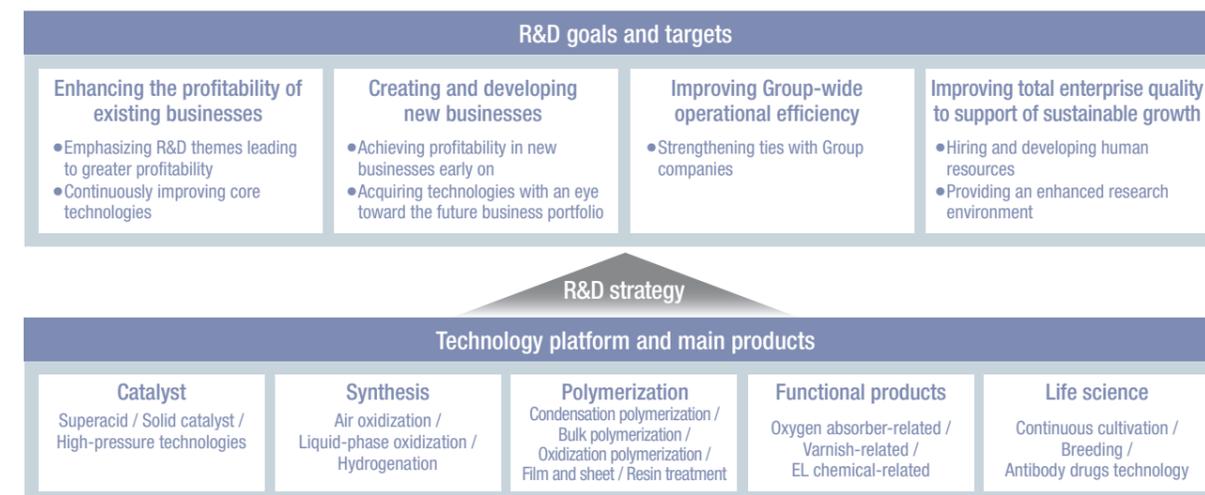
Intellectual Asset Strategy

In the manufacturing industry, intellectual assets are the primary source of a company's competitiveness. While each of the core businesses and new businesses individually address issues related to intellectual assets, the Intellectual Property Department, consisting of the R&D Department, business divisions, and the Intellectual Property Group, serves as the Group's centralized authority for framing and advancing strategies to protect and effectively use our intellectual assets and to address infringements on intellectual property. Information is also regularly exchanged with group companies to augment



Masamichi Mizukami

Representative Director and Senior Managing Executive Officer
In charge of Research & Development Division, Advanced Business Development Division



Research and Development Organization

Company R&D	R&D Department
Natural Gas Chemicals Company	Niigata Research Laboratory
	R&D Department of Niigata Plant
Aromatic Chemicals Company	Hiratsuka Research Laboratory
	R&D Department of Mizushima Plant
Specialty Chemicals Company	Tokyo Research Laboratory
	R&D Department of Yokkaichi Plant
	R&D Department of Yamakita Plant
Information & Advanced Materials Company	R&D Department of Kashima Plant
	Research and Development Center

Corporate R&D	
Advanced Business Development Division	Advanced Business Research Center
Research and Development Division	R&D Administration Department
	Intellectual Property Department
	MGC Chemical Analysis Center

The primary purpose of company research, which is mainly conducted by each company's research and development division, is to strengthen businesses with competitive advantages and to develop new products based on existing products and technologies.

Corporate R&D works with the Advanced Business Development Division on R&D to create new core businesses in promising fields from a medium- and long-term perspective.

the Group's overall intellectual property activities.

We will continue to maintain a tight interconnection of our R&D and intellectual property strategy to enhance the Group's competitiveness.

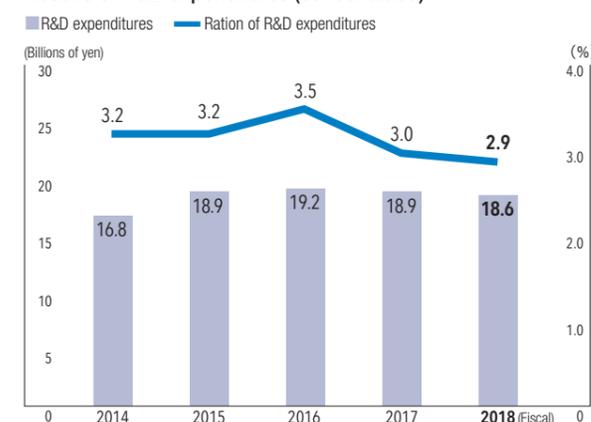
Strengthening Human Resource Cultivation and Communications

The MGC Group has accumulated such a vast collection of technologies that we think it is vital that the Group share them both online and offline and that our R&D activities seek to create a sense of cohesion in the technologies. We are seeking to change the environment of our research activities to stimulated synergies by facilitating greater communication between people with diverse specialties.

For example, we are currently constructing a single facility for the Niigata Research Laboratory and the R&D and quality control departments at the Niigata Plant that will facilitate regular dialogue among the research engineers from our new businesses and research engineers engaged in improving existing products at the plant. We have also upgraded to the latest platform for listing our internal technologies and are preparing to add

visualization to our new technology information. These improvements are part of efforts to help our researchers deepen their knowledge, improve our marketing and intellectual property training. We have made particular progress developing AI, IoT, and IT tools in recent years and are beginning to test their applications for advancing our research.

Results of R&D expenditures (consolidated)



Environment and Safety Management System (Responsible Care)

MGC sets sustainable development, building a recycling-based society, and safe operations as important management issues determining how we conduct our business. MGC promotes Responsible Care^{*1} in all of its activities as part of our efforts to ensure we achieve our environmental and safety goals.

MGC Group Policies on Environment and Safety

MGC recognizes that it is an important member of society and accordingly seeks to continue earning the trust of society by acknowledging our responsibilities to contribute to society, preserve the environment, and ensure safe working conditions. We conduct our corporate activities with the intention of protecting the earth's environment under the principle of sustainable development.



Environmental and Safety Targets

Zero Accidents, Zero Occupational Injuries, and Environmental Preservation

Basic Policies

- Maintain occupational health and safety processes across all operations
- Ensure process safety and security at work sites
- Reduce environmental impacts and contribute to the sustainable development of communities
- Ensure the safe handling, usage, and disposal of chemical products
- Ensure the safe transport and storage of chemicals and related products
- Build the trust of stakeholders
- Implement group-wide environmental and safety initiatives
- Improve environmental and safety management systems on a regular basis

Strengths Supporting Growth (CSR/ESG)

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Initiatives for the Environment E	32
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Message from the Director in Charge of Environment, Safety, and Quality Assurance

MGC actively seeks to fulfill its corporate social responsibility through various efforts centered on Responsible Care. The Company also sets specific sustainable development goals in the three economical, environmental, and social categories. This represents a shift from fulfilling social responsibility to contributing to realizing a sustainable society, which can also be described as Responsible Care through basic activities toward achieving sustainable development goals (SDGs)^{*2}.

This year, 2019, is the second year of our Responsible Care (RC) Medium-term Plan 2018-2020.

The Company is involved in a wide variety of activities to protect the environment, such as expanding our lineup of MGC Group eco-friendly products, and we seek to introduce and explain them in an easy to understand way to our stakeholders.

In occupational safety and accident prevention, we are continuing to expand our "Bridge-II" process and facilities improvement activities designed to further enhance our accident prevention measures. We have also set new key performance indicators (KPI) to step up our accident prevention, and implemented safety measures that better incorporated potential risks. These measures have been effective in preventing major accidents and injuries.

Our safety measures to combat corrosion at the outside

facilities of the Niigata Plant earned the Jury's Special Award of the Japan Chemical Industry Association Responsible Care Award. (See page 35 for details.)

In addition, we understand that the quality of the products we offer also has an impact on society. We therefore are constantly seeking to enhance our quality and are constructing a companywide quality assurance system called "Q-MGC," which will further strengthen our quality assurance structure.

In fiscal 2019, we will continue our activities to make us an outstanding chemical company contributing to the development of society.

Masato Inari
Director and Managing Executive Officer



^{*1} Responsible Care is voluntary activities conducted by chemical industry firms to harmonize business activities with global environment preservation by ensuring environment, safety, and health in all stages of chemical substance life cycles from development, manufacture, distribution, use, and final consumption to disposal.

^{*2} Japan Chemical Industry Association "Toward a Chemical Industry Contributing to Sustainable Society"



Environment and Safety Management System

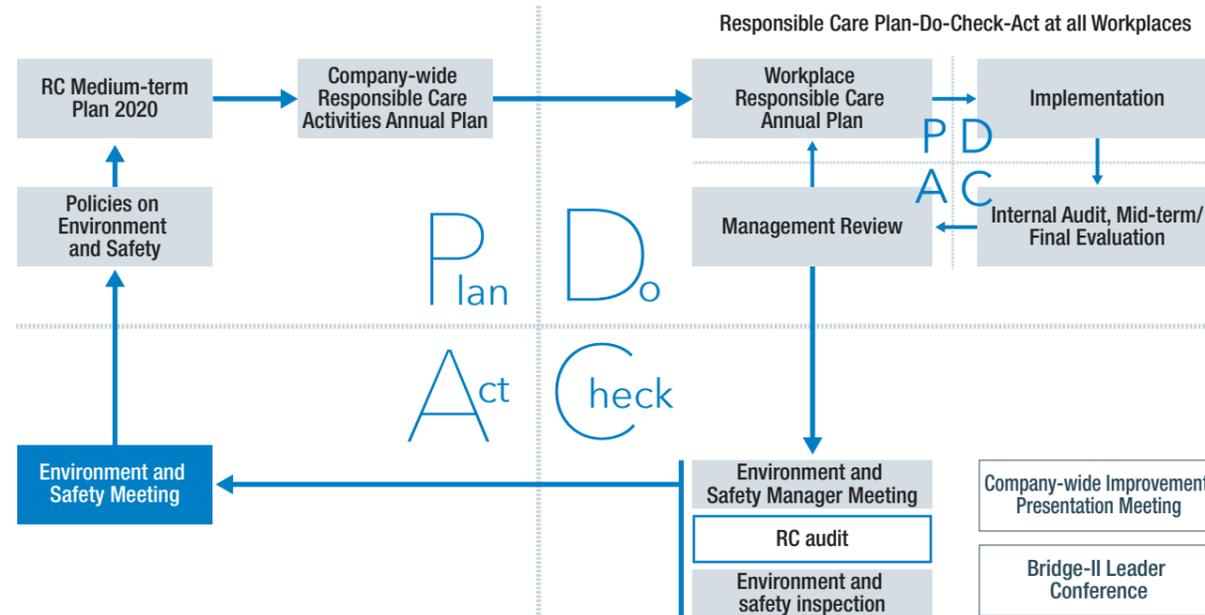
RC Promotion System

All of MGC's divisions, at both the segment and corporate level, follow the Policies on Environment and Safety that promote Responsible Care. Every December, MGC holds environment and safety meetings, which are chaired by the President and comprised of all directors, audit and supervisory board members, company presidents, directors of plants and laboratories, and the general manager of the Production Technology Division. MGC also takes steps to make continuous improvements in the PDCA cycle based on the RC Medium-term Plan targets and annual activity targets.



Environment and Safety Meeting

MGC Company-wide Responsible Care Plan-Do-Check-Act



RC Audits in 2018

The director in charge of environment and safety, together with an auditing team, conducts the RC audit. This audit assesses the status of progress with RC action plans and priority audit items for the year at each of our sites.

In 2018, we audited (1) the progress status of Bridge-II activities, (2) the operational status of the guidelines for safety and disaster prevention (security evaluation), (3) efforts for preventing the recurrence of abnormal phenomena (leakage), (4) efforts to prevent work-related accidents with cooperative companies, (5) efforts for visualization (displays) at workplaces, such as the production floor, and (6) efforts for unsteady risk assessment.

- Auditees**
 5 plants, 3 laboratories (including Tokyo Techno Park), 4 company business divisions, Purchasing & Logistics Center
- Audit findings**
 Full conformity (24 cases)
 Non-conformity (3 cases)
 Improvement orders (17 cases)
 Comments (24 cases)

Initiatives for the Environment

Efforts made by companies to tackle global-scale environmental issues, such as climate change, are attracting the attention of stakeholders. The MGC Group is conducting a variety of initiatives as we recognize that while environmental problems are important issues that could have a large impact on business operations, they are also business chances.

The MGC Group Declaration on Environmental Sustainability

The Mitsubishi Gas Chemical Group shall help communities develop more sustainably in the future by taking actions aimed at maintaining a healthy global environment going forward, including initiatives for tackling climate change, promoting community-based recycling, and protecting biodiversity.

