

Mitsubishi Materials
CSR Report
2010

For People, Society and the Earth



For People, Society and the Earth

If you condensed the history of the Earth into the space of one year, human history would last roughly four hours.

Global economic development since the industrial revolution in the 18th century would last just a single second.

That single second is all it has taken for the human race to drastically deplete the natural resources that the planet had built up through the ages.

As a result, the environment is now facing a whole range of issues.

Climate change

Finite natural resources

The fundamental aim of our CSR activities here at the Mitsubishi Materials Group is to help resolve universal issues such as these through our core operations and to put our Corporate Philosophy, "For People, Society and the Earth," into practice.

Our Commitment

These days, we hear reports of abnormal weather conditions from all over the world, including rising sea levels due to the melting of the polar ice caps and disasters caused by phenomena such as hurricanes, cyclones, heavy rains, droughts and heat waves. With more and more international environmental rules coming into effect, we need to take wide-ranging action in order to deal with the problem of climate change, factoring in considerations such as new regulations and frameworks.

As Japan is a resource-poor nation that relies on overseas mining for the majority of its mineral resources, it is crucial that we recycle resources and make effective use of renewable resources in order to minimize consumption of natural resources and reduce environmental impact. With Japan's limited size virtually ruling out the possibility of constructing new landfill sites, recycling is also becoming increasingly important in the interests of reducing waste.

We are committed to tackling issues such as these through our core operations.

- 1) We will comprehensively reduce greenhouse gas emissions and other forms of environmental impact and expand operations aimed at creating a low carbon society, including environmentally friendly products and renewable energy.
- 2) We will collect and recycle more waste and used products and make an even greater contribution to the creation of a recycling-oriented society.
- 3) Through advanced technology and increased efficiency, we will improve resource productivity and manufacture materials and components so as to make the best possible use of natural resources and maintain stable supplies.

Here at the Mitsubishi Materials Group, we are determined to do our bit to help create a sustainable society, based on our Corporate Philosophy "For People, Society and the Earth."

Promoting CSR activities as the cornerstone of management and contributing to society through our core operations



Hiroshi Yao
President and Chief Executive Officer
Mitsubishi Materials Corporation

矢尾 宏

Although Mitsubishi Materials officially marks its 20th anniversary in December 2010, we actually have a long history dating back almost 140 years to 1871, when the Mitsubishi Group first entered the mining sector under its founder Yataro Iwasaki.

These days, we operate out of 25 countries and regions and engage in a wide range of business activities on a global scale, revolving primarily around cement, metals, advanced materials and tools, and electronic materials and components, as our four core lines of business.

The fact that we have been able to sustain our business for more than a century is thanks to the support of each and every one of our stakeholders along the way, and recognition for our efforts to supply basic materials that are essential to the fabric of society and to continually contribute to the creation of thriving communities.

I would like to take this opportunity to once again say thank you to everyone.

Based on the Three Principles[†] that underpin the founding spirit of Mitsubishi, we at the Mitsubishi Materials Group will continue to do our very best “For People, Society and the Earth.”

[†]Three Principles: The fundamental philosophy of the Mitsubishi Group, consisting of Shoki Hoko (corporate responsibility to society), Shoji Komei (integrity and fairness) and Ritsugyo Boeki (international understanding through trade)

Q. | Given the ongoing global economic crisis, in what direction do you intend to lead the Group in the future?

Improving the Group's financial standing and growth potential for the future

The current wave of global economic turmoil has had a major impact on the Group. Although I believe that we are over the worst and are on the road towards recovery in terms of both sales and profits, the future still remains uncertain. Following the same management trajectory set out by my predecessor (Chairman) Akihiko Ide, I intend to take prompt action in response to the major structural changes that we are seeing in the business environment in the wake of the global recession. Having made it my mission to improve the Group's financial standing and reinforce growth potential, I intend to set a clear course to guarantee fresh growth for the Group in the future.

In terms of improving the Group's financial standing, I intend to implement emergency cost measures, target management resources and step up other initiatives aimed at reestablishing a low cost structure to reinforce cost competitiveness, based on the Comprehensive Management Measures set out in 2008.

