

Notice of the 93rd Ordinary General Meeting of Shareholders



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June 5, 2020

Dear Shareholders with Voting Rights

Masashi Fujii
President and Representative Director
Mitsubishi Gas Chemical Company, Inc.
Mitsubishi Building,
5-2 Marunouchi 2-chome, Chiyoda-ku,
Tokyo, Japan

Notice of the 93rd Ordinary General Meeting of Shareholders

Please refer to the below for information about the upcoming the 93rd Ordinary General Meeting of Shareholders of Mitsubishi Gas Chemical Company, Inc. (hereinafter "MGC") to be held as described below.

You may exercise your voting rights by 5:30 p.m. of June 24, 2020, as it is possible to exercise your voting rights by mail or via the Internet.

- 1. Date and Time:** Thursday, June 25, 2020 at 10:00 a.m.
2. Place: MGC Head Office (6th Floor, Mitsubishi Building)
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

3. Agenda for the Meeting:

- Matters to be reported:** (1) Report on the Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the independent Auditor and the Audit & Supervisory Board for the 93rd Business Term (from April 1, 2019 to March 31, 2020)
(2) Report on the Non-Consolidated Financial Statements for the 93rd Business Term (from April 1, 2019 to March 31, 2020)

Matters for Resolution:

- Proposal No. 1:** Election of Twelve Directors
Proposal No. 2: Election of Two Audit & Supervisory Board Members

4. Disclosure on the internet

- Among the documents that should be attached to this convocation notice, in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of MGC, the following documents are posted on MGC's website and are not included in this convocation notice.
 - (i) Stock Acquisition Rights
 - (ii) Consolidated Statement of Changes in Net Assets
 - (iii) Notes to Consolidated Financial Statements
 - (iv) Non-Consolidated Statement of Changes in Net Assets
 - (v) Notes to Non-consolidated Financial Statements
- Please be advised that if minor amendments are required to matters contained in the Reference Documents for General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, or the

(Translation)

Consolidated Financial Statements, MGC will post revisions on its website.

MGC's website : <https://www.mgc.co.jp/ir/stockinfo/meeting.html>

◇This year, if the situation is not recovered normally, you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aims of preventing the spread of COVID-19 and avoiding infection risks to shareholders. However, if you prefer to attend in person, it is requested that you bring the enclosed Voting Form to the reception desk.

Information on Exercising Voting Rights

●Attending the General Meeting of Shareholders

This year, if the situation is not recovered normally, you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aim of preventing the spread of COVID-19. However, if you prefer to attend in person, it is requested that you submit the enclosed Voting Form to the reception desk at the venue. (You do not need to put your seal on it).

Date and Time of the General Meeting of Shareholders : June 25th 2020(Thu) 10:00a.m. (Japan Time)

Place : MGC Head Office (6th Floor, Mitsubishi Building)

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

●Postal Mail

Please indicate your approval or disapproval of agenda items on the Voting Form and return it by mail.

Voting forms must arrive no later than 5:30 p.m. on Wednesday, June 24th 2020(Japan Time).

●Internet

Please access the voting website (<https://evote.tr.mufg.jp/>) and enter your approval or disapproval of the proposals. Exercise deadline: Until 5:30 p.m. on Wednesday, June 24th 2020(Japan Time).

■Multiple Exercise of Voting Rights

In the event voting rights are exercised multiple times via the mailing of the Voting Form and via Internet, votes submitted via Internet will be deemed valid.

In the event that voting rights are exercised multiple times via Internet, the last set of votes cast will be deemed valid.

<To Institutional Investors>

The "Electronic Proxy Voting Platform" operated by ICJ, Inc. is available for exercising voting rights for MGC's General Meeting of Shareholders.

(Translation)

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Election of Twelve Directors

The term of office of all eleven current Directors will expire as of the close of this Ordinary General Meeting of Shareholders. In order to further strengthen cooperate governance structure, the number of candidates for Outside Director has been increased by 2. Therefore, it is proposed that twelve Directors, including 4 Outside Directors, be elected. If this Proposal is approved and adopted as proposed, Outside Directors shall make up one-third of all Directors.

The candidates are as follows:

Number	Name	Position	Responsibilities at Mitsubishi Gas Chemical	
1	Toshikiyo Kurai	Representative Director Chairman	—	Renomination
2	Masashi Fujii	Representative Director President	—	Renomination
3	Masato Inari	Director, Managing Executive Officer	In charge of Internal Audit Division, Environment & Total Production Sector	Renomination
4	Nobuhisa Ariyoshi	Director, Managing Executive Officer	In charge of internal control & risk management, Corporate Management Sector	Renomination
5	Tomohiko Okubo	Director, Managing Executive Officer	Administrative Management of LNG Project Team, and in charge of Basic Chemicals Business Sector	Renomination
6	Kenji Kato	Director, Managing Executive Officer	In charge of Research & Development Sector	Renomination
7	Yasushi Kosaka	Managing Executive Officer	In charge of Specialty Chemicals Business Sector	NewNomination
8	Naruyuki Nagaoka	Managing Executive Officer	In charge of compliance, and Corporate Planning Sector	NewNomination
9	Kazuo Tanigawa	Director	—	Renomination Outside Director IndependentDirector
10	Tsugio Sato	Director	—	Renomination Outside Director IndependentDirector
11	Haruko Hirose	—	—	NewNomination Outside Director IndependentDirector
12	Toru Suzuki	—	—	NewNomination Outside Director IndependentDirector

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
1	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Toshikiyo Kurai (January 9, 1952)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended</p>	<p>April 1975 Joined MGC.</p> <p>June 2003 General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2006 Executive Officer, and General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2008 Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2009 Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2010 Director, Managing Executive Officer, President of Specialty Chemicals Company, and General Manager, Engineering Plastics Division</p> <p>October 2011 Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2012 Representative Director, Senior Managing Executive Officer, Assistant to the President, and President of Specialty Chemicals Company</p> <p>June 2013 President and Representative Director</p> <p>April 2019 Chairman and Representative Director (to the present)</p> <p>■ Reason for nomination as candidate Mr. Toshikiyo Kurai, following his service in important positions mainly in Specialty Chemicals department and his presiding over the R&D, manufacture and whole business of the Inorganic Chemicals division and Engineering Plastics division, was appointed to be a Director in June 2009, and served from June 2013 to March 2019 as President and Representative Director, and has served from April 2019 as Chairman and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	45,732

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
2	<div data-bbox="268 595 432 629" style="border: 1px solid black; padding: 2px; display: inline-block;">Renomination</div> Masashi Fujii (March 10, 1959) <div data-bbox="225 736 475 992" style="text-align: center;">  </div> Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended	<p>April 1981 Joined MGC.</p> <p>June 2010 General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2012 Executive Officer, and General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2014 Executive Officer, and General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2015 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>June 2015 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company.</p> <p>April 2018 Outside Director, Co-op Chemical Co., Ltd (currently Katakura & Co-op Agri Corporation) Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company and Manager of Energy & Resources Division.</p> <p>October 2018 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company.</p> <p>April 2019 President and Representative Director (to the present)</p> <p>■ Reason for nomination as candidate Mr. Masashi Fujii, following his service in important positions in the Administrative & Personnel, Natural Gas Chemicals department, was appointed to be a Director in June 2015 and presided over Natural Gas Chemicals department, and has served from April 2019 as President and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	19,800

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
3	<p style="text-align: center;">Renomination</p> <p style="text-align: center;">Masato Inari (January 23, 1961)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended</p>	<p>April 1985 Joined MGC.</p> <p>June 2011 Plant Manager, Niigata Plant, Natural Gas Chemicals Company</p> <p>June 2014 Executive Officer, Plant Manager, Niigata Plant, Natural Gas Chemicals Company</p> <p>April 2016 Executive Officer, President of Aromatic Chemicals Company</p> <p>June 2016 Director, JSP Corporation</p> <p>April 2017 Managing Executive Officer, President of Aromatic Chemicals Company</p> <p>June 2017 Director, Managing Executive Officer, President of Aromatic Chemicals Company</p> <p>April 2019 Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety and Quality Assurance Division</p> <p>June 2019 Outside Director, Katakura & Co-op Agri Corporation (to the present)</p> <p>April 2020 Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector (to the present)</p> <p>■ Reason for nomination as candidate Mr. Masato Inari, following his engagement mainly in the R&D of Aromatic Chemicals department, served in important positions in Natural Gas Chemicals and Aromatic Chemicals department, presides over Aromatic Chemicals department, and was appointed to be a Director in June 2017. With his abundant experience and knowledge of R&D and business management, etc., he has once again been nominated as a candidate for Director.</p>	12,503

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
5	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Tomohiko Okubo (April 26, 1961)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 9 held, 9 attended</p>	<p>April 1985 Joined MGC.</p> <p>June 2010 Manager, Sales Group, Methanol Division, Natural Gas Chemicals Company</p> <p>October 2014 Manager, Business Development Department, Natural Gas Chemicals Company</p> <p>April 2015 General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2016 Executive Officer, General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2019 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company.</p> <p>June 2019 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company.</p> <p>April 2020 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and in charge of Basic Chemicals Business Sector</p> <p style="text-align: right;">(to the present)</p> <p>■ Reason for nomination as candidate Mr. Tomohiko Okubo, following his engagement mainly in Aromatic Chemicals department and Natural Gas Chemicals department, served in important positions in Natural Gas Chemicals department, was appointed to be a Director in June 2019 and presided over Natural Gas Chemicals department. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	9,500
6	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Kenji Kato (June 2, 1962)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 9 held, 9 attended</p>	<p>April 1987 Joined MGC.</p> <p>June 2013 General Manager, Tokyo Research Laboratory, Specialty Chemicals Company</p> <p>April 2016 Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company</p> <p>April 2018 Executive Officer, General Manager, Electronic Materials Division, Information & Advanced Materials Company</p> <p>April 2019 Managing Executive Officer, President of Information & Advanced Materials Company</p> <p>June 2019 Director, Managing Executive Officer, President of Information & Advanced Materials Company</p> <p>April 2020 Director, Managing Executive Officer, in charge of Research & Development Sector</p> <p style="text-align: right;">(to the present)</p> <p>■ Reason for nomination as candidate Mr. Kenji Kato, following his engagement in the R&D of Specialty Chemicals, served in important positions in Specialty Chemicals and Information & Advanced Materials department, was appointed to be a Director in June 2019 and presided over Information & Advanced Materials department. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	12,800