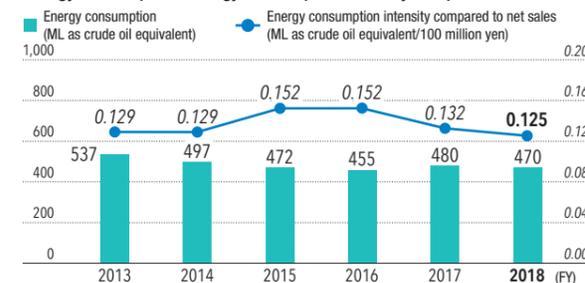
1. We shall strive to procure energy, raw materials, water, and other resources in a manner that minimizes environmental impact, and promote the efficient use of such resources.
2. We shall implement measures to reduce the environmental impact of greenhouse gases and other environmental pollutants.
3. We shall reduce waste through recycling and other initiatives, and properly manage and dispose of the waste we produce.
4. We shall promote the development and widespread use of products and technology that reduce environmental impact or help restore damaged ecosystems.
5. We shall fully comply with international rules and the environmental regulations of countries in which we operate.
6. We shall promptly and properly disclose information regarding our environmental initiatives and proactively engage with our communities.
7. We shall strive to raise awareness of environmental issues through education.

MGC's Primary Environmental Impacts

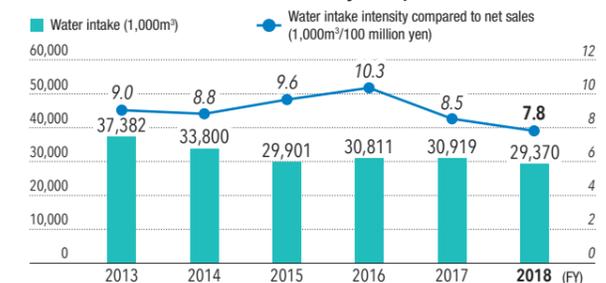
MGC considers climate change and water use to be important areas of risk that impact both the global environment and its business activities, and is working to reduce its environmental impact. The MGC Group's environmental-impact data can be seen in Environmental Report on the MGC website.

Environmental Report website: https://www.mgc.co.jp/eng/csr/rc_el/

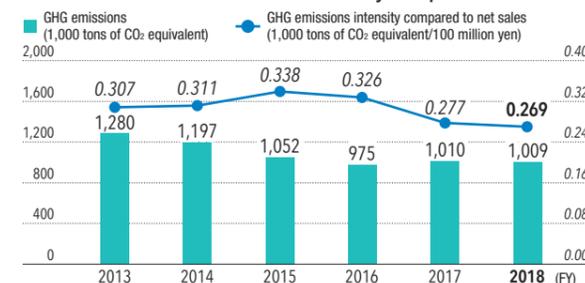
Energy consumption/ Energy consumption intensity compared to net sales



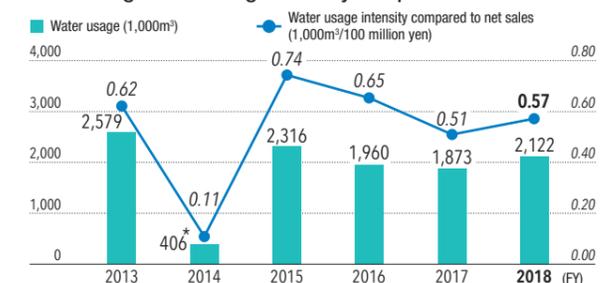
Water intake/ Water intake intensity compared to net sales



GHG emissions/ GHG emissions intensity compared to net sales



Water usage/ Water usage intensity compared to net sales



*The drop in water usage in FY 2014 was due to a temporary increase in drainage after a device stopped.

MGC Group Eco-Friendly Products

Through its business, the MGC Group contributes to reducing the burden placed on the environment and developing a sustainable society. Products that contribute to such a reduction of environmental burden are recognized at MGC as "MGC Group Eco-Friendly Products." Here, we will mainly introduce products that were newly recognized in FY 2018. There are various other eco-friendly products, so please have a look at our website below.

Eco-Friendly Products Web Site: <https://www.mgc.co.jp/eng/csr/eco-friendly/>

NEW CBZ thermosetting resin* Resin exclusively for use in carbon fiber reinforced plastic

Contributes to energy and resource savings during processing and use

Benefits for the environment

Carbon fiber reinforced plastic (CFRP) is attracting attention for its energy and resource saving effects during use because of its light weight and sturdiness. Thermosetting resin is essential for molding CFRP. CBZ can be molded at various temperatures and curing times are short. As a result, energy consumption is reduced during molding, and the resin itself is high strength, which means it can be molded thinly, contributing to resource saving.



Characteristics and properties of CBZ as a material (compared to steel)

- Weight: **One-fifth**
 - Specific strength: **8-10 times**
 - Specific rigidity: **3-4 times**
- High strength allows parts to be molded thinly (only a small amount of material need be used)
 - Can be molded at various temperatures
 - Molding times can be shortened
 - Rust-resistant

* It is the value that I calculated from a representative figure, and a value of the CBZ use CFRP is not a guarantee level.

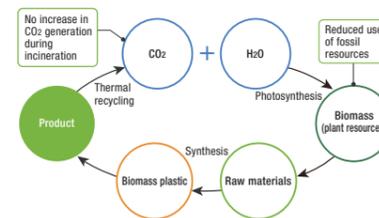
* Products of Japan U-PiCA, a member of the MGC Group.

NEW BIOMUP bioplastic* Biomass-derived resin exclusively for use in carbon fiber reinforced plastic

Made from renewable resources, reducing CO2 emissions

Benefits for the environment

BIOMUP is made from biomass materials that can be sustainably used, reducing consumption of petroleum resources. In addition, the CO2 generated during thermal recycling (use in incineration) is atmospheric CO2 that was captured by plants through photosynthesis, which means that no new CO2 is added to the atmosphere.



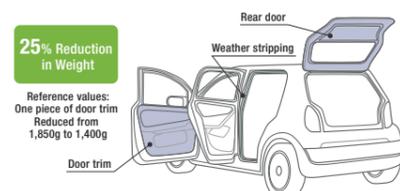
* Products of Japan U-PiCA, a member of the MGC Group.

NEW Chemical Blowing Agents* Chemical products that foam resin and rubber

The power of bubbles enhances material functionality and saves energy and resources

Benefits for the environment

It is possible to produce materials with excellent properties including light weight, thermal insulation, noise absorption, and vibration absorption by chemically foaming rubber and plastic. These types of foamed materials are used in many everyday products including automobile components, tires, and building materials such as wallpaper. They contribute to energy and resource saving.



* Products of Eiwa Chemical Ind. Co., Ltd., a member of the MGC Group.

AGELESS™, oxygen absorbers Preserves the freshness and taste of food for longer periods

Reducing food waste loss

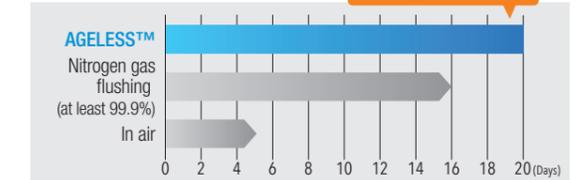
Benefits for the environment

AGELESS™ can keep food tasting delicious and fresh for relatively long times, which leads to less food being thrown away due to mold, discoloration, or loss of flavor. That also helps reduce the amount of times food needs to be produced and delivered, which ultimately means less CO2 emissions



Testing the ability of AGELESS™ to prevent mold

No mold colonies form even after 20 days.



Under experimental conditions, observations were made of blue mold colorization on castella sponge cake, in packaging containing an AGELESS™ sachet, in nitrogen-flushed packaging, and when exposed to the air.

Direct methanol fuel cells (DMFC) Enabling quiet and clean power generation

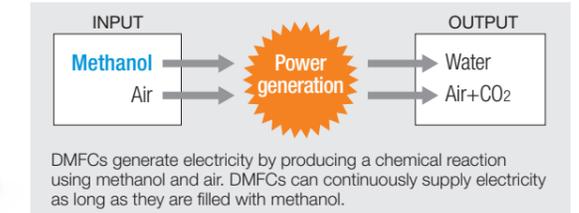
Supplies power without emitting any NOx, SOx, particulate matter or other atmospheric pollutants

Benefits for the environment

Direct methanol fuel cells (DMFCs) produce power through a chemical reaction, so they operate quietly and emit no atmospheric pollutants. They can also continuously supply electricity for several consecutive days and are becoming increasingly common as an emergency power source.



How DMFCs work



Geothermal power A renewable and clean source of energy

CO2 emissions over the lifecycle of a geothermal power* are less than 2% of a coal-fired power plant

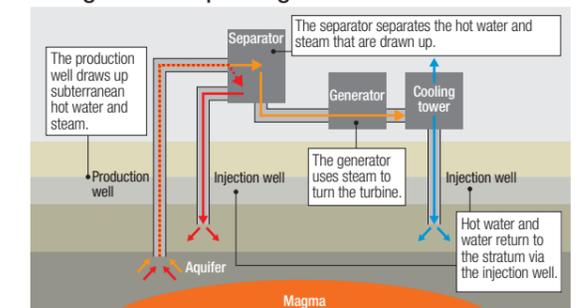
*Refers to CO2 emission over the lifecycle of a power plant, from construction to operation and dismantling

Benefits for the environment

Geothermal power is generated by using heat from the Earth's core to produce steam. It is a renewable source of energy that can stably generate power without being affected by seasonal weather changes. In addition, geothermal power plants emit very little CO2, and contribute to preventing global warming.



How geothermal power generation works



Initiatives Toward Safe, Stable Operations

MGC's top priority is to ensure safety, and we are engaged in proactive initiatives aimed at zero accidents and zero occupational injuries.

Occupational Health and Safety

With the goal of achieving zero occupational injuries, we regularly conduct safety-related education and drills and occupational health and safety risk assessments. In addition, each workplace continuously engages in everyday safety tasks such as 5S activities, hazard prediction, and proposals for addressing Hiyari Hatto (near-miss) incidents.

Moreover, we are holding workplace improvement presentation meetings as well as company-wide improvement presentation meetings to vitalize these activities.

In 2018, while we announced one accident resulting in loss work (a one-day loss) at a research laboratory, we have continued our record of zero occupational injuries at all plants.

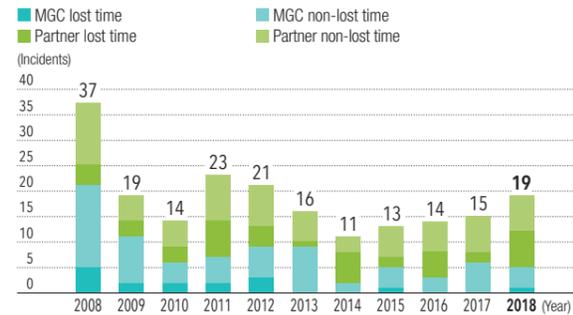


Hazard prediction drill for new employees



Company-wide improvement presentation meeting (presentation on chemistry class)

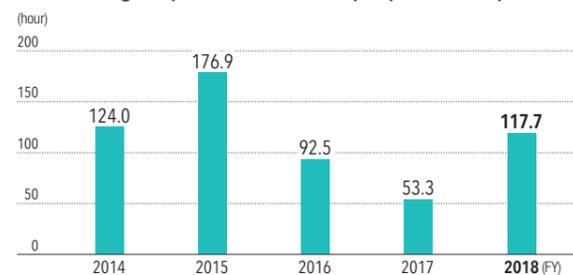
Safety record (MGC and partner companies)



Initiatives Toward Stable Operations

With the goal of reducing equipment breakdowns and production suspensions, we engage in systematic maintenance, while also working to enhance workplace skills. Our average unplanned down time per year per plant, a measure of the success of those activities, is in a long-term downward trend. In fiscal 2018 in particular, the Yamakita Plant received a stable operation award based on company rules in recognition of its contribution to stable production.

MGC average unplanned down time per plant for all plants



Lost time injury frequency rate^{*1}

	2014	2015	2016	2017	2018
MGC	0	0.27	0	0	0.29
Chemical industry	0.76	0.81	0.88	0.81	0.90
Manufacturing industry	1.06	1.06	1.15	1.02	1.20

*1 Frequency rate: Number of occupational injury casualties per one million working hours

Lost time injury severity rate^{*2}

	2014	2015	2016	2017	2018
MGC	0	0.00	0	0	0.00
Chemical industry	0.17	0.04	0.03	0.09	0.06
Manufacturing industry	0.09	0.06	0.07	0.08	0.10

*2 Severity rate: Number of lost working days per 1,000 working hours

Niigata Plant Receives Japan Chemical Industry Association's Responsible Care Jury's Special Award^{*3}

MGC's Niigata Plant Manufacturing Department-1 received the Responsible Care Jury's Special Award for engaging in "measures against the external corrosion of the plant" for Total Productive Maintenance.^{*4}

Difficult-to-detect pipe corrosion under insulation (CUI) is a factor in causing leakage. We were commended for producing results from our initiative to eradicate leakage due to CUI by establishing an external corrosion inspector system and conducting training for the inspectors. This is in conjunction with classifying the places at risk of CUI, investigating the mechanism for corrosion to occur, and revising the levels of insulation application.