I appreciate that there is an even greater need to set out a clear direction and growth strategy for the Group and am currently in the process of formulating a new medium-term management plan. Whereas we have previously adopted a basic strategy based on "four-wheel drive management," revolving around our four core lines of business as a comprehensive material manufacturer (cement, metals, advanced materials and tools, and electronic materials and components), I believe that we need to do away with barriers between segments so that we can target the limited management resources that we have available, harness dynamic synergy and create a conglomerate premium. I am also looking into new business strategies, revolving around sectors in which we can capitalize on the Group's technical capabilities and business infrastructure and areas that are expected to see further growth in the future due to strong public demand, including energy saving, new energy, the environment and recycling.

If we maintain a strong sense of conviction and purpose with regard to overcoming the current crisis, I think that we can take advantage of these harsh conditions to build up our strength, so that we can move forward as a team and create a brighter future.

Q. | What is your position with regard to CSR and how do you intend to promote CSR activities?

CSR as the cornerstone of corporate activities

To me, CSR activities are all about engaging in dialogue with stakeholders in order to incorporate their expectations and requirements into our business strategies and addressing social issues through our core operations. Focusing on changes in the external environment and sustainability on a global scale, we identified nine material issues (factors that could have a serious impact on our corporate value) in fiscal 2008, since which time we have continued to step up initiatives aimed at contributing to the sustainability of society as a whole through our core operations.

During fiscal 2010, we held a stakeholder meeting with outside experts in an effort to effectively incorporate stakeholders' perspectives into our management practices. The meeting proved to be an invaluable experience from the standpoint of Group management, providing us with a great many helpful suggestions.

Ensuring that employees take pride in their work

Promoting CSR depends on the employees who actually carry out CSR activities. As human resources represent our most important management resource, I am keen to focus on employee training and lifelong education in particular.

Having established the Human Resources Development Center and the Mitsubishi Materials Corporate University as centers for human resource development and training in April 2010, we intend to take every opportunity to promote CSR education in the future and to focus on training human resources capable of shouldering future generations and excelling on a global scale.

I am always trying to encourage our employees to take pride in their work at all times. As well as pride in the fact that we provide an important service, in terms of providing the public with essential basic materials and products, we should all be proud of the fact that we are members of the Mitsubishi Group and the Mitsubishi Materials Group. As long as we take pride in our work as individuals, CSR is something that will happen naturally.

Surely that is the very essence of CSR.

Q. | What do you intend to do to tackle global warming?

Combining technologies to contribute to society

In terms of sustainability on a global scale, one of the areas in which people can really make a difference is combating global warming.

We have a wide range of technologies that could help prevent global warming at our disposal within the Mitsubishi Materials Group, including manufacturing technology for polycrystalline silicon, one of the raw materials in solar cells, technology for the development and usage of geothermal and other forms of renewable energy and nuclear fuel production technology. By combining these technologies with the wide-ranging expertise that we have built up over many years as a materials manufacturer with roots in the mining industry, we intend to do everything we can as a Group to help Japan and the rest of the world achieve the goal of establishing a low carbon society.

Striving to reduce CO₂ emissions on a groupwide scale and treating outside waste

In addition to supplying products and materials that contribute to society, we also need to make more of an effort to reduce greenhouse gas emissions during the process of manufacturing our products. Over 90% of the CO₂ emissions that we produce stem from the cement manufacturing process. This is essentially a compositional issue, since the process of firing limestone, the main raw material in cement, inevitably produces CO₂. As we are already one of the world's leading companies in terms of energy saving technology, we are gradually running out of areas in which we can reduce CO₂ emissions. Nonetheless, we will continue to make every effort to reduce emissions wherever possible in the future.

On other fronts, our 1,450°C ultra-high temperature firing process makes it possible to detoxify large quantities of industrial waste, which would ordinarily have to be sent to landfill, without producing any secondary waste. As the waste can then be used as raw materials for cement production or as an alternative source of heat energy, this process effectively underpins the social systems right at the heart of efforts to create a recycling-oriented society in Japan.