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
9	<p style="text-align: center;"> Renomination Outside Director Independent Director Kazuo Tanigawa (September 8, 1949) </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended</p>	<p> April 1972 Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation) June 2004 Executive Officer, and Corporate Vice President, Toshiba Corporation June 2007 Director, Executive Officer, and Corporate Senior Vice President, Toshiba Corporation June 2008 Director, Executive Officer, and Corporate Executive Vice President, Toshiba Corporation June 2011 Advisor, Toshiba Corporation Outside Audit and Supervisory Board Member, Toshiba Machine Co., Ltd. May 2012 Chairman, Board of Trustees, Business Research Institute Chairman, Japan Society for Human Resource Management June 2015 Outside Director, MGC (to the present) </p> <p> ■ Reason for nomination as candidate Mr. Kazuo Tanigawa has many years of experience and insight as a manager at a company operating on a global scale, and provides appropriate supervision and advice to MGC's management. Since it is deemed that he would contribute to ensuring the validity and appropriateness of MGC's decision making in the future, he has once again been nominated as a candidate for Outside Director. </p> <p> Additionally, although he was a business execution manager until June 2011 at Toshiba Corporation, a business partner of MGC, over eight years have passed since his retirement. While there are transactional relationships between MGC and said company including the sale of products, the amount was less than 1% of consolidated net sales for FY2019. Furthermore, although he served until May 2015 at Business Research Institute, a business partner of MGC, over five years have passed since his retirement. While there are transactional relationships between MGC and said company including participation in seminars, the amount during FY2019 was insignificant, totaling ¥3 million. </p>	5,200

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
11	<p data-bbox="252 577 448 607">New Nomination</p> <p data-bbox="252 622 448 651">Outside Director</p> <p data-bbox="228 674 472 703">Independent Director</p> <p data-bbox="228 719 472 779">Haruko Hirose (September 23, 1945)</p> 	<p data-bbox="501 275 1267 331">December 1968 Appointed to the National Personnel Authority of Japan</p> <p data-bbox="501 338 1267 461">January 1992 Director, Bureau of Human Resources Management of Headquarters(Paris), United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p data-bbox="501 468 1267 591">September 2002 Deputy to the Director General and Managing Director of Field Operations Division of Headquarters(Vienna), United Nations Industrial Development Organization (UNIDO)</p> <p data-bbox="501 598 1267 654">November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco</p> <p data-bbox="501 660 1267 716">April 2013 Specially Appointed Professor, Academy for Global Leadership Tokyo Institute of Technology</p> <p data-bbox="501 723 1267 779">May 2014 President, Japan Morocco Association (to the present)</p> <p data-bbox="501 786 1267 842">June 2016 Outside Director, S&B Foods Inc. (to the present)</p> <p data-bbox="501 848 1267 882">April 2017 Director, Ochanomizu University</p> <p data-bbox="501 889 1267 945">March 2018 Outside Director, Nikkiso Co., Ltd. (to the present)</p> <p data-bbox="501 981 1267 1559"> Reason for nomination as candidate Ms. Haruko Hirose has many years of experience overseas and insight as director at international organizations on a global scale, and it is deemed that she would provide appropriate supervision and advice to MGC's management. Although she has not been directly involved in corporate management, other than as Outside Director, she has served in important positions at a international organization, and since it is deemed that she would contribute to ensuring the validity and appropriateness of MGC's decision making in the future, she has been nominated as a candidate for Outside Director. Additionally, while there are transactional relationships between MGC and S&B Foods Inc. where she serves as an outside director, including the sale of products, the amount was less than 1% of consolidated net sales for FY2019. While there are transactional relationships between MGC and Nikkiso Co., Ltd. where she serves as an outside director, including the purchase of equipment, the amount was less than 1% of consolidated net sales of said company for FY2019. </p>	0

(Translation)

Tokyo Stock Exchange, Inc. and will continue to register them as such in the event their re-elections are approved. Furthermore, in the event the election of Ms. Haruko Hirose and Mr. Toru Suzuki is approved, MGC will also register them as an independent director/auditor.

(Translation)

(Reference) MGC Standards on Independence for Outside Corporate Officers

A candidate is deemed to qualify as an independent officer as long as none of the following matters apply.

1. If any of the following applies to the candidate.
 - 1) Has been a business execution manager (*1) of the MGC Group (*2).
 - 2) Is a major shareholder of MGC (*3) or is or has been a business execution manager for a major shareholder company within the previous five years.
 - 3) Is or has been a business execution manager within the previous five years of an important business partner (*4).
 - 4) Has been dispatched from a company or organization that has established a relationship with the MGC Group through the reciprocal appointment of outside officers.
 - 5) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
 - 6) Provides or has provided consulting services other than statutory auditing to the MGC 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 relation (*6) of the candidate.
 - 1) Is or has been an important business execution manager (*7) of the MGC Group within the previous five years.
 - 2) Is a major shareholder of MGC or a business execution manager for a major shareholder company.
 - 3) Is or has been a business execution manager within the previous five years of an important business partner.
 - 4) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
 - 5) Provides or has provided consulting services other than statutory auditing to the MGC 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 MGC 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) MGC 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 MGC Group in the event the MGC Group is the seller, or to the partner in the event the MGC 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.

(Translation)

Proposal No. 2: Election of Two Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Member Mr. Katsuhiko Sugita will expire as of the close of this Ordinary General Meeting of Shareholders, and Audit & Supervisory Board Member Mr. Kunio Kawa will resign from his position as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that two Audit & Supervisory Board Member be elected. Mr. Masamichi Mizukami is intended to succeed to the position of Mr. Kunio Kawa, and the term of his office also dates from the date of his succession to his predecessor according to the Articles of Incorporation of MGC.

The Audit & Supervisory Board has already given consent to this proposal.

The candidates are as follows:

No.	Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
1	<p><u>Renomination</u> Katsuhiko Sugita (June 25, 1954)</p> 	<p>April 1977 Joined MGC. June 2006 General Manager, Corporate Planning Department, Corporate Planning Division June 2007 Executive Officer, General Manager, Finance & Accounting Center June 2012 Director, Managing Executive Officer, in charge of Risk Management, Administrative & Personnel Center and Purchasing & Logistics Center June 2014 Director, Managing Executive Officer, in charge of Risk Management, Finance & Accounting Center, Administrative & Personnel Center and Purchasing & Logistics Center April 2015 Director, Senior Managing Executive Officer, in charge of Compliance, Chairperson of Internal Control Promotion Committee, in charge of Internal Audit Division and Finance & Accounting Center June 2015 Representative Director, Senior Managing Executive Officer, in charge of Compliance, Chairperson of Internal Control Promotion Committee, in charge of Internal Audit Division and Finance & Accounting Center April 2016 Director June 2016 Audit & Supervisory Board Member (Fulltime) (to the present)</p> <p>■ Reason for nomination as candidate Mr. Katsuhiko Sugita was appointed to be a Director in June 2012, served in important positions in the Finance & Accounting, Administrative & Personnel and other departments and was also Administrative Management of Internal Audit department, giving him abundant experience regarding MGC's business as well as corporate management and auditing along with a considerable degree of knowledge regarding finance and accounting. It is deemed that, derived from those experiences, he would possess sufficient insight and knowledge essential for Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has once again been nominated as a candidate for Audit & Supervisory Board Member.</p>	16,800
	<p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended</p> <p>Attendance of Audit & Supervisory Board Meeting (the fiscal year ended March 31, 2020) 14 held, 14 attended</p>		

(Translation)

No.	Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
2	<p data-bbox="220 645 422 678">New Nomination</p> <p data-bbox="197 683 448 745">Masamichi Mizukami (September 11, 1958)</p>  <p data-bbox="188 1115 458 1328">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2020) 12 held, 12 attended(※) (※)attended as director</p>	<p data-bbox="472 320 1315 1346"> April 1983 Joined MGC. June 2012 Plant Manager, Yamakita Plant, Specialty Chemicals Company June 2013 Executive Officer, and Plant Manager, Yamakita Plant, Specialty Chemicals Company December 2013 Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company April 2016 Managing Executive Officer, Chairman of The Committee on Future R&D, in charge of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division June 2016 Director, Managing Executive Officer, Chairman of The Committee on Future R&D, in charge of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division January 2017 Director, Managing Executive Officer, in charge of Research & Development Division and Advanced Business Development Division April 2019 Representative Director, Senior Managing Executive Officer, in charge of Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager QOL Innovation Center Shirakawa June 2019 Representative Director, Senior Managing Executive Officer, Chairperson of Internal Control Promotion Committee, in charge of Internal Audit Division, Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager QOL Innovation Center Shirakawa April 2020 Director (to the present) </p> <p data-bbox="472 1377 1302 1653"> ■ Reason for nomination as candidate Mr. Masamichi Mizukami, was appointed to be a Director in June 2016, served in important positions in Specialty Chemicals, Research & Development and Internal Control, etc., It is deemed that, derived from those experiences, he would possess sufficient insight and knowledge essential for Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has been nominated as a candidate for Audit & Supervisory Board Member. </p>	19,800

(Notes) No conflict of interests exists between MGC and any of these candidates.

BUSINESS REPORT

(From April 1, 2019 to March 31, 2020)

1. Review of Results

(1) Overview of results

During the fiscal year ended March 2020 (April 1 2019 – March 31, 2020), the world economy was affected by heightening tension between the United States and China over trade issues. Moreover, COVID-19 emerged from January 2020, creating a global pandemic that caused significant deceleration in economic activities and heightened the sense of uncertainty over the future.

Against this background, the MGC Group nevertheless saw consistently strong demand for its semiconductor-related products. The Group also benefitted from growing demand for offerings for optical use, such as products used in smartphone cameras thanks to the widespread use of multiple camera lenses in smartphones, in addition to those used in vehicle-mount cameras. However, the Group's overall business environment remained challenging, as market prices of such key products as methanol, polycarbonates, purified isophthalic acid and other general-purpose products remained sluggish.

Despite the harsh business environment, the Group strove to live up to its vision of “Creating value to share with society” and, to this end, has been implementing the MGC Advance2020 Medium-term Management Plan since April 2018. Specifically, in line with the plan's basic policies, the Group carried out such strategies as “Strengthening the earnings power of existing businesses with a focus on core businesses,” “Creating and developing new businesses” and “Implementing investment strategies to form an optimal business portfolio.” Thus, the Group's accomplishments in the fiscal year ended March 31, 2020 included the launch of a new production facility for super-pure hydrogen peroxide in North America and the strengthening of production capacity for optical polymers. The MGC Group also made progress in initiatives to upgrade its consolidated business structure via, for example, the inclusion of Japan U-pica. Co. Ltd. and Toho Earthtech, Inc. into the scope of consolidation while pushing ahead with procedures to complete the merger of three of its Group companies and consolidate their trading functions.