*3 The Responsible Care Awards commend individuals or groups that have contributed to the spread and promotion of responsible care activities.

*4 Total Productive Maintenance activities are activities that continually realize productivity improvements and the securing of revenue by eliminating all possible losses existing within the production system.

Initiatives for Quality

MGC, under our own quality policy, promotes company-wide quality assurance activities (Q-MGC) with an overhead view of the supply chain in order to provide superior products and services with high safety and reliability.

MGC Quality Policy

Mitsubishi Gas Chemical (MGC) will:

1. Respond to society's needs and provide highly useful, safe and reliable, superior products and services, gaining the satisfaction and trust of customers and consumers.
2. Recognize that product and service quality assurance is an important management issue, ensuring the availability of resources (people, infrastructure, environment for the operation of processes) needed to maintain, assure and improve quality. MGC will also enhance quality education, working to improve employee awareness of quality-related issues and enabling them to acquire the necessary knowledge.
3. Ensure that all departments closely involved in quality—not only quality assurance and quality control departments, but R&D, manufacturing, procurement, distribution, sales, and others—have a strong awareness regarding the need to maintain, assure and improve quality, and that each fulfills its responsibilities, striving toward continuous improvement in quality assurance activities.

Quality Assurance Activities

MGC promotes company-wide quality assurance activities (Q-MGC). Along with providing superior products and services with high safety and reliability, all divisions within the company and corporation act in accordance with the MGC quality policy in order to thoroughly ensure quality maintenance, control, and assurance.

The Quality Assurance Conference (held every December), with the president as chair, is composed of directors, auditors, company presidents, and workplace managers. Basic matters, such as the Q-MGC annual plan, are discussed and decided, and reports on implementation status are received. In addition, we have established the Quality Assurance Supervisors Conference, composed of the people in charge of quality from each organization, where we discuss and consider the Q-MGC implementation plan, audit plan, and education/support plan.

All plants have acquired ISO 9001 certification, the international standard for quality management systems. In addition, we have acquired FSSC22000 certification for food safety management systems and ISO13485 certification for medical devices quality management systems.



Quality Audit

For quality audits, the quality assurance director and the audit team evaluate the Q-MGC implementation status of all divisions. The priority audit items of 2019 are (1) the agreement of product specifications, (2) the management of contract manufactured products and purchase sales products, and (3) complaint processing.

Quality Education

MGC regularly conducts rank-based quality education. Accordingly, we aim to acquire the values, knowledge, and skills needed for promoting Q-MGC as well as improve our adaptability for these practices.



Lecture on quality for managers from Prof. Yoshinori Iizuka (Professor Emeritus, University of Tokyo/President, Japan Accreditation Board)

Together with Stakeholders

MGC aims to earn society's trust and empathy by fulfilling its responsibilities to a variety of stakeholders and by contributing to local communities as a member of society.

Together with Customers

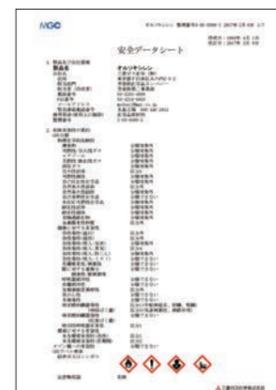
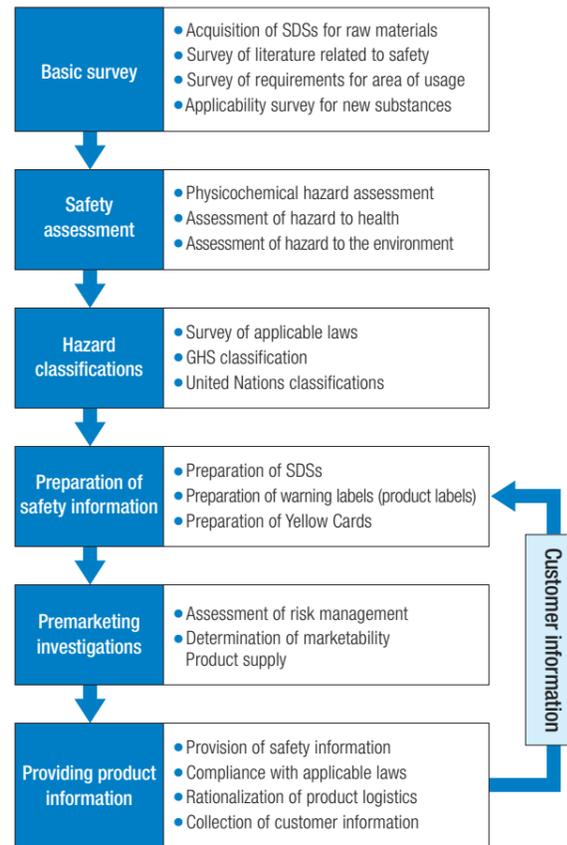
Preventing Product-related Accidents

At MGC, we conduct basic surveys and safety assessments at the product development stage. When products correspond to new chemical substances, we first conduct safety testing and then classify the products according to whether they do or do not come under applicable regulations, as well as according to their degree of hazard under standards such as GHS^{*1}, before preparing safety information such as safety data sheets (SDSs). Based on these, we perform risk assessments (based on hazards of the substances themselves and hazards related to exposure) for every stage of a product, from manufacture to disposal. Products are offered once this screening is complete.

Many of MGC's products are chemicals, and potential product-related accidents include fires and chemical burns. We present hazard information about chemicals with SDSs, product labels, and yellow cards given to customers and others concerned to ensure that products are handled safely.

We also hold seminars to our employees annually on how to prevent accidents involving our products, which helps to raise awareness of safety in product handling.

In the event problems related to the Product Liability Law (PL Law) occur, the designated staff person in charge of complaints at each Company will work with the business division in question, the production divisions, research divisions, or logistics divisions to investigate the source of the problem and propose countermeasures. At the same time, the Product Liability Committee, which receives reports from the designated staff person in charge of complaints, will formulate and implement company-wide preventive measures. It should be noted that, thus far, problems related to the Product Liability Law have not occurred at MGC.



A SDS that conveys detailed information about the handling and safety of chemicals



A label printed with easy-to-understand warnings and safety information

Enhancing Customer Satisfaction

MGC offers a wide range of products. To respond to customer expectations and the trust they place in our products, MGC incorporates customer requests and feedback in product development and in improving its services.

For example, oxygen absorber "AGELESS™" comes in a diverse lineup of product grades to meet the quality retention needs of customers in fields such as food products and medicine, and the attention we give to sanitation in the production process ensures we deliver products that are safe and reliable.

Working with Partner Companies

With our construction partners, we share information on occupational injuries, and jointly conduct risk assessments, safety training, and disaster reduction drills in an effort to prevent industrial accidents. To help raise awareness of safety, some plants recognize partner companies that have outstanding safety records in conducting periodic maintenance work. We also work closely with shipping providers, who are partner companies, to ensure safety during transport, enhance logistics quality, and carry out a modal shift.

MGC is working with its partner companies to build better relationships, not only through efforts to ensure safety and preserve the environment, but by conducting audits and safety inspections of those partner companies.

Together with Business Partners

Procurement

One of the procurement criteria stipulated in MGC's procurement rules is supplier reliability, and we consider a supplier's CSR activity to be an important factor in this regard. In this way, we endeavor to build a supply chain that takes due account of regulatory compliance, the environment, and safety.

Compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

Each year we check the entire company for compliance with this important law. We have also created a check sheet to verify the applicability of this law during new business transactions, and regularly hold in-house training sessions on the law to ensure complete compliance.



Joint disaster response drill with partner construction company (earthquake evacuation drill during periodic maintenance)

Recognized with Intel Corporation's SCQI Award

MGC has been recognized as a recipient of its prestigious 2018 Supplier Continuous Quality Improvement (SCQI) award by Intel Corporation, the global semiconductor manufacturer. The SCQI award is Intel's most prestigious recognition and signifies an elite performance in all critical management systems supporting quality, cost, availability, technology, customer service, and sustainability. To qualify for SCQI status, Intel suppliers must exceed the highest expectations and aggressive performance goals while scoring at least 95 percent on an integrated report card that assesses performance throughout the year. Suppliers must also achieve 90 percent or greater on a challenging improvement plan and demonstrate outstanding quality and business systems. MGC has been recognized with this award for nine consecutive years* since 2010.



*Recipient of the Preferred Quality Supplier (PQS) award in 2010, 2011, 2013, 2014, and 2015, and of the Supplier Continuous Quality Improvement (SCQI) award in 2012, 2016, 2017, and 2018.

*1 GHS: The Globally Harmonized System of Classification and Labelling of Chemicals. Chemical hazards are classified under fixed standards and are indicated clearly with pictograms on labels and through SDS documentation. Ultimately, the information contributes to accident prevention and to protecting human health and the environment.

Together with Stakeholders

Concern for Our Contractors

To ensure employees of our contractors can work safely, we conduct environmental and safety audits and share information on industrial accidents and irregularities. We also exchange information by participating as observers on one another's Occupational Health and Safety committees and ask contractors to participate in MGC safety meetings. Through business audits, we also check on contractor enrollment in various types of insurance and employee pension programs.

Together with Employees

Respect for Human Rights

At MGC, we adhere to strict Corporate Behavior Guidelines and the MGC Code of Conduct, which call for us to respect individual personality and human rights, and to do nothing that will hurt anyone by discriminating against them based on their race, gender, nationality, age, religion, or place of origin. Our Code of Conduct also articulates that sexual harassment and power harassment are prohibited. These guidelines and codes—along with the four fundamental principles* of the International Labor Organization (ILO)—have also been communicated to our Group companies overseas. We work to reinforce these principles on a day-to-day basis through training sessions and internal communications, and have also established a special consultation desk.

- *1. Freedom of association and the right to collective bargaining;
- 2. Elimination of forced labor; 3. Effective abolition of child labor;
- 4. Elimination of discrimination with respect to employment and occupation.

Promoting Diversity

We are striving to establish a corporate culture that embodies mutual respect and enables all of our employees, themselves diverse individuals, to play an active role in a workplace environment that encourages personal growth and diverse values, which will allow new paths to emerge and technological innovation to take place. The Diversity Promotion Office was established in August 2019 for this purpose. We intend to build a culture of respect for diversity through efforts in such areas as work style reform, women's participation, health management, and career development/organizational development. Mitsubishi Gas

Female employees and managers (non-consolidated)



Chemical's management concept is to create a place where there is job satisfaction and a dynamic group in which motivations and abilities are respected—an ideal toward which we are constantly striving.

In promoting a more active role for women, we will continue with ongoing initiatives. We have prepared an action plan ending in 2021 that targets a four-fold increase in the percentage of female managers over fiscal 2015. Under the action plan, we are implementing measures to support career development and enhance programs that assist in balancing work and family life.

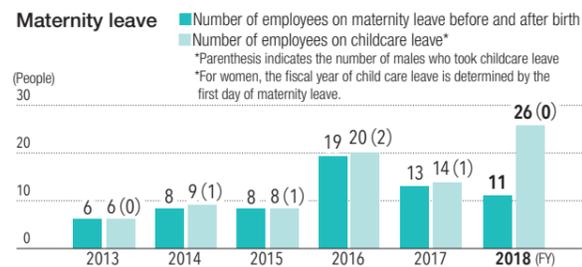
MGC also continues working to create a workplace environment that allows people with various disabilities to fully demonstrate their capabilities. MGC's rate of employment for people with disabilities in fiscal 2018 was 2.33%, above the legally mandated rate of 2.20%.

Through both a culture and systems being putting in place, we are creating a workplace that provides a sense of purpose.

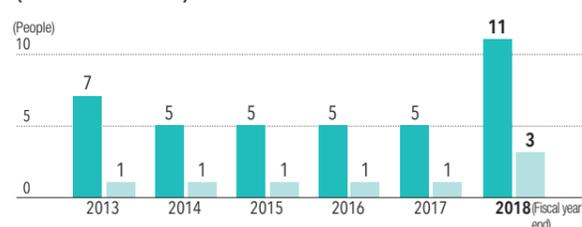
Work-Life Balance

In terms of work-life balance, MGC is working to create programs and a culture in which each employee can feel secure and motivated by their work, taking an active role over the long term in accordance with their individual circumstances.

We have established a system for supporting childcare that exceeds the statutory requirements, including childcare leave until a child reaches two years and one month, and a system of shorter working hours until a child enters elementary school. In fiscal 2018 our return-to-work rate after childcare leave was 100%. In June 2016, MGC was certified by the Minister of Health, Labour and Welfare as a company that supports child rearing and obtained the "Kurumin"



Employees and managers who are foreign nationals (non-consolidated)



next-generation support certification logo.