Q. | So you are promoting wide-ranging recycling in order to help create a recycling-oriented society.

Focusing on our smelting and cement recycling system

As Japan is generally regarded as a resource-poor country and a major producer of waste, one of the areas in which we can make a major contribution is recycling.

As I mentioned previously, we take in large volumes of waste as part of our cement operations in an effort to help ease pressure on landfill sites and extend their usable lifespan. Similarly, we use a nonferrous smelting process capable of extracting valuable metals from various types of hard-to-treat waste as part of our metals operations. We are the only company in Japan to have established a smelting and cement recycling system that reuses byproducts produced as a result of these two manufacturing processes, as raw materials or heat energy, in an effort to render landfill sites unnecessary.

On other fronts, we continue to work in partnership with individual manufacturers to recycle home appliances, an organic process whereby used or scrap appliances are collected via social systems and then fed back into our smelting and cement recycling system.

Recycling even more resources and transforming social systems

As a pioneer in the field of aluminum can recycling, we already have a track record when it comes to establishing recycling networks. In recent years, however, we have also been stepping up cooperation with our customers in the field of cemented carbide products, one of our core products in the advanced materials and tools sector, and are increasingly refining and recycling tungsten, a rare metal contained in used products, for reuse as raw materials. Although this practice of recycling from so-called "urban mines" is attracting a great deal of attention, for the most part in Japan resources are currently sent to landfill or shipped overseas. Key priorities for the future will be to develop advanced recycling technology capable of isolating and refining trace quantities of rare metals and to establish collection procedures and networks. If we are going to establish resource recycling as a fully functioning social system, I believe that we need to start making practical recommendations.

Q. | How do you feel about the globalization of business?

Establishing a presence in emerging markets

I regard fiscal 2011 as a crucial year in terms of the genuine globalization of the Mitsubishi Materials Group. With domestic demand struggling, a great deal depends on the extent to which we are able to establish a stronger presence in China and other rapidly growing emerging markets. Having established Mitsubishi Materials (Shanghai) as a central Group company tasked with overseeing operations in China in March 2010, we intend to use this as focal point to build strong relationships and expand operations on a larger scale than ever before, to keep pace with the accelerating growth of the Chinese market.

Our responsibilities as part of a global supply chain

As a comprehensive materials manufacturer that procures large quantities of raw materials from overseas, we recognize the importance of our corporate conduct in the developing countries located behind the scenes at the upper end of our supply chain.

Although our Metals Company, which operates one of our core lines of business, doesn't have its own mine, it is nonetheless a member of the International Council on Mining and Metals (ICMM) and has set out its own CSR Investment Standards that are applicable to overseas mining companies in which we have a stake, and CSR Procurement Standards that are applicable to overseas mining companies in which we do not have a stake. We are working to establish sustainable development as a common philosophy. I believe that far-sighted initiatives such as these will encourage our suppliers the world over to protect the environment and improve working practices.

We are determined to maintain an essential presence within society as we continue to do our bit "For People, Society and the Earth."

I hope we can continue to rely on your support and understanding in the future.

Profile :

March 1998	President and Chief Executive Officer, Mitsubishi Materials USA Corp.
June 2004	Managing Director
June 2006	Executive Vice President
	President and Chief Executive Officer, Universal Can Corporation
April 2008	President and Chief Executive Officer, Mitsubishi Aluminum Co., Ltd.
June 2010	President and Chief Executive Officer
	Chairman, CSR Committee (current)



Editorial Policy

This report is designed to inform our stakeholders—all those with a vested interest in Mitsubishi Materials and the Mitsubishi Materials Group—about the corporate social responsibility (CSR) activities undertaken by the Mitsubishi Materials Group in an easy-to-understand format so as to promote a greater awareness and appreciation of the Group's efforts.

The articles featured in this report focus primarily on the nine areas selected as a result of the process of identifying material issues during fiscal 2008. Matters discussed during the Stakeholder Meeting in February 2010 are also featured according to relevance under the aforementioned issues.