However, the MGC Group's net sales decreased year on year, reflecting the decline in market prices for methanol, polycarbonates and other products.

Group operating income also fell year on year, despite an increase in the sales volume of optical polymer and that of BT materials for semiconductor packaging, due to drops in market prices for such products as polycarbonates, purified isophthalic acid and methanol.

Ordinary income also decreased, due to the fall in operating income as well as a significant deterioration in equity in earnings (losses) of affiliated companies related to overseas methanol producing companies. This reflected falling methanol market prices as well as one-off costs recorded at a joint venture, described below, in Saudi Arabia.

In fiscal 2019, the MGC Group achieved ¥613.3 billion in consolidated net sales, a decrease of ¥35.6 billion (5.5%) from the previous year. Consolidated operating income was ¥34.2 billion, a decrease of ¥7.1 billion (17.2%). As a result of recording equity in loss of affiliates of ¥1.2 billion, a decrease of ¥29.6 billion, consolidated ordinary income was ¥31.1 billion, a decrease of ¥38.0 billion (55.0%). The Group achieved a profit attributable to owners of parent of ¥21.1 billion, a decrease of ¥33.8 billion (61.5%).

As previously announced, from the fiscal year ended March 31, 2020, MGC's Consolidated Financial Statements reflect the impact of the decreased ratio of equity held by Japan Saudi Arabia Methanol Co., Inc. (JSMC), an equity method affiliate, in the Saudi Methanol Company (AR-RAZI)

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and amortization costs associated with cash to be paid as consideration for the continuation of the joint venture status of AR-RAZI. MGC also recorded one-off costs totaling ¥7.8 billion, including loss related to the sale of shares of AR-RAZI as well as additional tax-related expenses. The aforementioned factors are included in equity in losses of affiliates.

(2) Results by business segment

Natural Gas Chemicals Segment

Main businesses	Methanol Methanol/Ammonia Based Chemicals formalin, ammonia, methylamine and its derivatives, methyl methacrylate, methacrylic acid ester, dimethyl ether, polyols, etc. Energy crude oil, geothermal power generation, etc. Life Science Related Products functional food materials, etc.
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The methanol business saw decreases in both net sales and earnings due to a decrease in market prices compared with the previous year.

Methanol/ammonia-based chemicals posted a decrease in earnings compared with the previous fiscal year due to lower market prices of MMA and neopentyl glycol.

Despite higher crude oil sales volume, results for crude oil and other energy sources remained virtually unchanged from the previous fiscal year, reflecting such factors as plunges in crude oil prices.

In fiscal 2019, the Natural Gas Chemicals Segment achieved consolidated net sales of ¥157.1 billion, a decrease of ¥23.3 billion (13.0%) from the previous year and an operating income of ¥0.1 billion, a decrease of ¥3.2 billion (96.4%). Additionally, due to ¥4.9 billion equity in loss of affiliates, coming primarily from overseas methanol producing companies, the segment achieved ordinary loss of ¥5.7 billion, a decrease of ¥28.3 billion.

Aromatic Chemicals Segment

Main Businesses	Commodity Aromatic Chemicals m-xylene, p-xylene, o-xylene, purified isophthalic acid, phthalic anhydride, plasticizers, etc. Specialty Aromatic Chemicals m-xylenediamine (MXDA), MX-Nylon, aromatic aldehydes, etc. Foamed Plastics foamed polystyrene, foamed polyolefin, etc.
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Specialty aromatic chemical products posted a decrease in earnings from the previous fiscal year as demand for meta-xylenediamine became weaker in the fourth quarter, despite growing sales volume of aromatic aldehydes.

Commodity aromatic chemical products suffered decreases in net sales and earnings compared with the previous fiscal year. Negative factors included lower sales prices of purified isophthalic acid and meta-xylene.

Foamed plastics suffered a year-on-year decline in earnings, primarily due to weak demand and a rise in fixed costs associated with the construction of production systems to meet new demand.

(Translation)

In fiscal 2019, the Aromatic Chemicals Segment achieved consolidated net sales of ¥200.1 billion, a decrease of ¥10.9 billion (5.2%), an operating income of ¥11.1 billion, a decrease of ¥3.5 billion (23.9%), and an ordinary income of ¥10.4 billion, a decrease of ¥3.4 billion (25.0%).

Specialty Chemicals Segment

Main Businesses	Inorganic Chemicals hydrogen peroxide, super-pure hydrogen peroxide, persulfates, hybrid chemicals, chemical polishing agent, etc. Plastic Lens Monomer Engineering Plastics polycarbonate resin, polyacetal resin, polyphenylene ether resin, polycarbonate sheets and films, etc.
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Inorganic chemicals posted lower earnings compared with the previous year, despite growth in the sales volume of chemicals for use in semiconductor manufacturing. This was primarily due to higher fixed costs in connection with the launch of a new production facility for super-pure hydrogen peroxide in North America, deterioration in the profitability of hydrogen peroxide and a decline in the sales volume of chemicals for use in liquid crystal display production.

Earnings from the engineering plastics business stayed virtually unchanged from the previous fiscal year. While market prices for polycarbonates declined significantly from the previous year, optical polymer sales volumes increased due to the growing use of multiple camera lenses in smartphones and the execution of measures to enhance production capacity.

In fiscal 2019, the Specialty Chemicals Segment posted consolidated net sales of ¥200.3 billion, a decrease of ¥4.2 billion (2.1%) from the previous year and an operating income of ¥19.9 billion, a decrease of ¥1.3 billion (6.5%). Due to ¥3.3 billion equity in earnings of affiliates, ordinary income was ¥22.3 billion, a decrease of ¥5.8 billion (20.8%).

Information & Advanced Materials Segment

Main Businesses	Electronics Materials printed circuit board materials (epoxy resin-based copper-clad laminates, BT resin-based copper-clad laminates), LE sheet for drilling holes in printed circuit boards, etc. Oxygen Absorbers Ageless™, PharmaKeep™, etc.
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Electronic materials saw increases in net sales and earnings. This was mainly attributable to overall recovery of demand in contrast with stagnation in the latter half of the previous fiscal year, the performance of products used in smartphones and memory devices that have been supported by growth in demand from the third quarter onward, and higher sales volumes of BT materials for semiconductor packaging, the core product category for electronic materials.

Oxygen absorbers such as AGELESS™ posted a decrease in earnings compared with the previous year. This was due mainly to a downturn in showings of those sold in Japan for use in confectionary packages, reflecting the impact of natural disasters and COVID-19 pandemic.

In fiscal 2019, the Information & Advanced Materials Segment achieved consolidated net sales of ¥54.7 billion, an increase of ¥2.7 billion (5.3%) and an operating income of ¥5.6 billion, an increase

(Translation)

of ¥1.7 billion (44.5%). Due to ¥0.3 billion in equity in earnings of affiliates, ordinary income was ¥5.8 billion, an increase of ¥1.3 billion (30.5%)

Other Business Segments

The other business segment achieved consolidated net sales of ¥0.8 billion, an increase of ¥0.2 billion (30.8%). Operating loss was ¥0.0 billion, a decrease of ¥0.1 billion(81.3%), and ordinary income was ¥0.0 billion, a decrease of ¥0.4 billion(98.1%).

Note: While MGC made Japan U-Pica Co., Ltd. a consolidated subsidiary on March 31, 2020, its sales have not been included in the consolidated statement of income for the fiscal year under review for accounting purposes. The principal business of U-Pica Co., Ltd. is “manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters.”

Sales by Business Segment

Segment	FY2018 (April 2018 - March 2019)		FY2019 (April 2019 - March 2020)		Year-on-Year Increase/ Decrease (%)
	Sales Amount (millions of yen)	Percentage Total (%)	Sales Amount (millions of yen)	Percentage Total (%)	
Natural Gas Chemicals Segment	180,554	27.8	157,158	25.6	△13.0
Aromatic Chemicals Segment	211,123	32.6	200,174	32.6	△5.2
Specialty Chemicals Segment	204,634	31.5	200,396	32.7	△2.1
Information & Advanced Materials Segment	51,986	8.0	54,716	8.9	5.3
Other Business Segments	686	0.1	898	0.1	30.8
Total	648,986	100.0	613,344	100.0	△5.5

Note: The figures shown in parentheses represent loss or minus.

(3) Capital Expenditures

Capital expenditures for the current fiscal year were made largely in relation to reinforcing the production capabilities for existing products and maintaining/renovating equipment and facilities. Major expenditures incurred are as follows:

- 1) Major facilities completed during the current fiscal year
MGC PURE CHEMICALS AMERICA, Inc.
 - Factory for Super-pure hydrogen peroxide, Oregon, U.S.A.
(Specialty Chemicals Segment)
 - Factory for Super-pure hydrogen peroxide, Texas, U.S.A.
(Specialty Chemicals Segment)
- 2) Construction initiated or continuing through the current fiscal year
No applicable items.

(4) Funding

The funds for equipment and facilities as well as for working capital for the current fiscal year were provided by MGC's own resources and borrowings from financial institutions.

(5) Operations Results and Financial Position

(Translation)

1) MGC Group (consolidated basis)

(Millions of yen)

Classification	FY2016 April 2016 – March 2017	FY2017 April 2017 – March 2018	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020
Sales	556,480	635,909	648,986	613,344
Ordinary income	62,430	80,711	69,199	31,116
Profit attributable to owners of parent(Mitsubishi GasChemical)	48,013	60,531	55,000	21,158
Net income per Share (yen)	221.83	281.39	257.46	100.50
Total assets	738,188	785,687	804,038	771,733
Net assets	473,370	519,144	553,282	548,141

Note 1: From FY 2017 in applying the equity method to some of the overseas associated companies, financial statements created in compliance with IFRS are used as a basis. Figures for FY2016 above contain values that reflect a retroactive application of this change.

Note 2: From the beginning of FY2018, MGC has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28; February 16, 2018), etc., and figures for FY2017 in the table above have been retroactively restated after application of said accounting standard, etc.

Note 3: With an 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, net income per share in the above table is calculated assuming that the reverse stock split had been conducted at the beginning of FY2016.