In response to diversifying ways of working and taking time off, MGC has established a flextime system, as well as a system for accumulating annual leave (up to 40 days) and various types of special leave, including leave for marriage, childbirth, work transfers, volunteering, medical donors, and others. We also have in place a system whereby those needing leave to care for family members can take up to one full year, exceeding statutory requirements. In terms of corporate culture, efforts include establishing a no-overtime day and measures to encourage employees to take their annual leave through such groups as the Shorter Hours Committee established by labor and management.

As a result of these initiatives, usage of annual leave was 91.0% in fiscal 2018 (versus 90.3% in fiscal 2017), and total working hours averaged 1,863.0 hours per employee (versus 1,876.7 hours in fiscal 2017).

Human Resource Development at MGC

Our people are our most important asset. Based on our human resource development philosophy, MGC strives to enhance mechanisms for enabling employees to better themselves as professionals while improving their knowledge and capabilities, and to create a working environment invigorated by personal fulfillment.

MGC's personnel system is a multi-stream vocation qualification grading system based on management by objectives. Up to the standard age of 26, employees belong to the same basic career path regardless of gender or educational background, and then move on to select a course that will help them in their careers. We support all employees equally, providing them with a range of career opportunities in line with individual aspirations that meet their roles, achievements, and capabilities.



Safety education for new employees

Mental and Physical Health Care

We provide regular health checkups each year for all officers and employees, and in fiscal 2018 our checkup compliance rate was over 99%. When the results of tests indicate the need for retesting or there are any specific findings, we work to promote employee health through guidance provided by industrial physicians and public health nurses.

MGC has also implemented a number of programs to ensure mental well-being. The Employee Assistance Program (EAP) is one of these, and provides employees an environment in which they can freely consult outside specialists regarding their concerns. In addition, to effectively implement stress checks stipulated by Japan's Industrial Safety and Health Act, we conduct an annual mental health diagnosis for self-evaluation of stress levels, and work to raise awareness of stress-related issues through workshops on self-care and "line care" (consulting with managers and supervisors) and other means at our business sites. We also conduct mental health training during sessions designed for new employees and those scheduled for promotion.

Union and Labor-Management Relations

Under a positive relationship of mutual trust and respect, labor and management at MGC work together to address a variety of issues. We hold regular management council meetings with the aim of sharing our understanding of issues related to management and the business environment, including such themes as work styles, employee benefits, and treatment, and meetings of the Personnel System Review Committee for joint labor-management discussion of various programs. Together, we have revised the personnel system, the re-employment system, and our retirement plans. Other issues such as wages and bonuses are determined through yearly collective bargaining and other negotiations.

Note that there were 1,883 labor union members as of the end of March, 2019 (a participation rate of 100% due to the union-shop system). Employee tenure was 18.4 years as of the end of March, 2019 (18.6 years for men, 16.8 years for women).

	Grade-specific training	Occupation-specific training	Self-education	OJT
Managerial level	<ul style="list-style-type: none"> General Manager level <ul style="list-style-type: none"> Organizational management training Manager level <ul style="list-style-type: none"> Manager training Beginner manager training 	<ul style="list-style-type: none"> Global human resource development training and overseas short-term training Logical communication and negotiation strategies Technology networking events (production, research and engineering departments) Patent study sessions (research promotion departments) Placements at research institutions, such as universities Safety and health, environmental management, quality control-related training Other specialized education and in-house seminars 	<ul style="list-style-type: none"> Language qualifications and language training (includes English, other languages, and theme-specific training) Management and business skills Finance, accounting, tax, and law Basic chemistry and basic safety technology Other communications training 	<ul style="list-style-type: none"> Practical OJT training
Mid-level employees	<ul style="list-style-type: none"> Career development training Mid-level employee training 			
Junior employees	<ul style="list-style-type: none"> New employee follow-up training New employee training 			

Together with Stakeholders

Together with the Community

Interaction with the Community

We encourage community interaction through participation in local festivals, blood drives, and traffic safety campaigns in Japan, as well as through participation in local activities outside of Japan.



Taking part in the local festival (Niigata Plant)



Starting a community vegetable garden (South Korea)



Sponsorship of wildlife protection education (Brunei)

Local Environmental Preservation and Beautification Activities

At each of its sites, MGC participates in the preservation of nearby coastal forests, and in cleanup of local roads, riverbeds, and other beautification activities.



Community cleaning (Yokkaichi Plant)

Environmental and Disaster Preparedness Activities in the Local Community

To further local community understanding of our environmental conservation and process safety activities, we continue to participate in local dialogue meetings held by the Japan Chemical Industry Association (JCIA).

In addition, we are working with local communities to promote safety and disaster preparedness through joint drills with fire departments and through other means. All of MGC's plants have obtained ISO 14001 certification and continually strive to improve the quality of their environmental management systems.



Local dialogue meeting (Yokkaichi Plant)

Initiatives for the Next Generation

We host student visits to Japan and internships involving local junior high schools, high schools, technical junior colleges, and universities. We have also continued to provide chemistry experiment kits to junior high schools near our facilities since 2008, with the aim of helping students to realize that chemistry is useful in everyday life and preventing a declining interest in science. The kits help students learn about the oxidation of iron by making pocket heating pads.

Outside of Japan, the MGC Group and Mitsubishi Gas Chemical Memorial Foundation provide student scholarships.

Through these and other initiatives, we are stimulating interest in chemistry among children and students who represent the next generation.



Chemistry experiment kits



Factory tour and study seminar (Mizushima Plant)



Giving a donation to an elementary school (Thailand)

Disaster Support Activities

The MGC Group supports the victims of earthquakes, typhoons, and other natural disasters through donations by the group and employee volunteer activities.

Main activities in fiscal 2018

- Sulawesi earthquake and tsunami (Indonesia)
- 2018 Hokkaido Eastern Ibari earthquake
- Heavy Rain in July 2018 (Western Japan)

Certificate of appreciation for donations to victims of Sulawesi earthquake



Naming Rights Obtained for Niigata City Ice Arena

MGC's Niigata Plant and a number of group companies have developed business in the city of Niigata and have built a strong relationship with the city over a period of decades. The city is home to the only ice-skating rink on the Japan Sea side of the country that is open all year round. In April 2019, MGC signed a naming rights partnership contract with the city to give the arena the name "MGC MITSUBISHI GAS CHEMICAL Ice Arena." MGC will provide five years of support for this arena, which is used by over 100,000 citizens annually.



MGC MITSUBISHI GAS CHEMICAL Ice Arena seen from the outside

TOPICS

Support for Areas Affected by Torrential Rains in Western Japan

Concentrated downpours across of swath of Western Japan in July 2018 caused significant damage in many areas. One area hit hard was the city of Kurashiki, Okayama Prefecture, where MGC has a plant and a group company. Thankfully, our business sites did not suffer damage and operations were not significantly impacted. But as a member of the local community we wanted the city to recover as quickly as possible, so we made three donations of 10 million yen each to Okayama Prefecture, Kurashiki City, and the Japan Red Cross Society, respectively, to support victims and recovery activities.



Activities supporting areas affected by torrential rains in Western Japan

TOPICS

Together with Stakeholders

Mitsubishi Gas Chemical Memorial Foundation Established to Support Individuals Aiming to Become Researchers in the Field of Chemistry

MGC established the Mitsubishi Gas Chemical Memorial Foundation to work directly to resolve societal issues and bring about a sustainable society by supporting individuals aiming to become researchers in the fields of chemistry and chemical engineering, which can produce great value for society, and to provide assistance to research in these fields.

The foundation was established by MGC as part of activities that aim to benefit society to commemorate being awarded the Ichimura Prize in Industry for Outstanding Achievement for the development of special polycarbonate resins having both high refractive indices and low birefringence, and as a project to commemorate the company's upcoming 50th anniversary on October 1, 2021.

The foundation's first activities have been to provide funding for scholarships primarily for students from ASEAN countries, where MGC has done business for many years. The foundation quickly became certified as a public Interest Incorporated Foundation and will work to expand the scope of its activities that support research.

<Outline of the foundation>

Name: Mitsubishi Gas Chemical Memorial Foundation
Established by: Mitsubishi Gas Chemical Company, Inc.
Director: Toshikiyo Kurai

Address: Mitsubishi Gas Chemical, 2-5-2 Marunouchi, Chiyoda-ku, Tokyo

Date of establishment: September 7, 2018

Start of activities: October 1, 2018

<Outline of activities>

- (1) Provision of scholarships to undergraduates and graduate students in chemistry and chemical engineering, particularly to students from ASEAN nations
- (2) Provision of assistance to research in the fields of chemistry and chemical engineering
- (3) Other activities necessary to achieve the foundation's purposes



Mitsubishi Gas Chemical Memorial Foundation website
<https://www.mgc.co.jp/foundation/>
(Japanese language only)

TOPICS

Biomass Shore Course Endowed by Mitsubishi Gas Chemical

MGC approved the "Biomass Shore Initiative" being undertaken by the University of Tokyo Project Associate Professor Midori Kurahashi, and in April 2018 "the Biomass Shore Course endowed by Mitsubishi Gas Chemical" was established within the university's Graduate School of Agricultural and Life Sciences.

Biomass Shore is a project designed to cultivate photosynthetic marine microalgae that will absorb CO₂ and be used in energy production and as a valuable resource in other ways. The aim for the future is to construct a biomass complex that fixes CO₂ to marine microalgae and produces food, energy, and chemical products from the algae.

This initiative has the potential to resolve multiple issues faced by society such as environmental issues, the development of renewable energy sources, alleviation of food shortages, and mitigation of depleted resources. It also aligns with the MGC Group vision of "Creating values to share with society." Through MGC's endowment of this course, we hope to make a positive contribution that will have long-term effects for the world over the next 50 to 100 years, in addition to applying the research results in the business activities of the MGC Group.



Biomass Shore conceptual design for coastal desert

TOPICS

Together with Shareholders and Investors

To ensure shareholders and the investment community have a correct understanding of MGC, we strive to disclose information in a fair and transparent manner through information disclosures in accordance with laws and the rules of the stock exchanges, through the announcement of information on our website or through media outlets, and through reports to shareholders.

Basic Policy on Profit Distribution

The MGC Group places topmost management priority on enhancing corporate value. Based on the belief that improving corporate value is in the interest of our shareholders and other stakeholders, we take into consideration planned investments and loans for business expansion, financial health, and future business trends, and work to achieve an optimal balance between retained earnings and shareholder returns.

Retained earnings are applied to investments aimed at business expansion and growth and at strengthening our corporate structure. The Company will continuously provide stable dividends, while taking operating performance and other factors into account when determining the distribution amount. The Company's basic policy is to improve capital efficiency and enhance shareholder returns by flexibly purchasing treasury stock while considering the levels of internal reserves and returns to shareholders.

The full-year dividend for fiscal 2018 increased by 11 yen per share to 70 yen.

General Meeting of Shareholders

The general meeting of shareholders is held avoiding peak days so that as many shareholders can attend as possible. To give shareholders more time to consider how to vote, MGC also endeavors to send out convocation notices early, and posts the information on the company website in advance of sending notices out. We also translate the convocation notice and other documents into English and have adopted an electronic voting platform in order to make the process more convenient for shareholders. The rate at which shareholders exercised their voting rights at the 92nd general meeting held in June 2019 was 82.4% (versus 83.2% in 2018).

To provide shareholders with booklets that are easier to read, understand and handle, beginning with the 91st general meeting we also began printing the convocation notice in color, and have bound it together with our annual business report.

Briefings for Shareholders, Institutional Investors and Securities Analysts

We hold a variety of earnings briefings and other business briefings for shareholders, institutional investors and securities analysts. We also post on our website reference materials from our earnings briefings as well as other explanatory materials in an effort to share information about MGC in a timely fashion.



Earnings briefing

IR Site Ranking Award —No. 1 in the Chemical Industry

The Mitsubishi Gas Chemical website was completely renewed in May 2018, and subsequently received a Silver Prize together with an overall ranking of 31 among 3,626 companies in a survey of corporate IR websites carried out by Morningstar Japan K.K.—the Gomez IR Site Ranking 2018. Moreover, Morningstar ranked the MGC website No. 1 in the chemical industry. In particular, the site was ranked 16th overall for usability.

The website also won the Internet IR Commendation Award given by Daiwa Investor Relations Co., Ltd., as well as the top-Grade AAA ranking in the 2018 Website Quality Ranking Survey conducted by Nikko Investor Relations Co., Ltd.



TOPICS

Corporate Governance

We strive to operate an effective corporate governance system and to continually reinforce and enhance our system in order to fulfill the expectations of all stakeholders.

Corporate Governance Policy

Mitsubishi Gas Chemical Company, Inc. (MGC) shall strive to operate effective corporate governance systems and continuously reinforce and enhance those systems in order to meet the expectations of all stakeholders including shareholders. Accordingly, it shall adhere to the following basic principles:

- (1) Ensure the rights of and equality among shareholders.
- (2) Engage in appropriate collaboration with shareholders and other stakeholders.
- (3) Conduct appropriate information disclosures and maintain transparency.
- (4) Properly carry out the responsibilities of the Board of Directors and other bodies.
- (5) Engage in constructive dialogue with shareholders.