Rather than merely reporting on our activities, we regard the disclosure of CSR-related information to be an important process in terms of the evolution of our CSR activities, not least through the monitoring and performance reviews of our individual initiatives. We therefore make every effort to improve the information that we disclose in order to ensure that our reports are as reliable as possible in accordance with Global Reporting Initiative (GRI) Guidelines, as part of our disclosure activities as a member of the International Council on Mining and Metals (ICMM).

Metals Company Supplementary Data Book containing detailed data on activities undertaken by our Metals Company, which is directly involved with the ICMM, is available via our website. Please refer to the relevant publication in combination with this report.

Our 2010 CSR Report and Supplementary Data Book have been independently assured by KPMG AZSA Sustainability Co., Ltd., with all figures subject to external independent assurance marked with an asterisk.

Disclosing Information via Multiple Channels

Apart from this report, through which we make annual disclosure on material CSR issues, we publish a wide range of information in conjunction with the CSR section of our website, in an effort to effectively report on our extensive CSR activities.

• CSR Section of our Website

»»» WEB www.mmc.co.jp/corporate/en/csr/index.html

† In the event that any mistakes or misprints are discovered after publication of our Corporate Social Responsibility Report, corrections are posted on the CSR section of our website.

Downloading Corporate Social Responsibility Reports and Related Information

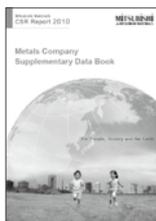


■ Corporate Social Responsibility Report 2010

Although this report primarily relates to Mitsubishi Materials, it also contains details of initiatives carried out by other Mitsubishi Materials Group companies.

• Fact Sheets

We publish fact sheets containing information not included in this report, such as acquisition of ISO certification at Mitsubishi Materials premises and supporting environmental data.



■ Metals Company Supplementary Data Book

We publish a supplementary data book containing detailed information on activities carried out by our Metals Company and three smelting-related Group companies not included in this report.

Scope of Report

Period

Although this report focuses on fiscal 2010 (Mitsubishi Materials fiscal year: April 2009 – March 2010), it also includes selected reports relating to activities before and after.

Boundary

Quantitative data: Refers to Mitsubishi Materials on a nonconsolidated basis as a rule (consolidated figures for financial data, etc.)

Qualitative data: Refers primarily to Mitsubishi Materials but also includes selected Group companies.

†1 As part of our disclosure activities as a member of the ICMM, we publish the Metals Company Supplementary Data Book, a detailed online report outlining activities carried out by our Metals Company, as well as activities undertaken by our three smelting-related Group companies Hosokura Metal Mining Co., Ltd., Onahama Smelting & Refining Co., Ltd. and PT Smelting (Indonesia).

†2 We intend to include quantitative data on Group companies considered to have a significant social and/or environmental impact on a phased basis in the future.

Changes to Major Organizations Subject to Reporting

- We acquired Mitsubishi Cable Industries, Ltd. as a wholly owned subsidiary via a share swap in March 2010.
- We discontinued activities at our Okegawa Plant in June 2010 and transferred operations to newly established company MMC Superalloy Co., Ltd. as of July 1. Figures for the Okegawa Plant are included in performance data contained in this report.

Date of publication

September 2010 (previous report published in September 2009; next report scheduled for September 2011)

Referenced guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version 3.0)

† We plan to post the GRI Content Index on the CSR section of our website.

- Financial and other detailed data are available via our website.
- The CSR Report 2010 is intended solely for the purpose of providing information that enables investors and other stakeholders to evaluate the CSR activities undertaken by Mitsubishi Materials.
- The final decision, including any investment decisions, rests with individuals. The Company assumes no responsibility or liability, whatsoever, for any losses or damages resulting from investments or other actions based on information in this report.