2) MGC (Non-consolidated basis)

(Millions of yen)

Classification	FY2016 April 2016 – March 2017	FY2017 April 2017 – March 2018	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020
Sales	299,234	364,433	375,129	351,348
Ordinary income	31,409	54,149	41,329	30,066
Net income	27,996	41,386	34,690	29,332
Net income per Share (yen)	129.35	192.39	162.39	139.33
Total assets	426,324	455,869	457,427	425,713
Net assets	251,521	275,255	291,198	290,955

Note 1: From the beginning of FY2018, MGC has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28; February 16, 2018), etc., and figures for FY2017 in the table above have been retroactively restated after application of said accounting standard, etc.

Note 2: With an 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, net income per share in the above table is calculated assuming that the reverse stock split had been conducted at the beginning of FY2016.

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(6) Key Challenges for the Mitsubishi Gas Chemical Group

1) State of progress in important measures as of the end of FY2019

The new medium-term management plan “MGC Advance2020: A Brighter Future from Bigger Dreams!” started in fiscal 2018. Under the MGC Group Vision of “Creating values to share with society,” the Group has launched the new basic strategies of “Enhancing the corporate value of the MGC Group” and “Deepening the trust of MGC Group stakeholders.” In order to realize these strategies, the Group will promote the following five measures.

◆MGC Group Vision

“Creating values to share with society”

◆New medium-term management plan

“MGC Advance2020: A brighter Future from Bigger Dreams!”

●Fundamental Objectives

Enhancing the corporate value of the MGC Group

Deepening the trust of MGC Group stakeholders

■Strategies

- Strengthening the earning power of existing businesses with a focus on core businesses
- Creating and developing new businesses
- Implementing investment strategies to form an optimal business portfolio
- Promoting unified MGC Group management
- Improving total enterprise quality to support sustainable growth

The Group’s core businesses range from resource energy, chemical products and materials such as methanol, hydrogen peroxide, polycarbonate and m-xylenediamine, MX-Nylon to specialty products such as sheets & films, foamed plastics, electronics chemicals, BT materials and oxygen absorber “Ageless™”, providing value to society. By continuing to concentrate management resources on these core businesses into the future, the Group will strengthen further its profitability.

In fiscal 2019, the Group built new factories for super-pure hydrogen peroxide in North America and strengthened capabilities of optical polymers. Furthermore, the Group started commercial operation of Wasabizawa Geothermal Power Plant of Yuzawa Geothermal Power Generation Corporation and construction of Appi Geothermal Power Plant of Appi Geothermal Energy Corporation, and decided to build a production facility for industrial hydrogen peroxide at MGC Pure Chemicals Taiwan, Inc.

In “Creating and developing new businesses,” under a plan to invest proactively in the areas of “medical and food,” “information and communications,” and “mobility” while keeping in mind the megatrends in society, MGC Farmix Co., Ltd. which produces and distributes factory farmed vegetables completed a fully artificial light-type plant factory.

In “Implementing investment strategies to form an optimal business portfolio,” the Group will plan and implement active investment strategies including M&A in order to establish a profit structure which is able to withstand changes in the external environment.

In “Promoting unified MGC Group management,” the Group decided to absorb and merge the three MGC Group trading companies with MGC Trading Co., Ltd. as a surviving company, moving forward with improving efficiency and strengthening trading company functions within the Group, and made Japan U-Pica Co., Ltd. and Toho Earthtech, Inc. a consolidated subsidiary. Evaluation and introduction operations also continued for the unification and integration of accounting systems

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across the Group.

Regarding “Improving total enterprise quality to support sustainable growth,” in addition to further improving group-wide safety awareness and culture, and further strengthening internal control and compliance structures, by improving the “quality” of management resources such as human resources, technologies, information, funds, brands, and patents held by the Group, the Group will continue to realize sustainable growth.

- Financial targets (to be achieved in the final fiscal year of MGC Advance 2020)

(JPY in billions)

Consolidated parameter	Target Fiscal2020
Sales	750
Operating Income	65
Ordinary Income	80
ROE (Return On Equity)	12% or higher

< Assumptions > Exchange rate : 110JPY/US\$
Crude oil (Dubai) : 60US\$/BBL

2) Future initiatives

MGC reorganized its internal structure as of April 1, 2020 in order to fully utilize management resources from a viewpoint of total optimization and establish a system that can respond to customer and market needs properly and promptly.

For fiscal 2020, the last year of the medium-term management plan, the Group expects to face a severe profit environment as the product demand and prices will significantly decline due to stagnant economic activities caused by the worldwide spread of COVID-19 infection. The impact on electronics materials and optical polymers is expected to be limited, as the demand was solid for fiscal 2019. On the other hand, weakening demand in various areas including auto-related business, housing and infrastructure, and electric and electronic devices is likely to negatively affect raw materials of those products such as foamed plastics, engineering plastics, and specialty aromatic chemicals. Moving forward, however, MGC will make efforts in the five measures and strive as a unified MGC Group under the new structure toward achieving the financial targets. In particular, our top priorities are creating a business portfolio that is less affected by changes in the external environment and accelerating creation and development of new business. Toward achieving these priorities, the Group will maintain plans for a total investment amount of ¥200 billion and a cumulative R&D amount of ¥66 billion during the medium-term management plan. Additionally, with initiatives including increasing production capacity of meta-xylenediamine at the forefront, the Group will actively implement strategic investment that contributes to strengthening foundations for existing businesses, and accelerate the creation and development of new businesses by maximizing the use of technologies and personnel both within and outside of the Group, under the new R&D structure which was organized by separating the research institutes from each operating division for integration into one unified R&D division.

Furthermore, with the CSR Department, a section established in the fiscal 2019, taking a leading role, MGC identified top priorities (materiality) which management should tackle for realizing the MGC Group Vision, “Creating values to share with society.” For the future, MGC will be further committed to CSR management by developing the business plan and managing progress in consideration of materiality.

* Plans and descriptions concerning the future such as target values provided in “Key Challenges for the Mitsubishi Gas Chemical Group” are based on information available to the Group as of the date of preparation of this document and certain assumptions which the Group deems reasonable, and

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therefore include uncertainties. Actual results may differ significantly from these projections due to various factors.

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(7) Major Places of Business of Mitsubishi Gas Chemical (As of March 31, 2020)

1) MGC

	Name	Location
Head Office:	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	
Branch Office:	Osaka Branch	Osaka Prefecture
Research Institutes:	Tokyo Techno Park	Tokyo Prefecture
	Niigata Research Laboratory	Niigata Prefecture
	Hiratsuka Research Laboratory	Kanagawa Prefecture
Plants:	Niigata Plant	Niigata Prefecture
	Mizushima Plant	Okayama Prefecture
	Yokkaichi Plant	Mie Prefecture
	Yamakita Plant	Kanagawa Prefecture
	Kashima Plant	Ibaraki Prefecture
	QOL Innovation Center Shirakawa	Fukushima Prefecture

Notes: 1. The following organization changes have been made on 1st April 2020

- Abolishing Osaka Branch
- Tokyo Techno Park has been renamed as Tokyo Research Laboratory.

2) Subsidiaries

Company Name	Head Office	Business and Production Site
Eiwa Chemical Industry Co., Ltd.	Kyoto	Aichi Prefecture, etc.
Tokyo Shokai, Ltd.	Tokyo	Osaka Prefecture, etc.
Toho Earthtech, Inc.	Niigata	Tokyo Prefecture, etc.
Japan Finechem Co., Inc.	Tokyo	Kagawa Prefecture, etc.
Japan U-pica Co. Ltd.	Tokyo	Yamaguchi Prefecture, etc.
Yonezawa Dia Electronics Co., Inc.	Yamagata	---
Ryoko Chemical Co., Ltd.	Tokyo	Osaka Prefecture, etc.
Ryoyo Trading Co., Ltd.	Tokyo	Osaka Prefecture, etc.
JSP Corporation	Tokyo	Tochigi Prefecture, etc.
MGC Electrotechno Co., Ltd.	Tokyo	Fukushima Prefecture
MGC Terminal Co., Inc.	Tokyo	Hiroshima Prefecture, etc.
MGC Filsheet Co., Ltd.	Saitama	Osaka Prefecture, etc.
MGC Advanced Polymers Inc.	U.S.A.	---
MGC Pure Chemicals America, Inc.	U.S.A.	---
Mitsubishi Gas Chemical America, Inc.	U.S.A.	---
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	---
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	---
Ageless (Thailand) Co., Ltd.	Thailand	---
Thai Polyacetal Co., Ltd.	Thailand	Thailand
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	China	---
MGC Pure Chemicals Taiwan, Inc.	Taiwan	---
Samyoung Pure Chemicals Co., Ltd.	Korea	Korea

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(8) Number of Employees (As of March 31, 2020)

1) MGC Group (Consolidated)

Segment	Number of Employees	Change from End of FY2018
Natural Gas Chemicals Segment	1,107	122
Aromatic Chemicals Segment	3,875	△96
Specialty Chemicals Segment	2,307	75
Information & Advanced Materials Segment	1,203	414
Other Segments	137	116
Corporate (Shared)	325	47
Total	8,954	678

- Notes: 1. Only employees working within the Group are included in the headcount (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).
2. The employees in the Corporate (Shared) segment are individuals who belong to administrative departments that cannot be classified into specific business segments.
3. Toho Earthtech, Inc. became a consolidated subsidiary in April 2019 and its employees have been included in the number of employees of the Natural Gas Chemicals Segment.
4. Ageless (Thailand) Co., Ltd. became a consolidated subsidiary in April 2019 and its employees have been included in the number of employees of the Information & Advanced Materials Segment.
5. Japan U-Pica Co., Ltd. became a consolidated subsidiary in March 2020 and therefore, its employees have been included in the number of employees of the Other Segments.

2) MGC (Non-Consolidated)

Number of Employees	Change from End of FY2018	Average Age	Average Duration in Employment
2,391	36	40 years old and 6 month	17 years and 6 month

Note: Only employees working within MGC are included in the headcount (excludes individuals on assignment from MGC to other companies and includes individuals on assignment from other companies to MGC).