Corporate Governance System

MGC has adopted a corporate auditing system and, for the purpose of business execution, has established an executive officer system, which clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides the basic policies of management, as well as important matters relating to items decreed by law and the company's Articles of Incorporation. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs.

Directors

MGC has set the term of office for directors at one year to clarify the accountability of management. There is also a stipulation that MGC's directors may concurrently serve as an officer at a maximum of three companies other than MGC Group companies, to ensure that they can fully concentrate on MGC's management.

For matters arising in the course of business execution that may have a significant effect on the company, the Board of Directors makes its decisions on the basis of multifaceted deliberations, including deliberations on management policies by the Management Council and deliberations on plans for executing specific policies by the Operations Council. The Board of Directors receives advice from attorneys and other experts when necessary in the course of its decision-making and supervision of business execution.

In addition, discussions incorporating a diverse range of opinions are held to evaluate the efficacy of the Board of Directors.

Corporate Auditors

MGC's Audit & Supervisory Board is comprised of four corporate auditors, of which three are full-time and two are outside members. They attend important meetings such as those held by the Board of Directors and the Operations Council, conduct audits of each division and surveys of subsidiaries, and audit the execution of business. The members also monitor important decision-making processes and business execution in order to ensure

reasonable decision-making and compliance with the law and corporate norms.

Training of Directors and Corporate Auditors

MGC has newly appointed directors and corporate auditors attend mandatory seminars outside the company covering legal-related matters, particularly in connection with the Companies Act of Japan, in order to enhance their understanding of the roles, responsibilities and duties of their respective positions. When deemed necessary, MGC gives directors, corporate auditors, and other officers opportunities to attend external seminars covering various topics, including compliance, risk management, internal controls, and legal issues, and provides them with relevant books and other documents.

Furthermore, all executive officers and directors overseeing business execution participate in workshops held each year, in which they discuss challenges and tasks for management in group settings. When appropriate, experts from outside the company are invited to give informative lectures on current topics such as revisions to laws.

In addition, MGC works to improve the efficacy and quality of its auditing by organizing study meetings for members of the Audit & Supervisory Board and providing opportunities for them to attend external seminars of their choosing in order to gain additional knowledge of relevant laws, auditing techniques, financial accounting, and other matters.

execution and other important matters from directors and the office staff, request explanations whenever necessary and express opinions. The auditors also inspect important documents related to the execution of business and request explanations from directors and the office staff. The auditors can make use of specialists who are independent from the company, such as attorneys of law, for the purpose of making proper decisions related to auditing.

In addition, outside directors and corporate auditors are encouraged to share opinions and information at any time in an effort to promote cooperation between the outside directors and members of the Audit & Supervisory Board.

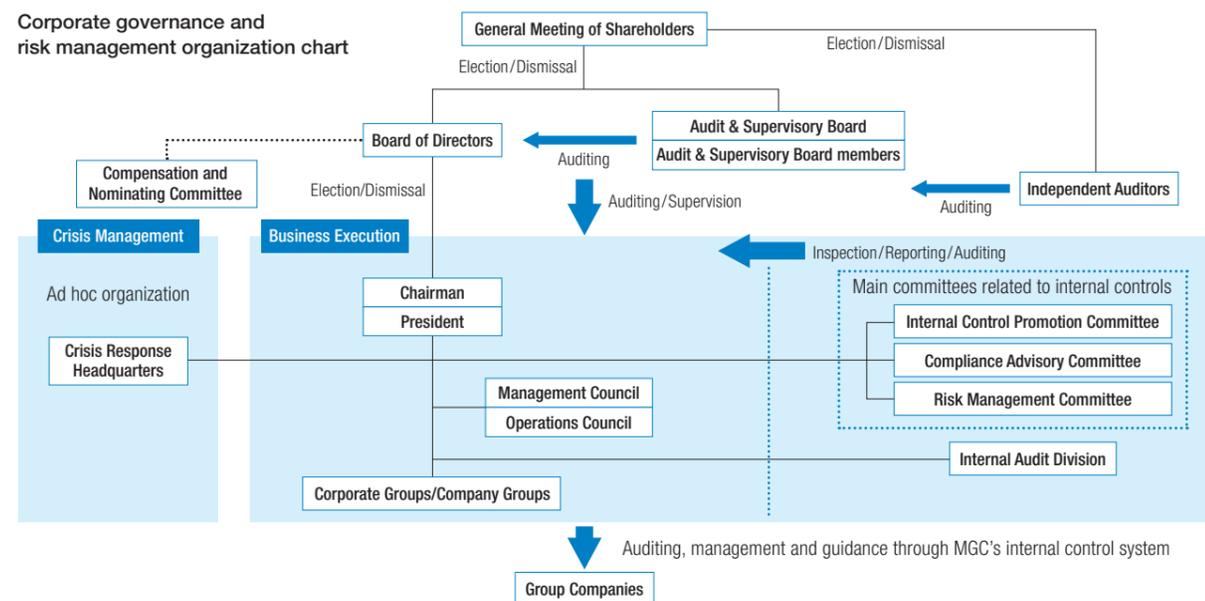
Standards for Outside Directors and Outside Auditors

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside officers (outside directors and outside auditors), in accordance with criteria set by the Tokyo Stock Exchange regarding independence. MGC appoints only candidates who have no conflict of interest with general shareholders.

The Company defines as independent all outside officers who satisfy the requirements for being an independent officer.

In addition, that candidate is deemed to qualify as an independent officer as long as none of the following matters apply.

Corporate governance and risk management organization chart



Compensation and Nominating Committee

MGC's Compensation and Nominating Committee was established for the purpose of ensuring transparency, objectivity, and proper conduct in the process of determining compensation for directors and executive officers, and of nominating and appointing directors, corporate auditors and executive officers.

Proposals for compensation and nominations are submitted to the committee, which is made up of the chairman of the Board, the president, and outside directors, prior to deliberations by the Board of Directors.

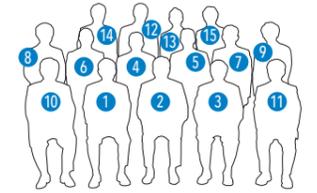
Information Sharing and Support Network for Outside Directors

An employee not subject to instructions from directors has been assigned to assist corporate auditors with their duties. In addition to providing practical support for conducting audits, the employee facilitates communication between the auditors and coordinates their activities as the administrative staff of the Audit & Supervisory Board.

As members of the Audit & Supervisory Board, corporate auditors regularly exchange views with directors, periodically and promptly receive reports on the status of business

1. If any of the following applies to the candidate.
 - Has been a business execution manager¹ of the Group.²
 - Is a major shareholder of MGC³ or is or has been a business execution manager for a major shareholder company within the previous five years.
 - Is or has been a business execution manager within the previous five years of an important business partner.⁴
 - Has been dispatched from a company or organization that has established a relationship with the Group through the reciprocal appointment of outside officers.
 - Works for or has worked for an auditing firm within the previous five years that has conducted a statutory audit of MGC.
 - Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation.⁵
2. If any of the following applies to a close relation⁶ of the candidate.
 - Is or has been an important business execution manager⁷ of the Group within the previous five years.

Corporate Governance



Members of the Board of Directors and Audit & Supervisory Board



- | | | |
|--|--|--|
| <p>1 Toshikiyo Kurai
Representative Director, Chairman</p> <p>2 Masashi Fujii
Representative Director, President</p> <p>3 Masamichi Mizukami
Representative Director, Senior Managing Executive Officer</p> <p>4 Masahiro Johno
Director, Managing Executive Officer</p> <p>5 Masato Inari
Director, Managing Executive Officer</p> | <p>6 Nobuhisa Ariyoshi
Director, Managing Executive Officer</p> <p>7 Tomohiko Okubo
Director, Managing Executive Officer</p> <p>8 Hiroyuki Otsuka
Director, Managing Executive Officer</p> <p>9 Kenji Kato
Director, Managing Executive Officer</p> <p>10 Kazuo Tanigawa
Outside Director</p> | <p>11 Tsugio Sato
Outside Director</p> <p>12 Takashi Kimura
Audit & Supervisory Board Member (Outside)</p> <p>13 Katsuhiko Sugita
Audit & Supervisory Board Member</p> <p>14 Kunio Kawa
Audit & Supervisory Board Member</p> <p>15 Yasuomi Matsuyama
Audit & Supervisory Board Member (Outside)</p> |
|--|--|--|

- Is a major shareholder of MGC or a business execution manager for a major shareholder company.
- Is or has been a business execution manager within the previous five years of an important business partner.
- Works for or has worked for an auditing firm within the previous five years that has conducted a statutory audit of MGC.
- Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation.

3. The candidate has another important vested interest in the Group and has been reasonably deemed to be unable to fulfill his or her duties as an independent officer.

*1 Business execution manager: either a director overseeing business execution, an executive officer, other officer involved in business execution, or an employee
 *2 The Group: MGC or one of its subsidiaries
 *3 Major shareholder of MGC: a shareholder currently holding, either directly or indirectly, 10% or more of total shares issued and outstanding
 *4 Important business partner: a business partner that has made transactions, including buying and selling, amounting to 2% or more of consolidated net sales over the previous three consecutive years. Consolidated net sales pertains to the Group in the event the Group is the seller, or to the partner in the event the Group is the buyer.
 *5 High compensation: in the case of an individual, an annual amount of 10 million yen or more, or in the case of a member of company or organization, compensation exceeding 2% of its consolidated net sales or total revenue.
 *6 Close relation: either a spouse, first- or second-degree relative, or financial dependent
 *7 Important business execution manager: either a director overseeing business execution, an executive officer, or other officer involved in business execution

basic compensation amount decided in accordance with each director's position and duties, performance-based compensation reviewed every fiscal year, a reserved retirement benefit, and restricted stock. The reserved retirement benefit consists of a reserved sum that reflects each director's performance each fiscal year based on internal rules and is to be paid in full upon retirement of the director.

In order to share the value with shareholders and further motivate directors to work toward sustainable growth in corporate value, a number of MGC shares will be issued to directors as part of their compensation to be held for a certain period of time with a restriction on transfer. This system was newly introduced at the June 26, 2018 ordinary general meeting of shareholders.

In addition to these forms of compensation, a bonus amount that is considered appropriate may be paid upon resolution of a general meeting of shareholders.

Only basic compensation (fixed compensation) will be paid to outside directors.

Officer remuneration will be decided by the Board of Directors after comprehensively examining company performance, common corporate criteria, employee salary trends, etc., and after consultation with the Compensation and Nominating Committee, comprised of the chairman, president, and outside directors.

● Compensation to Corporate Auditors

Compensation to corporate auditors, who serve as members of the Audit & Supervisory Board, consists only of a basic compensation amount within a range stipulated by the general meeting of shareholders, which is determined through deliberations by the corporate auditors.

Hostile Takeover Defense Plan

At present, MGC has not established a hostile takeover defense plan.

Compensation of Directors and Auditors

● Compensation to Directors

Compensation to directors (excluding outside directors) consists of monthly compensation, which is the total of a

Compensation (For Fiscal 2018)

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of people receiving compensation
		Basic compensation	Reserved retirement benefits	Restricted stock	
Directors(excluding outside directors)	549	414	93	40	11
Auditors (excluding outside auditors)	52	52	—	—	3
Outside directors and auditors	55	55	—	—	4
Total	657	522	—	—	18

Note: In the above reserved retirement benefits for directors, provision has been made for the current fiscal year with respect to reserved retirement benefits for 11 directors other than outside directors.

Note: The amount of restricted stock compensation for directors indicated above is the amount reported as an expense relating to restricted stock compensation for the current fiscal year (eligible directors are the 10 directors other than the outside director).

As of June 25, 2019

Compliance and Risk Management

MGC practices compliance with the aim of earning the trust and understanding of the community, while putting in place and strengthening systems for responding to a wide variety of risks.

Promoting Compliance

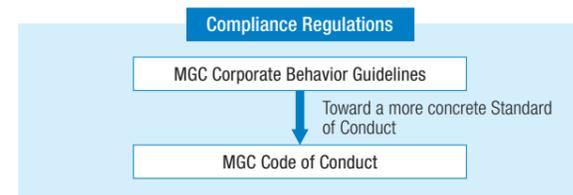
MGC Group takes a broad view of compliance, one that involves not only abiding by laws and company rules, but upholding the fair, transparent, and flexible conduct of business in acknowledgment of its responsibilities to society. Based on this understanding, we have summarized the conduct expected of our executive officers and employees in the MGC Corporate Behavior Guidelines and the MGC Code of Conduct, the contents of which are reviewed and revised from time to time based on changes taking place in society at large.

To ensure thorough compliance across the entire MGC Group, we distribute the MGC Compliance Handbook to all of our employees in Japan. For overseas Group companies, we have also created English, Chinese, and Thai language versions of the MGC Corporate Behavior Guidelines and the MGC Code of Conduct to ensure our approach to compliance is instilled in those companies as well.