Symbols Used in This Report

- »»» WEB Information available online
- »»» P.____ Related information featured on relevant page
- »»» Data Book P.____ Contained in the Metals Company Supplementary Data Book

* ... Figures subject to external independent assurance

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Special Feature | Stakeholder Meeting

Mitsubishi Materials' Role in Creating a Sustainable Society

Participating Experts (in Japanese alphabetical order)



Mizue Unno
Representative Director
So-Tech Consulting Inc.



Shuji Owada
Professor (Department of Resources
and Environmental Engineering)
Waseda University Faculty of
Science and Engineering



Masahiro Miyazaki
Professor (Environment and
Biodiversity)
Atomi University Faculty of
Management



Takashi Yoshida
President, Greenfutures, Inc.
Chairman, Japanese National
Committee to ISO/TC207/SC1

Moderator



Tsuyoshi Nakao
Principal Consultant,
ERM Japan Ltd.

Participants from Mitsubishi Materials

Hironori Yoshimura
Executive Vice President

Masatoshi Hanzawa
Senior Executive Officer

Tetsuro Eguchi
Executive Officer
General Manager, Business Ethics
Division
General Manager, Corporate Social
Responsibility Department

Hiroshi Kondo
General Manager, Corporate
Eco-Business Division

Yukio Yamamoto
General Manager, Environment
& Resources Division

Yoshio Matsuno
General Manager, Sustainable
Development Department
Corporate Strategy Division

Yasunobu Suzuki
General Manager, Planning & Administration
Department
Metals Company

Mamoru Minami
General Manager, Company Social Responsibility
Department
Planning & Administration Department, Metals Company

Masayuki Shirai
General Manager, Mining Technology Department
Overseas Project Department, Metals Company

† Title at time of meeting

Outline

■ **Time and date**
Thursday February 18, 2010
(13:30-17:30)

■ **Venue**
Head Office Meeting Room

■ Actively Exchanging Opinions with Four Outside Experts

One of the goals set out in our CSR Direction is to “respect relationships with people: reinforce ties to stakeholders.” As such, we regard communication with our stakeholders, including with our employees via our first Stakeholder Meeting (February 2008), to be one of our top priorities (material issues) in terms of CSR. >>>P.23

At our second Stakeholder Meeting, we reviewed our CSR activities in light of some of the major changes currently taking place in the external environment and invited four outside experts to share their opinions regarding matters such as the direction in which we should be heading and areas on which we should be focusing more attention.

Taking “Mitsubishi Materials’ Role in Creating a Sustainable Society” as the main theme for the meeting, we singled out four topics from amongst our material issues, based on areas deemed to have a significant environmental impact and to be of particular interest to our stakeholders, and spent an entire afternoon actively exchanging opinions. We are determined to take on board the comments and recommendations received and incorporate them into our CSR activities in the future.

■ Top Priorities (Material Issues) and Topics Covered at the Meeting

In order to set out a clear direction for discussions and enable us to incorporate comments into our medium- and long-term business strategies, we set out topics for discussion in line with our material

issues. After an introduction from the division in charge of each topic, we opened the floor to comments.

<p>Helping to create a recycling-oriented society by promoting recycling operations</p> <p>Topic ① Recycling Initiatives</p>	➔	>>> P.40
<p>Striving to preserve the environment and prevent global warming</p> <p>Topic ② Environmental Preservation and Biodiversity</p> <p>Topic ③ Measures to Combat Global Warming</p>	➔	>>> PP.53 - 54
<p>Establishing a more socially and environmentally aware supply chain</p> <p>Topic ④ Initiatives as an ICMM Member Company</p>	➔	>>> P.74

† See pp. 64-66 for details of procurement, supplier and quality control initiatives.

Composition of this Report

As we set out topics in line with our material issues, comments from participants are featured on the relevant pages.

We have already incorporated some recommendations into this report and are committed to making further improvements on an ongoing basis in the future.

Response to Comments and Recommendations

A N S W E R

Despite being the first time that we have invited outside experts to take part in a Stakeholder Meeting, we received countless invaluable comments and recommendations over the course of our lengthy discussions.