(9) Major Subsidiaries and Affiliates (As of March 31, 2020)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Eiwa Chemical Industry Co., Ltd.	420	90.9	Manufacture and sale of blowing agents, blowing agent activators, and resin processing products
Tokyo Shokai, Ltd.	200	100.0 (100.0)	Sale of compound resins and electronic materials
Toho Earthtech, Inc.	240	50.1	Production and sale of natural gas and iodine, and Seismic reinforcement works
Japan Finechem Co., Inc.	274	95.1 (10.3)	Manufacture and sale of organic synthetic chemicals, including polymeric initiators and raw materials for agrichemicals, and electronics parts
Japan U-Pica Co., Ltd.	1,100	66.4	Manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters
Yonezawa Dia Electronics Co., Inc.	90	100.0 (100.0)	Manufacturing of Mass lamination board and LE sheet, entry sheet for PWB drilling
Ryoko Chemical Co., Ltd.	100	100.0 (100.0)	Sale of industrial chemicals

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Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Ryoyo Trading Co., Ltd.	90	100.0 (100.0)	Sale of chemicals and insurance agency business
JSP Corporation	10,128	54.0 (0.2)	Manufacture and sale of foamed polystyrene and foamed polyolefin
MGC Electrotechno Co., Ltd.	500	100.0	Manufacture and sale of printed circuit board materials
MGC Terminal Co., Inc.	493	100.0 (14.2)	Storage services for methanol
MGC Filsheet Co., Ltd.	50	100.0 (45.4)	Manufacture and sale of polycarbonate sheets/films
MGC Advanced Polymers Inc.	(thousands of USD) 6,000	100.0 (21.4)	Manufacture and sale of MX-Nylon
MGC Pure Chemicals America, Inc.	(thousands of USD) 5,000	100.0 (20.0)	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical America, Inc.	(thousands of USD) 1,084	100.0	Sale of chemicals and other products
MGC Pure Chemicals Singapore Pte. Ltd.	(thousands of USD) 7,106	100.0 (10.0)	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical Singapore Pte. Ltd.	(thousands of USD) 1,161	100.0	Sale of chemicals and other products
Ageless (Thailand) Co., Ltd.	(millions of THB) 250	100.0	Manufacture and sale of OxygenAbsorbers
Thai Polyacetal Co., Ltd.	(millions of THB) 840	70.0	Manufacture and sale of polyacetal resins
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	(millions of RMB) 1,504	91.0	Manufacture and sale of polycarbonate resins
MGC Pure Chemicals Taiwan, Inc.	(millions of NTD) 80	100.0	Manufacture and sale of super pure hydrogen peroxide and other products
Samyoung Pure Chemicals Co., Ltd.	(millions of KRW) 3,500	51.0	Manufacture and sale of super pure hydrogen peroxide and other products
Granopt Co., Ltd.	150	49.0	Manufacture and sale of magneto-optics crystal
Kokuka Sangyo Co.,Ltd	100	50.0	Shipping of chemical products
Japan Saudi Arabia Methanol Co., Inc.	2,310	47.4	Import and sale of methanol, and investment in and finance for foreign companies
Mitsubishi Engineering-Plastics Corporation	3,000	50.0	Sale and manufacture of engineering plastics
Ryoden Kasei Co.,Ltd	300	45.0	Manufacture and sale of electric/electronic related materials and their applied products.
Brunei Methanol Company Sdn.Bhd.	(thousands of USD) 189,400	50.0	Manufacture and sale of methanol
Tai Hong Circuit Industrial Co., Ltd.	(millions of NTD) 1,104	50.0	Manufacture and sale of printed circuit boards (single-sided boards, double-sided boards, and double layer boards)
Korea Engineering Plastics Co., Ltd.	(millions of KRW) 12,600	40.0	Manufacture and sale of engineering plastics, mainly polyacetal resins

Note: The figures in parentheses represent the percentage of voting rights indirectly held by MGC's subsidiaries, included in totals.

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(10) Major Lenders (As of March 31, 2020)

(Millions of yen)

Lender	Balance of Borrowings
MUFG Bank, Ltd.	15,644
The Norinchukin Bank	7,888
Nippon Life Insurance Company	5,795
Development Bank of Japan Inc.	5,605
Sumitomo Mitsui Banking Corporation	5,248
The Bank of Yokohama, Ltd.	4,571
Mizuho Bank, Ltd.	3,638

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2. Information Concerning Stock (As of March 31, 2020)

(1) **Authorized Shares** 492,428,000 (No change from end of FY2018)

(2) **Issued and Outstanding Shares** 225,739,199 (Decrease by 6,000,000 from end of FY2018)

*MGC conducted a cancellation of treasury shares on May 27, 2019 and January 31, 2020.
The number of issued and outstanding shares decreased by 6,000,000 shares.

(3) **Number of Shareholders** 24,777 (Increase by 1,542 from end of FY2018)

(4) Principal Shareholders (ten largest shareholders)

Name of shareholder	Investment to MGC	
	Number of Shares Held (thousands Shares)	Percentage to Total Shares Outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,260	7.3
Japan Trustee Services Bank, Ltd. (Trust account)	9,346	4.5
Meiji Yasuda Life Insurance Company	8,797	4.2
Nippon Life Insurance Company	8,795	4.2
The Norinchukin Bank	5,026	2.4
AGC Inc.	4,835	2.3
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,711	1.8
JP Morgan Chase Bank 385151	3,183	1.5
The Bank of Yokohama, Ltd.	3,085	1.5
J.P Morgan Bank Luxembourg S.A.1300000	2,794	1.3

Notes: 1. MGC holds 17,758 thousands shares of treasury shares, which is not included in the above list of principal shareholders.
2. Percentage to Total Shares Outstanding is calculated excluding treasury shares.

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3. Information Concerning Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Representative Director Chairman	Toshikiyo Kurai	
Representative Director President	Masashi Fujii	
Representative Director Senior Managing Executive Officer	Masamichi Mizukami	Chairman of Internal Control Promotion Committee, In charge of Internal Audit Division, Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager QOL Innovation Center Shirakawa
Director Managing Executive Officer	Masahiro Johno	President of Specialty Chemicals Company
Director Managing Executive Officer	Masato Inari	Production Technology Division, Environment Safety and Quality Assurance Division, Outside Director, Katakura & Co-op Agri Corporation
Director Managing Executive Officer	Nobuhisa Ariyoshi	In charge of Compliance, Risk Management, Finance & Accounting Center, Information Systems Division, Administrative & Personnel Center and Corporate Communications Division, General Manager Tokyo Techno Park
Director Managing Executive Officer	Tomohiko Okubo	Administrative Management of LNG Project Team, President of Natural Gas Chemicals Company
Director Managing Executive Officer	Hiroyuki Otsuka	President of Aromatic Chemicals Company Director, JSP Corporation
Director Managing Executive Officer	Kenji Kato	President of Information & Advanced Materials Company
Director	Kazuo Tanigawa	
Director	Tsugio Sato	
Audit & Supervisory Board Member (Fulltime)	Takashi Kimura	
Audit & Supervisory Board Member (Fulltime)	Katsuhiko Sugita	
Audit & Supervisory Board Member (Fulltime)	Kunio Kawa	

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Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Audit & Supervisory Board Member	Yasuomi Matsuyama	President in Nissay Culture Foundation President in Tokyo Opera City Cultural Foundation External Audit & Supervisory Board Member of Keisei Electric Railway Co., Ltd.

- Notes: 1. MGC has adopted the executive officer system.
2. Of the Directors, Messrs. Tomohiko Okubo, Hiroyuki Otsuka, Kenji Kato newly assumed their office as of June 25, 2019.
3. Of the Directors, Mr. Kazuo Tanigawa and Dr. Tsugio Sato are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
4. Of the Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
5. Audit & Supervisory Board Member, Mr. Takashi Kimura, has been involved with financial institutions for a number of years, and has experience in corporate management as a manager, and possesses a considerable degree of knowledge regarding finance and accounting.
6. Audit & Supervisory Board Member, Mr. Katsuhiko Sugita, has been involved in the Finance Department of MGC for a number of years, and has experience in management through his role in charge of the Finance & Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
7. Audit & Supervisory Board Member, Mr. Kunio Kawa, has been involved in the Finance Department of MGC for a number of years, and has experience in management through his role in charge of the Finance & Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
8. Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, has been involved with financial institutions for a number of years, and has experience in corporate management through his role in charge of the Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
9. MGC has registered Directors, Mr. Kazuo Tanigawa and Dr. Tsugio Sato, and Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama, as independent directors/auditors at Tokyo Stock Exchange, Inc.
10. There is no material business relation between MGC and the other companies, etc. in which Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, serves concurrently.
11. Corporate Officers who have retired during the current fiscal year are as follows:
 Representative Director Mr. Kazuo Sakai
 Representative Director Mr. Kenji Inamasa
 Representative Director Mr. Yasuhiro Sato
 Representative Director Mr. Susumu Yoshida
 (Retired upon expiry of the term of office on June 25 2019)
12. Effective from April 1, 2020 Responsibility at MGC and important current positions at other companies, etc. changed as follows.

Position	Name	Responsibility at MGC and Important current positions at other companies, etc.
Director	Masamichi Mizukami	—
Director	Masahiro Johno	—
Director Managing Executive Officer	Masato Inari	In charge of Internal Audit Division, Environment & Total Production Sector Outside Director, Katakura & Co-op Agri Corporation
Director Managing Executive Officer	Nobuhisa Ariyoshi	In charge of internal control & risk management, Corporate Management Sector
Director Managing Executive Officer	Tomohiko Okubo	Administrative Management of LNG Project Team, in charge of Basic Chemicals Business Sector

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Director	Hiroyuki Otsuka	Director, JSP Corporation
Director Managing Executive Officer	Kenji Kato	In charge of Research & Development Sector

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(2) Directors' and Audit & Supervisory Board members' Remuneration

Classification	Amount of Remuneration (millions of yen)	Total Amount of Remuneration by Type (millions of yen)			Number
		Basic remuneration	Reserved Retirement Benefits	Restricted Stock	
Directors	509	393	80	35	15
Audit & Supervisory Board Member	87	87	—	—	4
Total	597	481	80	35	19
Outside Directors/Audit & Supervisory Board Members (Figures on the right are parts of the total amounts above.)	55	55	—	—	4

- Note: 1. The amount of reserved retirement benefits to Directors above is that of the provision for reserved retirement benefits (for thirteen Directors excluding Outside Directors) for the fiscal year under review.
2. The amount of restricted stock remuneration to Directors is that of the provision for restricted stock remuneration (for thirteen Directors excluding Outside Directors) for the fiscal year under review.

(3) Policies and Methods for Deciding Remuneration and Other Benefits of Corporate Officers

1) Directors' Remuneration

Remuneration to Directors (excluding Outside Directors) consists of monthly remuneration which is the total of a basic remuneration decided in accordance with each Director's position and duties and performance-based remuneration reconsidered every fiscal year, reserved retirement benefit and restricted stock remuneration. Reserved retirement benefit consists of a reserved sum that reflects each Director's performance to be paid in full upon retirement.