MGC Compliance Handbook

MGC compliance concepts

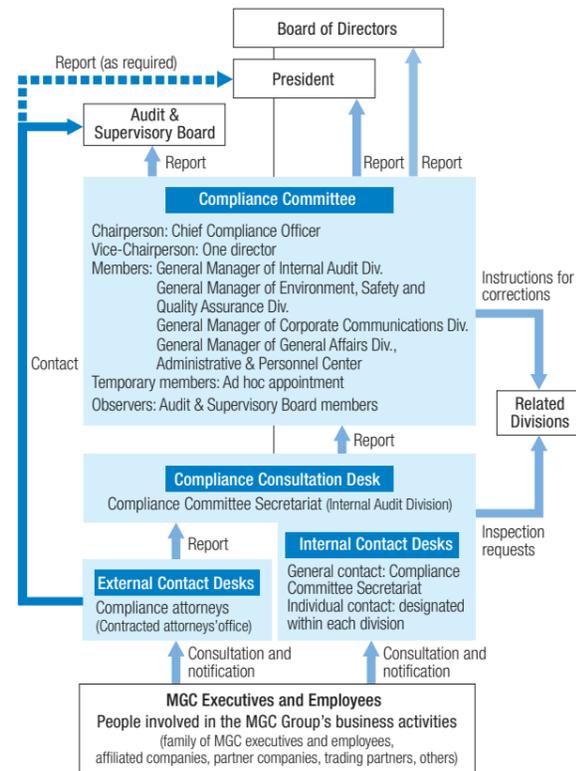


Compliance System

MGC has established a Compliance Committee to supervise matters concerning the Group's compliance program, reporting directly to the President. The Compliance Committee also includes a director (as vice-chairperson), heads of compliance-related departments, and others. The roles of the Committee are as follows:

1. Formulating and deliberating on the framework, policies, and implementation measures of MGC Group compliance.
2. Understanding the status of implementation of MGC Group compliance and providing necessary guidance and supervision.
3. Investigating instances of noncompliance and formulating and deliberating on corrective measures and prevention of recurrence.

MGC compliance structure



Compliance policies, guidance and supervision, and steps taken to correct and prevent recurrence of noncompliance which are formulated and deliberated on by the Compliance Committee, are reported to the MGC president and the Audit & Supervisory Board, then implemented upon completion of prescribed internal procedures.

In addition, MGC has set up a Compliance Consultation Desk, intended to aid the early detection of unethical practices and implement preventive steps. Our internal contact desks are staffed by the Internal Audit Department, while outside consultation is available through the offices of specialized attorneys, including access to female attorneys. These attorneys also provide advice to the Compliance Committee and assist with the training of relevant departments.

Reports and consultations brought to the attention of the Consultation Desk and deemed potentially serious compliance violations are promptly reported to the Compliance Committee chairperson. The Compliance Committee determines any required corrective action or measures to prevent a recurrence after investigating the relevant facts. The results of these investigations and the details of said measures are also reported back to the party who submitted the original consultation or report.

Compliance Education

MGC designates every October as "Corporate Ethics Month," during which we conduct compliance training for all employees using our intranet and the president sends out a notice to all business sites to raise awareness of compliance issues.

Compliance education is also included in grade-specific education, and training is provided using educational materials suited to each position.

Given an increasing need to respond to compliance issues, such as cartel involvement and illegal payoffs, at Group companies affiliated with our overseas businesses in emerging countries and elsewhere, we are also working to enhance the quality of its compliance training for staff dispatched as officers to overseas affiliates.

Security Export Control Initiatives

The MGC Code of Conduct stipulates that exacting export screening procedures are to be followed, in part to ensure adherence with laws and international treaties regarding exports, and to ensure appropriate control over the export of cargo and provision of technology that may relate to the development of weapons of mass destruction and conventional arms.

Export control subject to screening include all products exported by MGC or for which it provides technology, regardless of whether the transaction involves direct, indirect, or brokered trade, as well as all technology related to the design, manufacturing, and use of those products.

Export screening is the responsibility of business divisions familiar with the attributes and technology used in chemical products, and an independent export control division, who screen all exports to determine if cargo and technology restrictions apply, checking also the final customer, destination and use.

In addition, internal audits and grade-specific education are conducted annually.



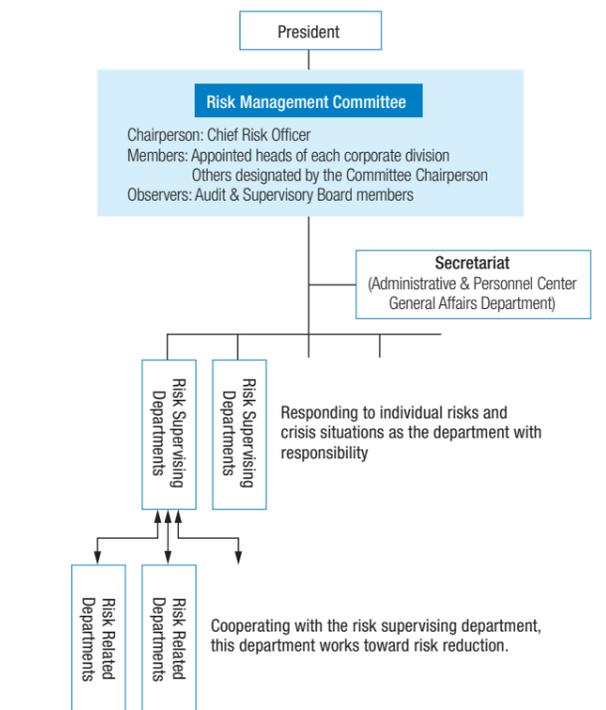
Security export control education for new employees

Promoting Risk Management

The four Companies conducting business activities and all corporate divisions actively assess and prioritize risk situations and devise risk reduction measures. The Risk Management Committee, headed by the Chief Risk Officer, provides direction and supervision for each department as well as deliberates on problems that require a company-wide response.

In terms of risks associated with business execution, we have developed an action plan to identify and evaluate risks inherent in our operations and internal control systems. We then take appropriate measures. In the event a serious risk is identified, we set up a special group (Crisis Response Headquarters) to address it according to internal rules.

Risk management promotion system



Risk Management of Group Companies

MGC investigates and exchanges information regarding the status of risk management efforts at each of its group companies, while also requesting that they further enhance their risk management activities. MGC divisions in charge of each company also share information and address any issues when necessary. Risks that may have a significant impact on MGC are also reviewed by the Risk Management Committee.

Compliance and Risk Management

Formulating and Implementing Business Continuity Plans

Business divisions responsible for important products at MGC formulate business continuity plans (BCPs).

To fulfill their obligation to supply core materials that have a significant impact on customers, each business division implements plans for developing multiple manufacturing sites (which, depending on the product, may include sites in other countries), buildup of inventory, and reduction of equipment stoppage risk.

Addressing Priority Risks

Among the various risks associated with its business activities, MGC considers natural disasters, leaks of chemical substances, fires and explosions, and information leaks to be company-wide risks that need to be given special priority, and measures to address these are reviewed in collaboration between business sites.

1. Measures Against Large-scale Natural Disasters

MGC has undertaken advance disaster reduction measures to improve its facilities and minimize damage, based on scenarios envisioning such natural disasters as a Nankai Trough earthquake or an earthquake directly below Tokyo, flooding, and volcanic eruptions. We have also deployed a company-wide safety confirmation system to cope with the aftermath of a large-scale natural disaster, along with wireless communication devices and other emergency devices, while also setting up reserve supplies of food, water, and other materials. Each year, we conduct emergency drills using these systems and equipment. We also work to ensure that in the event our headquarters are paralyzed by a natural disaster, each of our other facilities may continue supporting customers and maintaining other services, supplementing the headquarters' functions.



Earthquake simulation chamber

2. Preventing Chemical Leaks

To prepare for an emergency situation, we have secured a supply of disaster preparedness materials and equipment and also conduct drills. We have created a wide-area support structure to ensure our business sites can collaborate and provide an emergency response in the event of an accident.

Further, in addition to conducting drills envisioning a logistics accident, we also conduct drills for deploying oil fences in the event of a spill at sea during marine transport,

and drills to address the possibility of an act of terrorism.



Ammonia spill response drill



Oil barrier deployment drill

3. Preventing Fires and Explosions

To prevent accidents and injuries before they happen, it is important to ensure that processes are safe and equipment is sound, to allow stable operations to continue. Each MGC plant utilizes an equipment management system, and works to inspect, maintain, and upgrade equipment as necessary according to potential risk and importance. The plants also use the Japan Society for Safety Engineering's safety competency assessment system to strengthen any areas of vulnerability. Further, we reevaluate accidents that have occurred at MGC in the past, establishing countermeasures to prevent similar accidents from occurring, and conducting risk assessments based on assumed emergency stoppages.

To prepare for an accident, each business site has established a self-defense disaster preparedness system and conducts appropriate drills.



Disaster preparedness drill

4. Preventing Information Leaks

MGC has put in place a framework and rules for managing a variety of information—business information, technical information, personal information and others—and works to prevent leaks in terms of both hardware and soft skills, including everything from building information management systems to providing employee training and education. We also work to prevent leaks by strengthening information system security using the latest available IT.

Ensuring the Safety of Employees Traveling or Posted Overseas

Working with an outside consultant, we have analyzed threats to safety by country and received advice about addressing those threats. This allows us to acquire immediate, accurate information, and, when necessary, provide that information to employees posted or traveling on business overseas.

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Consolidated Financial Summary

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Operating results (Millions of yen)												(Thousands of U.S. dollars)*2
Net sales	¥447,647	384,528	451,033	452,217	467,979	534,443	529,570	593,502	556,480	635,909	648,986	\$ 5,847,247
Operating income	(3,103)	4,090	23,363	9,083	11,421	11,488	14,996	34,018	43,762	62,741	41,386	372,880
Ordinary income	6,975	7,365	36,394	26,116	27,651	30,804	42,000	45,432	62,430	80,711	69,199	623,471
Net income attributable to owners of the parent	7,014	5,827	18,950	12,327	(7,793)	14,921	43,346	34,134	48,013	60,531	55,000	495,540
Equity in earnings of affiliates	14,706	8,794	17,873	20,532	19,045	20,466	27,895	16,683	21,125	18,277	28,408	255,951

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Financial position (Millions of yen)												(Thousands of U.S. dollars)*2
Current assets	¥215,298	218,082	244,522	254,037	261,397	287,642	372,166	341,237	326,674	384,249	378,845	\$ 3,413,326
Total assets	530,592	539,431	577,045	595,250	613,908	657,838	790,784	739,582	738,188	785,687	804,038	7,244,238
Current liabilities	161,088	160,297	182,527	193,464	195,438	178,897	225,068	214,676	188,426	206,835	188,420	1,697,630
Net assets	272,083	278,094	288,257	292,111	294,895	323,858	422,851	423,135	473,370	519,144	553,282	4,984,972
Interest-bearing debt	174,934	165,848	182,679	185,185	182,644	204,489	215,614	181,427	118,713	106,964	95,751	862,699

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Cash flows (Millions of yen)												(Thousands of U.S. dollars)*2
Operating activity cash flow	¥ 49,027	31,326	39,773	37,348	31,169	27,182	76,982	84,671	82,711	90,720	64,042	\$ 577,007
Investing activity cash flow	(41,253)	(33,662)	(24,626)	(37,274)	(30,818)	(29,883)	(23,531)	(31,922)	(31,119)	(33,614)	(42,761)	(385,269)
Financing activity cash flow	11,541	(15,354)	(1,849)	(9,876)	(14,356)	7,124	(25,005)	(47,335)	(60,217)	(33,038)	(31,396)	(282,872)
Total cash and cash equivalents at end of year	53,065	36,048	46,768	35,701	26,907	37,310	72,678	75,828	67,177	90,304	80,379	724,200

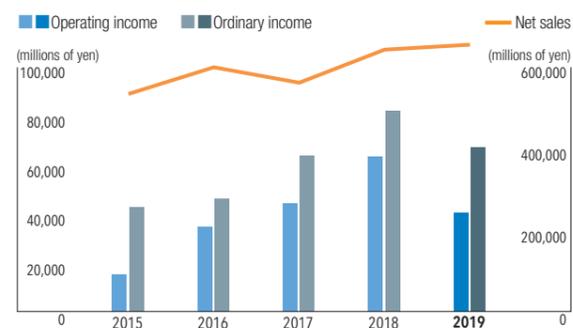
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Per share data (Yen)												(U.S. dollars)*2
Earnings per share (EPS)*1	¥ 30.61	25.78	83.85	54.56	(34.50)	66.07	191.94	153.85	221.83	281.39	257.46	\$ 2.32
Net assets per share *1	1,171.80	1,191.13	1,230.50	1,246.92	1,256.81	1,382.52	1,672.25	1,707.01	1,967.94	2,187.99	2,354.25	\$ 21.21