One recommendation that I thought was particularly useful was that, as a materials manufacturer in a position to reinforce social infrastructure, we should promote ways of recycling and effectively using resources. The meeting also gave us a renewed determination to ensure that our day-to-day activities tie in directly with efforts to recycle resources, protect the environment and prevent global warming, so that we can do our bit to help create a sustainable society.

We will continue to discuss the comments made during the meeting and incorporate the results into our CSR activities and future CSR Reports, by setting and working towards specific targets.



Hironori Yoshimura
Executive Vice President
(at time of the Meeting)
Mitsubishi Materials

The Mitsubishi Materials Group at a Glance

Corporate Data

(Non-consolidated) (As of March 31, 2010)

Company Name	Mitsubishi Materials Corporation	Number of Employees	4,730 (Consolidated: 21,641)
Head Office	Keidanren Kaikan (11F) 1-3-2, Otemachi, Chiyoda-ku, Tokyo 100-8117 Japan	Consolidated Subsidiaries	90
Date Established	April 1, 1950	Equity Method Affiliates	19
President	Hiroshi Yao (since June 29, 2010)	Membership	Nippon Keidanren (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives), Japan Cement Association, Japan Mining Industry Association, ICMM (International Council on Mining & Metals), etc.
Listings	Tokyo Stock Exchange, Osaka Securities Exchange		
Capital	¥119,457 million		
Total Assets	¥1,179,558 million		

Domestic Network

□ Main Mitsubishi Materials premises ◇ Main Group companies

Kanto Region

- Head Office (Tokyo)
- Yokoze Plant (Saitama Prefecture) Cement
- Ceramics Plant (Saitama Prefecture) Electronic
- Okegawa Plant (Saitama Prefecture)[†] Advanced
- Geothermal & Hydroelectric Power Center (Saitama Prefecture) Energy
- Energy Project & Technology Center (Saitama Prefecture) Energy
- Omiya Environmental Management Center (Saitama Prefecture)
- Tsukuba Plant (Ibaraki Prefecture) Advanced
- Central Research Institute (Ibaraki Prefecture)
- ◇ Ryoko Lime Industry Co., Ltd. (Tokyo)
- ◇ Mitsubishi Materials Kenzai Corp. (Tokyo)
- ◇ Onahama Smelting & Refining Co., Ltd. (Tokyo)
- ◇ Mitsubishi Shindoh Co., Ltd. (Tokyo)
- ◇ Mitsubishi Cable Industries, Ltd. (Tokyo)
- ◇ Mitsubishi Materials Tools Co., Ltd. (Tokyo)
- ◇ Mitsubishi Aluminum Co., Ltd. (Tokyo)
- ◇ Universal Can Corp. (Tokyo)
- ◇ Ryoko Sangyo Corp. (Tokyo)
- ◇ Mitsubishi Materials Techno Corp. (Tokyo)
- ◇ Mitsubishi Materials Real Estate Corp. (Tokyo)
- ◇ Material-Finance Co., Ltd. (Tokyo)
- ◇ Materials Energy Co., Ltd. (Saitama Prefecture)

Hokkaido

- Sapporo Branch (Hokkaido)

Tohoku Region

- Aomori Plant (Aomori Prefecture) Cement
- Akita Refinery (Akita Prefecture) Metals
- Iwate Plant (Iwate Prefecture) Cement
- Tohoku Branch (Miyagi Prefecture)
- Iwaki Plant (Fukushima Prefecture) Advanced
- ◇ Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita Prefecture)
- ◇ Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)

Chubu Region

- Nagoya Branch (Aichi Prefecture)
- Gifu Plant (Gifu Prefecture) Advanced
- Yokkaichi Plant (Mie Prefecture) Electronic
- ◇ Mitsubishi Materials C.M.I. Co., Ltd. (Shizuoka Prefecture)
- ◇ Diamet Corporation (Niigata Prefecture)

Kinki/Chugoku Region

- Osaka Branch (Osaka Prefecture)
- Sakai Plant (Osaka Prefecture) Metals
- Ikuno Plant (Hyogo Prefecture) Metals
- Akashi Plant (Hyogo Prefecture) Advanced
- Sanda Plant (Hyogo Prefecture) Electronic
- ◇ Japan New Metals Co., Ltd. (Osaka Prefecture)
- ◇ Tachibana Metal Manufacturing Co., Ltd. (Osaka Prefecture)