Restricted stock remuneration is the system with the purpose of sharing value with shareholders, which grants of restricted stock to Applicable Directors and will in turn provide incentives for Applicable Directors to create sustainable growth in MGC's corporate value.

In addition to these forms of remuneration, a bonus amount that is considered appropriate may be paid upon resolution of a General Meeting of Shareholders.

Additionally, to incentivize Directors to share shareholder values and further motivate them to increase medium- to long-term corporate value, guidelines have been created that establish a minimum number of MGC shares to be held and a set amount of Director remuneration to be used to contribute to Director share ownership through the acquisition of MGC's shares.

Furthermore remuneration proposal is supposed to be discussed in the Remuneration and Nominating Committee consisting of the Chairman, the President, and Outside Directors prior to proposal at the Board of Directors.

2) Audit & Supervisory Board Members' Remuneration

Audit & Supervisory Board Members' remuneration consists only of a basic remuneration and is decided among the Audit & Supervisory Board Members within the amount stipulated by the General Meeting of Shareholders.

(Translation)

(4) Information Concerning Outside Corporate Officers

1) Relations between MGC and Other Companies in which Officers Concurrently Hold Important Positions

The relations between MGC and other companies in which the outside corporate officers concurrently hold important positions are as described in (1).

2) Major Activities of Outside Corporate Officers

Outside Director	Attendance at Board of Directors Meeting	Major Activities
Kazuo Tanigawa	12 of 12 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Tanigawa adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings from an external perspective to ensure appropriate and proper decision-making of MGC.
Tsugio Sato	11 of 12 meetings	Drawing on his highly advanced expertise in a wide field of study in chemicals such as inorganic materials chemistry and on his extensive experience holding prominent positions in various organizations, including universities and academic societies, Dr. Sato adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.

(Translation)

Outside Audit & Supervisory Board Member	Attendance at Board of Directors Meeting	Attendance at Audit and Supervisory Board Meeting	Major Activities
Takashi Kimura	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Kimura asked questions and offered advice at Board of Directors meetings and other important meetings to ensure the appropriate execution of business. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Kimura audited each division and office and carried out inspection of subsidiaries, etc., while adequately demonstrating audit functions as a Full-time Audit & Supervisory Board Member
Yasuomi Matsuyama	11 of 12 meetings	13 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Matsuyama made comments from an external perspective to ensure appropriate decision making by the Board of Directors. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Matsuyama discussed and exchanged views on important matters related to auditing, adequately demonstrating audit functions.

3) General Intent of Limitation of Liability Agreement

MGC has entered into a Limitation of Liability Agreement with each Outside Corporate Officers to limit their liabilities with respect to Article 423 Paragraph 1 of the Companies Act up to the amount stipulated by the law, based on Article 427 Paragraph 1 of said Act.

(Translation)

4. Information Concerning Independent Auditor

(1) Name of Independent Auditor

Crowe Toyo & Co.

(2) Independent Auditors' Fees in FY2019

1) Fee for the audit performed as stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Law	¥69 million
2) Aggregate amount of cash and other monetary payments made by MGC and MGC's subsidiaries	¥74 million

- Notes: 1. The fee for audit pursuant to the Companies Act and that for audit pursuant to the Financial Instruments and Exchange Act are not differentiated in the Audit Agreement between MGC and Independent Auditor. As such, the amount in 1) includes the amount of the fee and other payments for the audit due pursuant to the Financial Instruments and Exchange Act.
2. Of MGC's main subsidiaries, the financial statements of JSP Corporation and foreign subsidiaries are audited (as stipulated in the Companies Act or Financial Instruments and Exchange Act, including equivalent foreign laws and ordinances) by certified public accountants or accounting firms (including those with equivalent foreign certifications) other than MGC's Independent Auditor.
3. MGC and MGC's subsidiary entrusts agreed-upon procedural operations as duties other than duties prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pay consideration to Independent Auditors.
4. The Audit & Supervisory Board agreed to the amount listed above in 1) after confirming the content of the Independent Auditor's audit plan, quality management systems, the state of execution of audit, estimates of audit remuneration, etc.

(3) Policy for Dismissal and Non-reappointment of independent Auditors

In the case that any of the items in Article 340, Paragraph 1 of the Companies Act apply to an Independent Auditor, that Independent Auditor's dismissal will be considered, and in the case that their dismissal is judged to be appropriate, the Audit & Supervisory Board will dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board Members.

Also, in the case that the Audit & Supervisory Board recognizes that it has become difficult for the Independent Auditor to appropriately execute duties, or if otherwise judged necessary, the Audit & Supervisory Board will submit an agenda item regarding the dismissal or nonrenewal of the Independent Auditor to the General Meeting of Shareholders.

(Translation)

5. Resolution on Establishing Systems to Ensure Appropriate Business Operations

In following with the regulations of Article 362, Paragraph 4, Item 6 of the Companies Act, Paragraph 5 of the same Article, and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, MGC resolved in the Board of Directors meeting with respect to systems to ensure appropriate business operations (Internal Control System). Additionally, the status of the maintenance and operation of internal controls is being reported to the Board of Directors on a yearly basis, and in addition to verifying and resolving upon the appropriateness of this resolution, the Board of Directors also deliberates and resolves upon a basic policy and plans regarding the following year's maintenance and operation of internal controls. The content of internal control resolutions and operational status during FY2019 are as follows.

In order to maintain and strengthen internal control, MGC reorganized the internal control related organization on April 1, 2020 and integrate Internal Control Promotion Committee and Risk Management Committee into Internal Control & Risk Management Committee. At the same time, we reviewed the functions of Compliance Committee. The following internal control resolutions have been made for the new organization and summary of operational Status is for the end of March, 2020.

(1) Content of Resolution on Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

- 1) MGC shall view compliance as broadly encompassing conformity with laws, regulations, Articles of Incorporation, and internal rules, as well as the conduct of fair, transparent, and free business based on an awareness of corporate responsibility to society, and shall establish MGC Corporate Behavior Guidelines, Compliance Rules, and MGC Group Code of Conduct.
- 2) Officer in charge of Compliance shall be appointed and a Compliance Committee chaired by said Officer shall be established as an organization directly under the President. Compliance Committee shall investigate compliance violations, and also discuss, formulate and make recommendation for corrective and preventive measures.
- 3) In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately MGC shall establish Basic Internal Control & Risk Management Rules. Internal & Risk Management Committee shall be chaired by the officer in charge of Internal & Risk Management and shall be established as an organization directly under the President. In order to ensure its effectiveness Internal & Risk Management Committee shall cooperate with Compliance Committee and Internal Audit Division.
- 4) In order to detect internal compliance violations and take corrective measures promptly, Compliance Consultation Desk shall be established as a means of receiving internal reports from officers, employees, their families, contractors, business partners, and the like.
- 5) In order to eliminate anti-social forces, in addition to clarifying its firm stance against such forces in MGC Corporate Behavior Guidelines and MGC Group Code of Conduct, MGC shall promote its policies in each relevant department.
- 6) An Internal Audit Division shall be established to conduct internal audits pursuant to the Internal Audit Rules in addition to auditing by Audit & Supervisory Board Members and by Independent Auditors.

(Translation)

- 7) MGC shall issue MGC Compliance Handbook and distribute to officers and employees to ensure their understanding of the compliance system, as well as cultivate awareness of compliance through education and training.

② Systems for Ensuring Efficient Execution of Duties by Directors

- 1) MGC shall separate the decision-making, supervision, and business execution functions of the management and implement the Executive Officer system for expeditious decision-making and business execution. At the same time, in the operating divisions to achieve efficient business management accountability for performance shall be clarified.
- 2) In order to make decisions on matters that have material effect on MGC based on multifaceted considerations, a Management Council shall be established to deliberate on management policies and an Operations Council shall be established to deliberate on specific execution plans.
- 3) Organization Regulations, Segregation of Duties Rules, and Rules Defining Extent of Authority shall be established to clarify the duties and authorities of Directors to ensure efficient and appropriate execution of duties.
- 4) Performance shall be monitored based on numerical targets clarified through the Group's medium-term management plan, annual budget, and the like.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors shall be archived and managed in accordance with the Document Control Procedures and other internal rules.

④ Rules and Other Systems for Managing Risk of Loss

- 1) MGC shall establish Internal Control & Risk Management Rules in order to understand and appropriately manage business risks.
- 2) Internal Control & Risk Management Committee shall identify the status of risk management and provide supervision and instructions on prioritizing risks and devising reduction measures.
- 3) Being a chemical manufacturer, MGC shall engage in responsible care (RC) activities as a voluntary undertaking to ensure environmental protection and safety through the life cycle of chemicals from production to disposal.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

While valuing the autonomous management of all Group companies and clarifying the managerial accountability of its Board of Directors, MGC has established the following systems that include the maintenance of various regulations to ensure the appropriate execution of business within the MGC Group.

Also regarding the appropriate execution of business within the MGC Group, companies within the Group are controlled through methods including the assignment of officers and the exercise of voting rights as required of the nature of the business, degree of importance, etc.

- In addition to establishing departments responsible for items relating to Group management

(Translation)

as well as divisions that supervise individual Group companies, regulations such as Rules on Subsidiaries and Affiliates are maintained and a reporting system is created in order to receive regular and emergency reports from each of the Group companies.

- Regarding Internal Audit Rules, Group companies are also subject to internal audits. Also, regarding Basic Internal Control & Risk Management Rules, risk management conducted by Group companies are also subject to these rules, and instruction and education is carried out so that Group companies will maintain and improve appropriate risk management systems.
- MGC establishes MGC Corporate Behavior Guidelines and MGC Group Code of Conduct as basic policies for the entire Group and seeks from each Group company the maintenance of compliance structures that meet them. Also, MGC's Compliance Consultation Desk is also available to the officers and employees of each Group companies, as well as their families, contractors, business partners, etc.
- Through medium-term management plan, annual budget, etc. of Group companies, MGC clarifies each company's performance goals and conducts performance management based on these goals. Regarding important business activities performed by Group companies, MGC's supervisory division ensures appropriate decision-making through management discussions, etc.