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Ratios (%)												
Operating income margin	(0.7)	1.1	5.2	2.0	2.4	2.1	2.8	5.7	7.9	9.9	6.4	6.4
Return on equity (ROE)	2.5	2.2	6.9	4.4	(2.8)	5.0	12.6	9.0	12.0	13.6	11.3	11.3
Return on assets (ROA)	1.2	1.4	6.5	4.5	4.6	4.8	5.8	5.9	8.4	10.6	8.7	8.7
Equity ratio	49.9	49.9	48.2	47.3	46.2	47.5	47.8	51.0	57.5	59.5	62.6	62.6

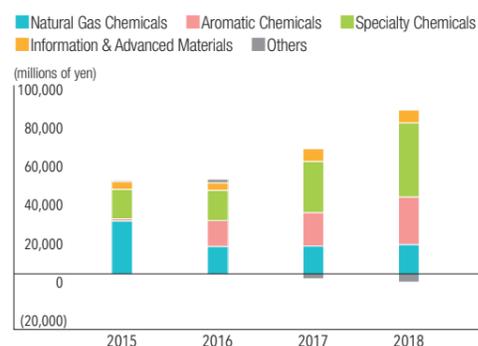
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Others (Millions of yen)												(Thousands of U.S. dollars)*2
Capital expenditure	¥ 35,119	27,567	35,400	42,423	30,982	25,409	22,226	30,512	35,010	30,959	39,279	\$ 353,897
Depreciation and amortization	28,934	29,535	28,950	27,763	23,096	23,528	23,770	26,705	25,631	27,027	27,451	247,329
Research and Development cost	14,707	16,198	16,380	17,449	15,332	16,122	16,873	18,936	19,267	18,987	18,607	167,646
Number of employees	4,902	4,920	4,979	5,216	5,323	5,445	8,254	8,176	8,034	8,009	8,276	8,276

*1 With and effective date of October 1, 2016, MGC conducted a reverse stock split for MGC's ordinary shares on a 2:1 basis.
As a result, each amounts per share in the above table are calculated assuming that the reverse stock split had been conducted at the beginning of FY2008.
*2 U.S. dollar amounts are translated from yen, for convenience only, at the approximate rate of ¥110.99= US\$1 prevailing on March 31, 2019.

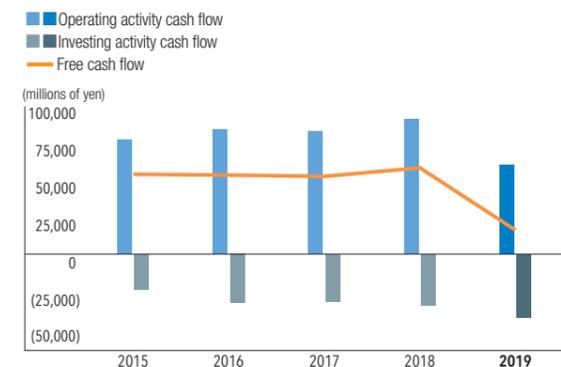
Net sales / Operating income / Ordinary income



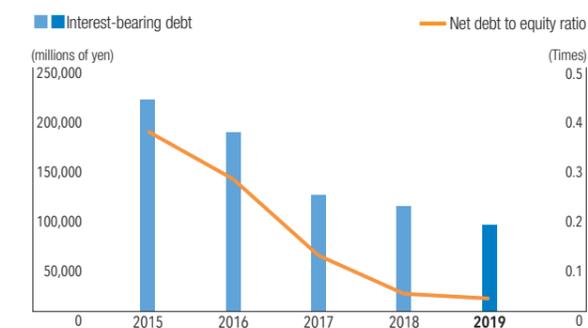
Ordinary income by business segment



Cash flows



Interest-bearing debt / Net debt to equity ratio



Consolidated Balance Sheet

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
March 31, 2019

Assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current assets:			
Cash	¥ 91,130	¥ 101,090	\$ 821,065
Trade notes and accounts receivable	155,507	165,606	1,401,090
Short-term investments	23	121	207
Inventories	119,252	103,753	1,074,439
Other current assets	13,965	14,847	125,822
Less allowance for doubtful receivables	1,033	1,170	9,307
Total current assets	378,845	384,249	3,413,326
Property, plant and equipment:			
Buildings and structures	207,981	203,544	1,873,872
Machinery, equipment and vehicles	457,159	450,543	4,118,921
Land	39,826	38,458	358,825
Leased assets	750	760	6,757
Construction in progress	20,522	12,347	184,900
Other	48,151	46,923	433,832
	774,392	752,577	6,977,133
Less accumulated depreciation	545,899	531,859	4,918,452
Net property, plant and equipment	228,492	220,717	2,058,672
Intangible assets, net:			
Goodwill	3,841	3,911	34,607
Leased assets	5	14	45
Software	2,187	2,141	19,704
Other	2,579	2,343	23,236
Net intangible assets	8,614	8,411	77,611
Investments and other assets:			
Investments in securities	177,011	161,391	1,594,837
Long-term loans receivable	2,831	2,632	25,507
Deferred income taxes	2,510	2,094	22,615
Net defined benefit asset	1,174	1,221	10,578
Other investments and other assets	5,101	5,522	45,959
Less allowance for doubtful receivables	543	555	4,892
Total investments and other assets	188,086	172,308	1,694,621
Total assets	¥ 804,038	¥ 785,687	\$ 7,244,238

Liabilities and Net Assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current liabilities:			
Trade notes and accounts payable	¥ 80,089	¥ 88,720	\$ 721,588
Short-term debt and current installments of long-term debt	58,846	71,256	530,192
Accrued expenses	20,493	16,591	184,638
Accrued income taxes	3,439	4,133	30,985
Accrued bonuses	5,539	5,422	49,905
Other current liabilities	20,011	20,711	180,296
Total current liabilities	188,420	206,835	1,697,630
Non-current liabilities:			
Long-term debt	36,905	35,707	332,507
Net defined benefit liability	5,247	4,592	47,275
Provision for directors' retirement benefits	337	339	3,036
Deferred income taxes	9,521	10,080	85,783
Other non-current liabilities	10,323	8,986	93,008
Total non-current liabilities	62,336	59,707	561,636
Total liabilities	250,756	266,543	2,259,267
Stockholders' equity:			
Common stock:			
Authorized 492,428,000 shares; issued 231,739,199 shares in 2019 and 2018	41,970	41,970	378,142
Additional paid-in capital	34,298	34,578	309,019
Retained earnings	439,080	399,033	3,956,032
Treasury stock, at cost; 18,099,472, and 18,135,027 shares in 2019 and 2018	(19,930)	(19,966)	(179,566)
Total stockholders' equity	495,418	455,616	4,463,627
Accumulated other comprehensive income:			
Net unrealized gain on other securities	13,023	17,261	117,335
Deferred gains (losses) on hedges	1	(0)	9
Surplus on revaluation of land	222	222	2,000
Foreign currency translation adjustments	(6,327)	(7,614)	(57,005)
Remeasurements of defined benefit plans	623	1,878	5,613
Total accumulated other comprehensive income	7,542	11,747	67,952
Non-controlling interests	50,321	51,780	453,383
Total net assets	553,282	519,144	4,984,972
Commitments and contingencies			
Total liabilities and net assets	¥ 804,038	¥ 785,687	\$ 7,244,238

Consolidated Statement of Income

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2019

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net sales	¥ 648,986	¥ 635,909	\$ 5,847,247
Cost of sales	512,857	481,326	4,620,750
Gross profit	136,129	154,583	1,226,498
Selling, general and administrative expenses	94,742	91,841	853,608
Operating income	41,386	62,741	372,880
Other income (expenses):			
Interest income	642	485	5,784
Dividend income	2,200	2,096	19,822
Interest expenses	(1,018)	(1,069)	(9,172)
Equity in earnings of affiliates	28,408	18,277	255,951
Gain on sale of investments in securities	989	1,926	8,911
Rent expenses	(1,634)	(1,264)	(14,722)
Loss on valuation of investments in securities	(690)	(8,297)	(6,217)
Provision for loss on guarantees	(1,267)	(1,088)	(11,415)
Loss on liquidation of subsidiaries and affiliates	—	(162)	—
Personnel expenses for seconded employees	(1,430)	(1,449)	(12,884)
Loss on sale/disposal of property, plant and equipment	(920)	(1,115)	(8,289)
Impairment loss	—	(11)	—
Other, net	2,400	2,352	21,624
	27,679	10,680	249,383
Profit before income taxes	69,066	73,421	622,272
Income taxes:			
Current	8,333	9,330	75,079
Deferred	753	(1,842)	6,784
	9,087	7,487	81,872
Profit	¥ 59,979	¥ 65,933	\$ 540,400
Profit attributable to non-controlling interests	4,979	5,402	44,860
Profit attributable to owners of parent	¥ 55,000	¥ 60,531	\$ 495,540

Consolidated Statement of Comprehensive Income

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2019

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Profit	¥ 59,979	¥ 65,933	\$ 540,400
Other comprehensive income arising during the year:			
Net unrealized loss on other securities	(4,212)	(827)	(37,949)
Deferred gains (losses) on hedges	1	(0)	9
Foreign currency translation adjustments	(2,232)	2,102	(20,110)
Remeasurements of defined benefit plans	(1,812)	2,204	(16,326)
Shares of other comprehensive income of affiliates accounted for by the equity method	2,594	(1,775)	23,371
Total other comprehensive income arising during the year	(5,661)	1,702	(51,005)
Comprehensive income	¥ 54,318	¥ 67,636	\$ 489,395
Comprehensive income attributable to:			
Owners of the parent	¥ 50,795	¥ 60,555	\$ 457,654
Non-controlling interests	3,522	7,080	31,733

Consolidated Statement of Changes in Net Assets

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2019

	Millions of yen												
	Stockholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized gain on other securities	Deferred losses on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total
Balance as of April 1, 2017	¥ 41,970	¥ 35,602	¥ 357,245	¥ (21,829)	¥ 412,989	¥ 18,101	¥ (0)	¥ 222	¥ (6,249)	¥ (351)	¥ 11,722	¥ 48,658	¥ 473,370
Changes arising during year:													
Cash dividends			(9,927)		(9,927)								(9,927)
Profit attributable to owners of parent			60,531		60,531								60,531
Purchase of treasury stock				(7,010)	(7,010)								(7,010)
Disposition of treasury stock		0		0	0								0
Retirement of treasury stock		(8,873)		8,873	—								—
Transfer to additional paid-in capital from retained earnings		8,816	(8,816)		—								—
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(966)			(966)								(966)
Net changes other than stockholders' equity						(839)	(0)	—	(1,365)	2,229	24	3,122	3,146
Total changes during the year	—	(1,024)	41,787	1,863	42,626	(839)	(0)	—	(1,365)	2,229	24	3,122	45,773
Balance as of March 31, 2018	¥ 41,970	¥ 34,578	¥ 399,033	¥ (19,966)	¥ 455,616	¥ 17,261	¥ (0)	¥ 222	¥ (7,614)	¥ 1,878	¥ 11,747	¥ 51,780	¥ 519,144
Changes arising during year:													
Cash dividends			(14,953)		(14,953)								(14,953)
Profit attributable to owners of parent			55,000		55,000								55,000
Purchase of treasury stock				(6)	(6)								(6)
Disposition of treasury stock		53		42	95								95
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(333)			(333)								(333)
Net changes other than stockholders' equity						(4,238)	1	—	1,287	(1,254)	(4,204)	(1,459)	(5,664)
Total changes during the year	—	(280)	40,046	35	39,802	(4,238)	1	—	1,287	(1,254)	(4,204)	(1,459)	34,138
Balance as of March 31, 2019	¥ 41,970	¥ 34,298	¥ 439,080	¥ (19,930)	¥ 495,418	¥ 13,023	¥ 1	¥ 222	¥ (6,327)	¥ 623	¥ 7,542	¥ 50,321	¥ 553,282