Shikoku

- Naoshima Smelter & Refinery (Kagawa Prefecture) Metals

Kyushu

- Kyushu Branch (Fukuoka Prefecture)
- Higashitani Limestone Quarry (Fukuoka Prefecture) Cement
- Kyushu Plant (Fukuoka Prefecture) Cement



[†] We discontinued activities at our Okegawa Plant on June 30, 2010 and transferred operations to newly established company MMC Superalloy Co., Ltd. as of July 1.

A Brief History of the Mitsubishi Materials Group

- 1871 Tsukumo Shokai, precursor to Mitsubishi Shokai, leases a coal mine from the Shingu clan in Kishu, and enters the mining business.
- 1873 Mitsubishi Shokai, precursor to Mitsubishi Goshi Kaisha, acquires the Yoshioka Mine in Okayama Prefecture, and enters the metals mining business.
- 1893 Mitsubishi Goshi Kaisha is established.
- 1896 Buys a refinery in Osaka owned by the Imperial Household Agency and enters the metal refining business
- 1917 Establishes the Mining Research Institute, now the Central Research Institute. Establishes the Naoshima Smelter & Refinery
- 1918 Mitsubishi Mining Company Ltd. is established and takes over the coal and metal mining operations of the Mitsubishi Goshi Kaisha as well as operation of the research facility.
- 1921 Lists on the Tokyo Stock Exchange
- 1942 Tokyo Metals Plant (now, Tsukuba Plant) made into independent operation and begins full-scale production of cutting tools.
- 1944 Establishes Niigata Metals Plant (now, Diamet Corporation) to manufacture sintered products



Yataro Iwasaki, Founder

- 1945 Establishes Nonferrous Metals Plant (now, MMC Superalloy Co., Ltd.) and begins production of special copper alloy
- 1950 Operations split into two companies—Mitsubishi Mining Corporation for coal operations and Taihei Mining for metal mining—in accordance with a law to eliminate excessive concentrations of economic power held by some corporate groups. Taihei Mining lists on the Tokyo Stock Exchange.
- 1952 Taihei Mining changes its name to Mitsubishi Metal Mining Company Ltd.
- 1954 Mitsubishi Cement is established and enters the cement business.
- 1959 Japan Electronic Metals Co., Ltd. is established and enters the field of high-purity silicon for semiconductors.
- 1962 Mitsubishi Reynolds Aluminum Co., Ltd. (now, Mitsubishi Aluminum Co., Ltd.) is established as a general maker of aluminum rolled sheet & plate, foil and extruded products.