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

- 1) Matters Related to Employees Assisting with Audit & Supervisory Board Members' Duties
Employees shall be assigned to assist Audit & Supervisory Board Members with their duties pursuant to consultations with Audit & Supervisory Board Members.
- 2) Matters Related to Independence from Directors of Employees Assisting with Audit & Supervisory Board Members' Duties
Employees assigned to assist with the duties of Audit & Supervisory Board Members shall engage full time in said assignment and shall not be subject to orders and instructions from Directors. The prior consent of the Audit & Supervisory Board is required for their transfer, appraisal, and disciplinary punishment.
- 3) Matters related to the ensuring of the effectiveness of orders given to employees who assist Audit & Supervisory Board Members in their duties
It is made clear that employees who assist Audit & Supervisory Board Members in their duties are to obey instructions given to them by Audit & Supervisory Board Members, and employees who possess the aptitude for such duties are nominated.
- 4) Matters Related to Reports from Directors and Employees to Audit & Supervisory Board Members
 - i) In the event Directors or employees find violations of laws and regulations or facts and the like that may cause significant damage to MGC, they must report said violations, facts, and the like to the Audit & Supervisory Board Members in accordance with laws, regulations, Compliance Rules, and other internal rules.
 - ii) Directors and employees must report regularly, and promptly in the case of important matters, on the execution status of business operations including internal control of MGC and supervised Group companies, risk management and implementation of compliance to the Audit & Supervisory Board Members, as well as promptly conduct investigations and provide reports in the event Audit & Supervisory Board Members request investigations and reports

(Translation)

concerning these status.

- iii) Directors, Audit & Supervisory Board Members, and employees of Group companies will, based on laws and regulations, quickly conduct surveys and deliver reports in the case that a report is demanded from Audit & Supervisory Board Members.
 - iv) The Compliance Committee must promptly report to Audit & Supervisory Board Members the content of consultations and reports involving MGC or Group companies received through Compliance Consultation Desk.
- 5) Matters related to the treatment of individuals who make reports, etc. to Audit & Supervisory Board Members
- Individuals responsible for aforementioned reports and surveys as well as those who work together with them, etc. shall not be subject to work reassignment, discrimination, or other unfavorable treatment as a result of that action, and knowledge of this prohibition will be made well-known.
- 6) Matters related costs, etc., resulting from the execution of Audit & Supervisory Board Members' duties
- i) In order to defray costs that occur as the result of the execution of Audit & Supervisory Board Members' duties, an appropriate budget shall be established each fiscal year based on projected activities.
 - ii) If a request for prepayment or settling of accounts regarding costs necessary for the execution of Audit & Supervisory Board Members' duties is received, MGC shall promptly comply.
 - iii) Even in cases where costs incurred as the result of the execution of Audit & Supervisory Board Members' duties exceed the amount budgeted for each fiscal year, Audit & Supervisory Board Members and the related Directors shall meet and as a rule make considerations to respond to the necessity of those costs.
- 7) Other Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members
- i) Representative Directors shall arrange for regular exchange of views with Audit & Supervisory Board Members. Further, the Internal Audit Division and the Independent Auditor shall communicate and deliberate with Audit & Supervisory Board Members to ensure the effectiveness of Audit & Supervisory Board Members' operations.
 - ii) Audit & Supervisory Board Members may attend Board of Directors Meetings and other important meetings in order to understand the decision making status regarding important matters and the execution status of business operations, in addition to reviewing important documents and requesting explanations of Directors and employees on the execution of business operations.
 - iii) In the case that the Audit & Supervisory Board requests the use of independent external specialists, MGC shall bear those costs, excepting cases where their use is deemed not necessary to the execution of Audit & Supervisory Board Members' duties.

(2) Summary of Operational Status of Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

- 1) MGC seeks to conduct CSR activities and achieve thorough compliance, by emphasizing publication of the MGC Corporate Behavior Guidelines Directives for Corporate Actions etc. by delivering it through the President's message. Furthermore, the Compliance Committee met two times during the fiscal year under review, deliberated specific items, and undertook measures to

(Translation)

- enhance the compliance system. The Compliance Consultation Desk, in addition to the internal desk, has had an external desk established as well, in order to lower the hurdle in making reports.
- 2) MGC revised the MGC Corporate Behavior Guidelines in February 2020 and the MGC Group Code of Conduct in March 2020 and the MGC Compliance Handbook on April 1, 2020 based on changes in social demand since the last revision.
 - 3) The Internal Control Promotion Committee met three times during the fiscal year under review, and deliberated the readiness and operational status of internal controls. Furthermore, after being approved by the Board of Directors, information concerning basic policies and plans relating to internal controls deliberated by the Committee is spread to MGC officers, employees, and all Group Companies.
 - 4) Internal audits are performed based on audit plan, and measures are undertaken to maintain the proper performance of duties. Items designated by internal audits are responded to within timeframes established by the audited division.
 - 5) To eliminate anti-social forces, in addition to the creation of a response manual and spreading information internally, when entering into contracts with outside parties, MGC seeks a pledge that the party is not an anti-social force, and contracts can be nullified, etc. if it is later determined that the party is an anti-social force.

② Systems for Ensuring Efficient Execution of Duties by Directors.

- 1) MGC is working to reinforce the management execution system and strengthen its governance Through clearly defining the functions and responsibilities of management, by placing an Executive Officer system that makes prompt decision-making possible, and allows the Board of Directors to concentrate on making decisions on the most important business matters and conduct supervision over business execution.
Regarding matters that have material effect on MGC, decisions are made via considerations through multifaceted deliberations at a Management Council that deliberates on management policies and at an Operations Council that deliberates on specific execution plans, and the advice of attorneys and other professionals is received as needed.
- 2) Based on the medium-term management plan and annual budget, performance is regularly monitored.
- 3) Duties and authorities of Directors, officers and employees are reviewed on a yearly basis to work toward ensuring efficient and appropriate execution of duties.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors is archived and managed in accordance with the Document Control Procedures and other internal rules through the creation of management registers and their archival for an established length of time.

④ Rules and Other Systems for Managing Risk of Loss

- 1) Standards, By-Laws, and an Operational Manual, etc. have been established under the Risk Management Rules as systems to manage risk during ordinary periods and emergencies. Additionally, the Risk Management Committee met three times during the fiscal year under review, providing supervision and instructions on the status of risk management.
In addition, to prepare for the spread of COVID-19, the Crisis Countermeasures Headquarters was established early based on the risk management regulations, and we are taking measures to prevent infection, such as executing work from home.
- 2) In addition to voluntary responsible care (RC) activities, in accordance with policies established at environmental safety meetings attended by all Directors, MGC strives to protect the environment and maintain safety, and continuously repeats the PDCA cycle for the protection of the environment and maintenance of safety, including confirming the progress of activities with

(Translation)

internal audits.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

- 1) Based on regulations such as Rules on Subsidiaries and Affiliates, Group companies are managed through supervisory divisions, and regular reports on management status, etc. are received from Group companies. Additionally, a reporting system has been created for times of emergency. While a medium-term management plan and annual budget that include Group companies are formulated and performance management is being conducted, MGC aims to ensure appropriate decision-making through the assignment of officers, etc.
- 2) To ensure the appropriate execution of business within MGC Group companies and enhance risk management, the Internal Audit Division systematically conducts internal audits at major Group companies, and through a supervisory division the Risk Management Committee strives to maintain and enhance each Group company's risk management system. Additionally, MGC states that the Compliance Consultation Desk is available for use by all individuals involved in the Company Group's business activities.

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

- 1) Aside from attending meetings of the Board of Directors, Executive Officers, and other important committees, Audit & Supervisory Board Members exchange opinions with Representative Directors and the Board of Directors, receives reports from each department, and periodically conducts onsite audits of key subsidiaries. Furthermore, Audit & Supervisory Board Members strive to enhance the effectiveness of audits, including by exchanging opinions with the head of the Internal Control Promotion Division and Independent Auditor.
- 2) Through various committees related to internal control, risk management and compliance, reports are provided to Audit & Supervisory Board Members, on the status of business execution, etc. Also, consultations and reports discussed with Compliance Consultation Desk are quickly reported, and it has come to be well understood that unfavorable treatment of individuals who make reports is prohibited.
- 3) Staff dedicated to audit functions based on instructions from Audit & Supervisory Board Members are placed, and all costs required for business activity audits are defrayed.

6. Policy on Appropriation of Retained Earnings, etc.

The MGC Group places the improvement of corporate value as a challenge on the management of the greatest importance. Based on the view that the improvement of corporate value will lead to the benefits of all stakeholders including shareholders, the MGC Group takes into consideration investment and lending plans, financial health, and future business trends in order to realize future business growth, and works to achieve a balanced allotment of retained earnings and returns to shareholders. Retained earnings are allotted to be used as investment and lending funds for business expansion and growth and to strengthen the corporate structure. Regarding dividends, the decision to continue steady dividends is made taking into account trends in business results, while working to improve capital efficiency and enhance returns to shareholders through implementing flexible purchase of treasury shares in consideration of the levels of retained earnings and shareholder return. The year-end dividend payout for FY2019 was ¥35. Since the interim dividend payout was ¥35, the annual dividend for FY2019 is ¥70 per share, same amount as FY2018, which resulted in 69.7% of dividend payout ratio on a consolidated basis.