	Thousands of U.S dollars												
	Stockholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized gain on other securities	Deferred losses on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total
Balance as of April 1, 2017	\$ 378,142	\$ 320,768	\$ 3,218,713	\$ (196,675)	\$ 3,720,957	\$ 163,087	\$ (0)	\$ 2,000	\$ (56,302)	\$ (3,162)	\$ 105,613	\$ 438,643	\$ 4,264,979
Changes arising during year:													
Cash dividends			(89,440)		(89,440)								(89,440)
Profit attributable to owners of parent			545,373		545,373								545,373
Purchase of treasury stock				(63,159)	(63,159)								(63,159)
Disposition of treasury stock		0		0	0								0
Retirement of treasury stock		(79,944)		79,944	—								—
Transfer to additional paid-in capital from retained earnings		79,431	(79,431)		—								—
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(8,703)			(8,703)								(8,703)
Net changes other than stockholders' equity						(7,559)	(0)	—	(12,298)	20,083	216	28,129	28,345
Total changes during the year	—	(9,226)	376,493	16,785	384,053	(7,559)	(0)	—	(12,298)	20,083	216	28,129	412,407
Balance as of March 31, 2018	\$ 378,142	\$ 311,542	\$ 3,595,216	\$ (179,890)	\$ 4,105,018	\$ 155,519	\$ (0)	\$ 2,000	\$ (68,601)	\$ 16,920	\$ 105,838	\$ 466,529	\$ 4,677,394
Changes arising during year:													
Cash dividends			(134,724)		(134,724)								(134,724)
Profit attributable to owners of parent			495,540		495,540								495,540
Purchase of treasury stock				(54)	(54)								(54)
Disposition of treasury stock		478		378	856								856
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(3,000)			(3,000)								(3,000)
Net changes other than stockholders' equity						(38,184)	9	—	11,596	(11,298)	(37,877)	(13,145)	(51,032)
Total changes during the year	—	(2,523)	360,807	315	358,609	(38,184)	9	—	11,596	(11,298)	(37,877)	(13,145)	307,577
Balance as of March 31, 2019	\$ 378,142	\$ 309,019	\$ 3,956,032	\$ (179,566)	\$ 4,463,627	\$ 117,335	\$ 9	\$ 2,000	\$ (57,005)	\$ 5,613	\$ 67,952	\$ 453,383	\$ 4,984,972

Consolidated Statement of Cash Flows

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2019

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash flows from operating activities:			
Profit before income taxes	¥ 69,066	¥ 73,421	\$ 622,272
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	27,451	27,027	247,329
Loss on sale/disposal of property, plant and equipment	870	1,094	7,839
Equity in earnings of affiliates	(28,408)	(18,277)	(255,951)
(Decrease) increase in allowance for doubtful receivables	(137)	4	(1,234)
(Decrease) increase in net defined benefit liability	(682)	43	(6,145)
Increase in provision for directors' retirement benefits	68	33	613
(Decrease) increase in provision for loss on business withdrawal	(107)	236	(964)
(Decrease) increase in provision for loss on liquidation of subsidiaries and affiliates	(144)	162	(1,297)
Increase in provision for loss on guarantees	1,270	1,088	11,442
Interest and dividend income	(2,842)	(2,581)	(25,606)
Interest expenses	1,018	1,069	9,172
Gain on sale of short-term investments and investments in securities	(1,041)	(2,146)	(9,379)
Loss on devaluation of short-term investments and investments in securities	837	8,327	7,541
Decrease (increase) in trade notes and accounts receivable	8,059	(28,607)	72,610
Increase in inventories	(15,750)	(9,759)	(141,905)
(Decrease) increase in trade notes and accounts payable	(7,290)	21,357	(65,682)
Other, net	4,074	2,455	36,706
Sub total	56,313	74,948	507,370
Interest and dividend received	2,804	2,545	25,264
Dividend received from affiliates accounted for by the equity method	12,323	20,008	111,028
Interest paid	(1,020)	(974)	(9,190)
Income taxes paid	(6,552)	(5,838)	(59,032)
Other, net	173	29	1,559
Net cash provided by operating activities	64,042	90,720	577,007
Cash flows from investing activities:			
Capital expenditures	(37,409)	(36,546)	(337,048)
Proceeds from sale of property, plant and equipment	891	2,141	8,028
Purchase of investments in securities and subsidiaries	(5,039)	(1,548)	(45,400)
(Increase) decrease in long-term loans receivable	(48)	(642)	(432)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	939	804	8,460
Other, net	(2,094)	2,175	(18,867)
Net cash used in investing activities	(42,761)	(33,614)	(385,269)
Cash flows from financing activities:			
Decrease in short-term debt	(10,599)	(7,300)	(95,495)
Proceeds from long-term debt	16,773	10,359	151,122
Payments on long-term debt	(17,893)	(14,143)	(161,213)
Dividends paid to stockholders	(14,953)	(9,927)	(134,724)
Dividends paid to non-controlling stockholders of subsidiaries	(1,751)	(2,024)	(15,776)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,859)	(2,883)	(25,759)
Other, net	(112)	(7,119)	(1,009)
Net cash used in financing activities	(31,396)	(33,038)	(282,872)
Effect of exchange rate changes on cash and cash equivalents	190	(939)	1,712
Increase (decrease) in cash and cash equivalents	(9,925)	23,127	(89,422)
Cash and cash equivalents at beginning of year	90,304	67,177	813,623
Cash and cash equivalents at end of year	¥ 80,379	¥ 90,304	\$ 724,200

Shareholder Information

Information for Shareholders (As of March 31, 2019)

Listing

First Section of the Tokyo Stock Exchange

Ticker symbol

4182

Total number of authorized shares

492,428,000

Number of outstanding shares

231,739,199

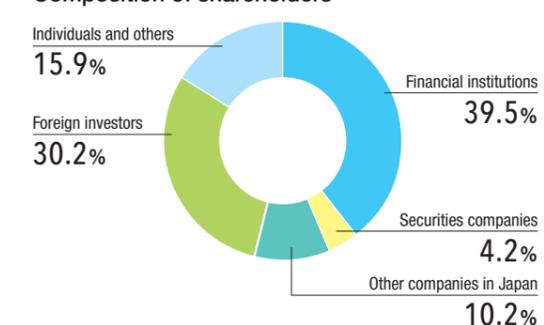
Stock transaction units

100 - shares

Number of shareholders

23,235

Composition of shareholders



Major shareholders

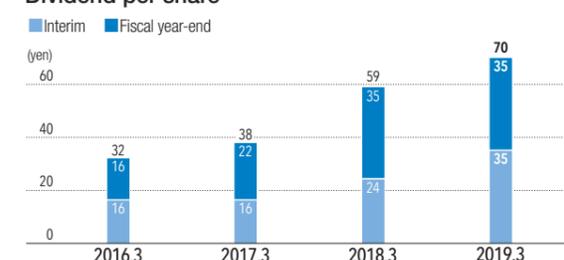
Name of shareholder	Number of shares held (thousands)	Percentage of total outstanding shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,639	5.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	11,793	5.5%
Meiji Yasuda Life Insurance Company	8,797	4.1%
Nippon Life Insurance Company	8,795	4.1%
The Norinchukin Bank	5,026	2.4%
AGC Inc.	4,835	2.3%
SSBTC CLIENT OMNIBUS ACCOUNT	4,577	2.1%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,950	1.8%
JPMorgan Securities Japan Co., Ltd.	3,380	1.6%
The Bank of Yokohama, Ltd.	3,085	1.4%

1. MGC holds 18,099 thousand shares of treasury stock, which is not included in the above list of major shareholders.
2. Percentage to Total Shares Outstanding does not include treasury stock.

Monthly stock price range and trading volume



Dividend per share



Notes: With and effective date of October 1, 2016, MGC conducted a reverse stock split for MGC's ordinary shares on a 2:1 basis. As a result, the share price, market trading volume and dividend per share in the graph are calculated assuming that the reverse stock split had been conducted at the beginning of April, 2015.

Corporate Information

Company Name

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Address

Mitsubishi Building
5-2 Marunouchi 2-chome, Chiyoda-ku,
Tokyo 100-8324, Japan

Originally founded

January 15, 1918

Incorporated

April 21, 1951

Capital

41.97 billion yen

Fiscal Year

Accounts closed in March

Number of consolidated subsidiaries/ equity-method subsidiaries

71 (consolidated subsidiaries)
16 (equity-method subsidiaries)

Number of employees

2,355 (non-consolidated)
8,276 (consolidated)

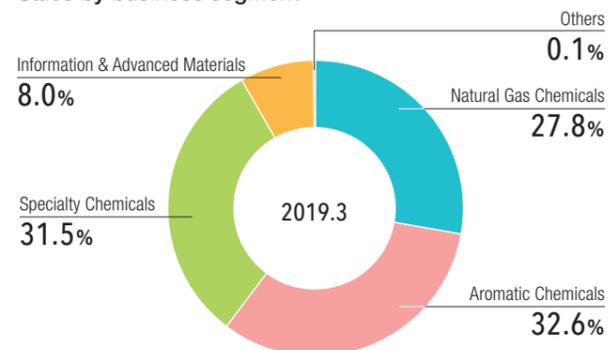
Main Banks

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Japan Bank for International Cooperation
Mizuho Bank, Ltd.
Development Bank of Japan Inc.
The Norinchukin Bank
The Bank of Yokohama, Ltd.

Net sales

648.9 billion yen

Sales by business segment



Business Locations

Branch Offices

Osaka Branch
Shanghai Office
Taiwan Office

Research Institutes

Tokyo Techno Park (TTP)

- Tokyo Research Laboratory
- MGC Chemical Analysis Center

 Niigata Research Laboratory
 Hiratsuka Research Laboratory

Plants

Niigata Plant
 Mizushima Plant
 Yokkaichi Plant

- Naniwa Plant
- Saga Plant

 Yamakita Plant
 Kashima Plant
 QOL Innovation Center Shirakawa

Major Group Companies

Domestic

EIWA CHEMICAL IND. CO., LTD. [C]
 FUDOW COMPANY LTD. [C]
 GRANOPT CO., LTD. [E]
 JAPAN FINECHEM COMPANY, INC. [C]
 Japan Saudi Arabia Methanol Company, Inc. [E]
 Japan U-PiCA Company, Ltd. [E]
 JSP CORPORATION [C]
 Kaiyou Unyu Co., Ltd. [C]
 Kinoe Terminal Co., Inc. [C]
 KYOUDOU KASANKASUISO CORP. [C]
 MGC Advanced Chemical Inc. [C]
 MGC Electrotechno Co., Ltd. [C]
 MGC Filsheet Co., Ltd. [C]
 Mitsubishi Engineering-Plastics Corporation [E]
 Polyols Asia Company, Inc. [C]
 Ryoko Chemical Co., Ltd [C]
 Ryowa Enterprise Co., Ltd. [C]
 RYOYO TRADING CO., LTD. [C]
 Tokyo Shokai, Ltd. [C]
 Toyo Kagaku Co., Ltd. [C]
 Yonezawa Dia Electronics Co., Inc. [C]

[C] Consolidated subsidiary
 [E] Equity-method subsidiary

Overseas

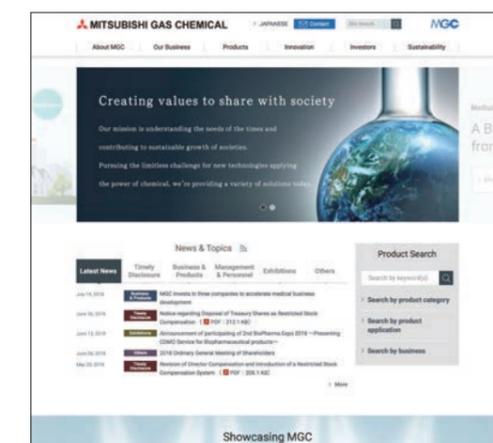
BRUNEI METHANOL COMPANY SDN. BHD [E]
 JSP International Group LTD. [C]
 KOREA ENGINEERING PLASTICS CO., LTD.[E]
 METANOL DE ORIENTE, METOR, S.A [E]
 MGC ADVANCED POLYMERS, INC. [C]
 MGC ELECTROTECHNO (THAILAND) CO., LTD. [C]
 MGC MONTNEY HOLDINGS LTD. [C]
 MGC PURE CHEMICALS AMERICA, INC. [C]
 MGC PURE CHEMICALS SINGAPORE PTE. LTD. [C]
 MGC PURE CHEMICALS TAIWAN, INC. [C]
 MGC TRADING (THAILAND) LTD.
 MITSUBISHI GAS CHEMICAL AMERICA, INC. [C]
 MITSUBISHI GAS CHEMICAL ENGINEERING-PLASTICS (SHANGHAI) CO., LTD. [C]
 MITSUBISHI GAS CHEMICAL EUROPE GMBH
 MITSUBISHI GAS CHEMICAL SHANGHAI COMMERCE LTD.
 MITSUBISHI GAS CHEMICAL SINGAPORE PTE. LTD. [C]
 PT PEROKSIDA INDONESIA PRATAMA [C]
 SAMYOUNG PURE CHEMICALS CO., LTD. [C]
 SUZHOU MGC SUHUA PEROXIDE CO., LTD. [C]
 TAI HONG CIRCUIT INDUSTRIAL CO., LTD. [E]
 Taixing Lingsu Specialty Materials Co., Ltd.[C]
 THAI POLYACETAL CO., LTD. [C]
 THAI POLYCARBONATE CO., LTD. [E]

Guide to our website

As well as introducing our business in an easy-to-understand manner, we have made it easier to search for product information, etc. The website can also be viewed by smartphone.



URL: <https://www.mgc.co.jp/eng/>



Disclaimer

Plans, goals, and other forward-looking statements included in this report are determined based on information available to MGC as of the end of the consolidated fiscal year under review, and on certain assumptions MGC has judged to be reasonable, and may include uncertainties. Actual results may differ significantly from these forward-looking statements due to a variety of factors.