Regarding dividends for the next fiscal year, the interim dividend is planned to be ¥35 per share, while the year-end dividend is planned to be ¥35 per share.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	358,669	Total current liabilities	163,574
Cash and deposits	78,227	Notes and accounts payable-trade	70,776
Notes and accounts receivable-trade	141,279	Short-term borrowings	33,980
Securities	3,514	Current portion of bonds payable	10,000
Merchandise and finished goods	62,359	Accrued expenses	18,008
Work in process	13,154	Lease obligations	429
Raw materials and supplies	39,282	Income taxes payable	5,539
Other	21,957	Provision for bonuses	5,616
Allowance for doubtful accounts	△1,124	Provision for bonuses for directors (and other officers)	44
Total non-current assets	413,063	Provision for environmental measures	76
Property, plant and equipment	239,838	Provision for loss on business of subsidiaries and associates	200
Buildings and structures, net	84,339	Provision for loss compensation	60
Machinery, equipment and vehicles, net	81,079	Provision for loss on business withdrawal	6
Land	41,109	Asset retirement obligations	0
Lease assets, net	1,825	Other	18,837
Construction in progress	23,113	Total non-current liabilities	60,016
Other	8,371	Long-term borrowings	29,043
Total Intangible assets	10,597	Lease obligations	1,260
Goodwill	5,293	Deferred tax liabilities	9,200
Lease assets	0	Provision for retirement benefits for directors (and other officers)	433
Software	2,251	Provision for environment measures	237
Other	3,052	Provision for business restructuring	1,329
Total investments and other assets	162,628	Provision for loss on liquidation of subsidiaries and associates	1,170
Investments securities	149,158	Other provision	356
Long-term loans receivable	3,153	Retirement benefit liability	9,333
Deferred tax assets	3,482	Asset retirement obligations	3,560
Retirement benefit asset	974	Other	4,091
Other	6,500	Total liabilities	223,591
Allowance for doubtful accounts	△640	(Net assets)	
		Total shareholders' equity	494,306
		Share capital	41,970
		Capital surplus	34,234
		Retained earnings	439,701
		Treasury shares	△21,600
		Total accumulated other comprehensive income	△1,785
		Valuation difference on available-for-sale securities	7,789
		Deferred gains or losses on hedges	4
		Foreign currency translation adjustments	△6,701
		Remeasurements of defined benefit plans	△2,877
		Non-controlling interests	55,619
		Total net assets	548,141
Total assets	771,733	Total liabilities and net assets	771,733

(Translation)

Consolidated Statement of Income
(From April 1, 2019 to March 31, 2020) (Millions of yen)

Account item	Amount	
Net sales		613,344
Cost of sales		481,950
Gross profit		131,394
Selling, general and administrative expenses		97,133
Operating income		34,260
Non-operating income		
Interest and dividend income	2,791	
Other	2,941	5,733
Non-operating expenses		
Interest expenses	968	
Share of loss of entities accounted for using equity method	1,282	
Other	6,626	8,877
Ordinary income		31,116
Extraordinary income		
Subsidy income	6,794	
Gain on sales of investment securities	2,676	
Reversal of provision for loss on guarantees	1,024	
Gain on step acquisitions	1,016	
Gain on sales of non-current assets	859	
Insurance claim income	564	
Gain on bargain purchase	492	13,428
Extraordinary loss		
Loss on tax purpose reduction entry of non-current assets	5,652	
Provision for loss on liquidation of subsidiaries and associates	1,098	
Loss on valuation of investment securities	939	
Loss on disposal of non-current assets	565	
Impairment loss	381	
Provision for business restructuring	350	
Loss on valuation of interest rate swaps	228	
Loss compensation	217	
Provision for loss on business of subsidiaries and associates	200	
Loss on step acquisitions	197	
Accident loss	193	
Provision for environmental measures	177	10,202
Profit before income taxes		34,343
Income taxes-current	8,373	
Income taxes-deferred	1,482	9,855
Net income		24,487
Profit attributable to non-controlling interests		3,329
Profit attributable to owners of parent		21,158

(Translation)

Non-consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	210,752	Total current liabilities	112,217
Cash and deposits	30,814	Electronically recorded obligations-operating	273
Notes receivable-trade	226	Accounts payable-trade	43,412
Accounts receivable-trade	87,395	Short-term borrowings	25,561
Securities	3,000	Current portion of bonds payable	10,000
Merchandise and finished goods	32,197	Lease obligations	84
Work in process	9,272	Accrued payable-other	9,152
Raw materials and supplies	21,246	Income taxes payable	2,394
Prepaid expenses	1,266	Accrued expenses	15,063
Short-term loans receivable	13,002	Deposits received	322
Accounts receivable-other	9,632	Provision for bonuses	3,020
Other	3,271	Provision for environmental measures	76
Allowance for doubtful accounts	△573	Provision for loss on business withdrawal	6
Total noncurrent assets	214,960	Provision for loss on business of subsidiaries and associates	120
Total property, plant and equipment	99,744	Provision for loss compensation	60
Buildings, net	22,880	Other	2,668
Structures, net	12,686	Total non-current liabilities	22,540
Machinery and equipment, net	35,362	Long-term borrowings	10,009
Vehicles, net	70	Lease obligations	199
Tools and appliances, net	4,486	Provision for retirement benefits	3,093
Land	18,357	Provision for retirement benefits for directors (and other officers)	108
Lease assets, net	281	Provision for environment measures	237
Construction in progress	5,618	Provision for business restructuring	1,329
Total intangible assets	1,147	Asset retirement obligations	2,071
Goodwill	17	Deferred tax liabilities	4,024
Patent right	2	Other	1,465
Software	1,102	Total liabilities	134,757
Other	24	(Net assets)	
Total investments and other assets	114,068	Total shareholders' equity	284,513
Investments securities	31,171	Share capital	41,970
Stocks and investments in capital of subsidiaries and affiliates	76,145	Total capital surpluses	35,668
Long-term loans receivable	5,977	Capital surplus	35,668
Long-term prepaid expenses	1,314	Total earned surpluses	228,474
Other	1,443	Legal retained earnings	6,999
Allowance for doubtful accounts	△1,982	Other retained earnings	221,475
		Reserve for mine prospecting	1,734
		Reserve for tax purpose reduction entry of non-current assets	2,937
		General reserve	76,500
		Retained earnings brought forward	140,303
		Treasury shares	△21,600
		Total valuation and translation adjustments	6,442
		Valuation difference on available-for-sale securities	6,442
		Total net assets	290,955
Total assets	425,713	Total liabilities and net assets	425,713

(Translation)

Non-consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Account item	Amount	
Net sales		351,348
Cost of Sales		290,817
Gross profit		60,531
Selling, general and administrative expenses		43,262
Operating profit		17,268
Non-operating income		
Interest and dividend income	15,987	
Other	2,817	18,805
Non-operating expenses		
Interest expenses	314	
Other	5,693	6,008
Ordinary income		30,068
Extraordinary income		
Subsidy income	5,725	
Gain on sales of investment securities	2,676	
Reversal of provision for loss on guarantees	1,024	
Gain on sales of non-current assets	859	
Insurance claim income	564	
Reversal of allowance for doubtful accounts	302	11,153
Extraordinary loss		
Loss on tax purpose reduction entry of non-current assets	4,735	
Loss on valuation of investment securities	664	
Loss on disposal of non-current assets	565	
Provision for business restructuring	350	
Loss on valuation of shares of subsidiaries and associates	274	
Loss compensation	217	
Accident loss	193	
Provision for environmental measures	177	
Provision for loss on business of subsidiaries and associates	120	7,298
Income before income taxes		33,920
Income taxes-current	4,309	
Income taxes-deferred	278	4,587
Net income		29,332

Independent Auditors' Audit Report on Consolidated Financial Statements (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 22, 2020

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo Office

Wataru Kobayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Opinion

We have audited the consolidated financial statements of namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Mitsubishi Gas Chemical Co., Inc. (the Company) from April 1, 2019 to March 31, 2020, in accordance with paragraph 4, Article 444 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries and the results of its operations for the period covered thereby in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on

(Translation)

the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Independent Auditors' Audit Report (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 22, 2020

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo Office

Wataru Kobayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Opinion

We have audited the financial statements of namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the supporting schedules of Mitsubishi Gas Chemical Co., Inc. (the Company) for the 93rd business year from April 1, 2019 to March 31, 2020, in accordance with item 1, paragraph 2, Article 436 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

(Translation)

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act

Audit & Supervisory Board's Audit Report (Certified Copy)

AUDIT REPORT

We, the Audit & Supervisory Board, deliberated and prepared this audit report as follows on the execution of duties by MGC Directors during the 93rd business term from April 1, 2019 to March 31, 2020, based on the audit report prepared by each Audit & Supervisory Board Member:

1. Method and Description of Audit by Audit & Supervisory Board Members and Audit by Audit & Supervisory Board

- (1) We determined the audit policy, audit duty assignments and the like, received reports from each Audit & Supervisory Board Member on individual audit status and results, received reports from the Directors and Independent Auditor on the status of the execution of their duties, and requested explanation as necessary.
- (2) Each Audit & Supervisory Board Member conducted the audit by following method as well as we made efforts to collect information and enhance the auditing environment by communicating with the Directors, Internal Audit Division, other employees, and others in accordance with the Audit & Supervisory Board Members' Audit Standards, audit policy, audit duties, and the like as determined by the Audit & Supervisory Board.
 - i) We attended the Board of Directors' Meetings and other important meetings, received reports from Directors, employees and others on the status of execution of their duties, requested explanation as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the head office and principal business offices. With respect to subsidiaries, we communicated and exchanged information with the division controlling each subsidiary in MGC, the directors and Audit & Supervisory Board Members of subsidiaries, requested business reports therefrom as necessary, and visited major subsidiaries to investigate the state of activities and assets.
 - ii) With respect to the contents of resolutions of the Board of Directors regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by Article 100, paragraph 1 and 3 of Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of group of enterprises consisting of stock company and its subsidiaries, and the systems developed based on such resolutions (internal control systems), as stated in the business report, we periodically received reports from the Directors, employees and others, requested explanations as necessary and made opinions, regarding establishment and management of such systems.
 - iii) We monitored and verified that the Independent Auditor maintained its independence and performed its auditing duties adequately, as well as received reports from the Independent Auditor on the performance status of its duties and requested explanations as necessary. We received a notice from the Independent Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in the items under Article 131 of the Regulations on Corporate Accounting) were being improved pursuant to Quality Management Standards for Auditing (October 28, 2005; Business Accounting Council) and requested explanations as necessary.

The business report and its supplementary schedules for this business term, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement on changes in net assets and notes to non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement on changes in net assets and notes to the consolidated financial statements) for this business term were examined based on the foregoing method.

2. Results of Audit

- (1) Audit Result of Business Report, etc.
 - i) The business report and its supporting schedules are recognized as correctly presenting the state of MGC in accordance with the laws, regulations and the Articles of Incorporation.
 - ii) No dishonest acts or material violations of laws, regulations or the Articles of Incorporation were recognized in connection with the performance by Directors of their duties.
 - iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control

(Translation)

systems are appropriate. We also acknowledge that in terms of the development and maintenance of said systems, continuous improvements are being made and therefore, did not find any matter to be mentioned regarding such internal control systems.

(2) Audit Result of Non-Consolidated Financial Statements and Their Supplementary Schedule

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

(3) Audit Result of Consolidated Financial Statements

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

May 25, 2020

Mitsubishi Gas Chemical Company, Inc. Audit & Supervisory Board

Audit & Supervisory Board Member(full-time)
(Outside Audit & Supervisory Board Member)
Takashi Kimura

Audit & Supervisory Board Member(full-time)
Katsuhiko Sugita

Audit & Supervisory Board Member(full-time)
Kunio Kawa

Outside Audit & Supervisory Board Member
Yasuomi Matsuyama

- END -