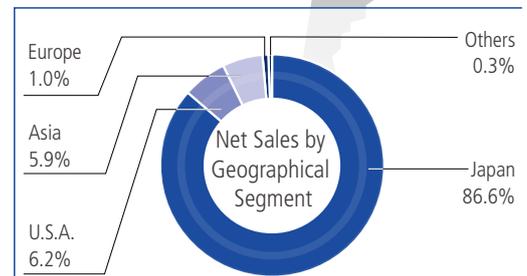
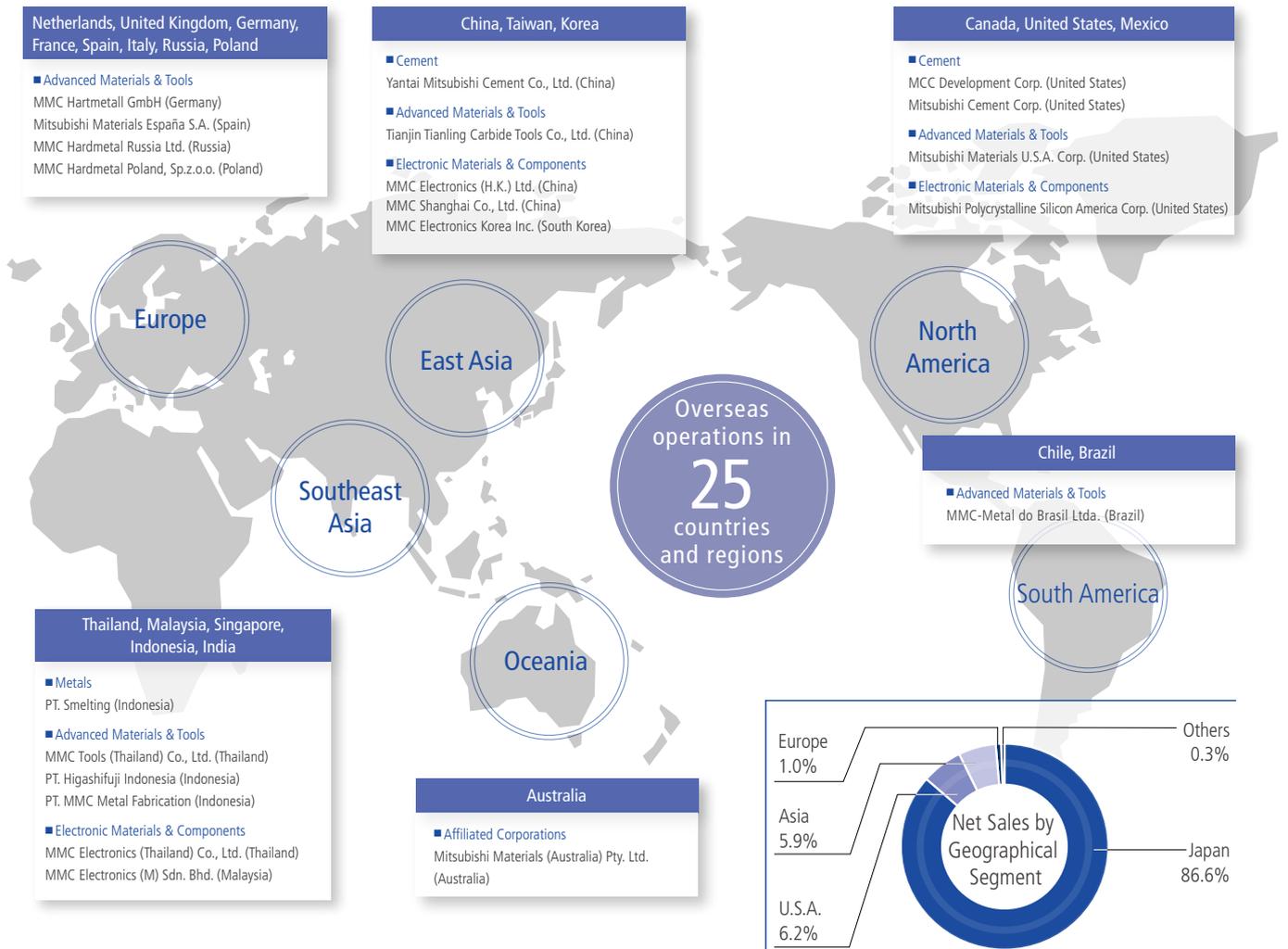
Niigata Metals Plant (now, Diamet Corporation)



Mitsubishi Cement Kurosaki Plant (now, Kurosaki Manufacturing Department, Kyushu Plant)

Global Network

†The companies listed here are only a few of the overseas members of the Mitsubishi Materials Group.



- 1971 Mitsubishi Nuclear Fuel Co., Ltd. is established to manufacture nuclear fuels.
- 1972 Establishes Fujiyama Plant (now, Universal Can Corp.) and enters the aluminum beverage can business
- 1973 Mitsubishi Mining, Mitsubishi Cement and Hokoku Cement merge into Mitsubishi Mining & Cement Co., Ltd. Mitsubishi Metal Mining changes name to Mitsubishi Metal Corporation.
- 1976 Production and sales of ceramic electronic components begins
- 1988 Mitsubishi Cement is established in the United States, marking entry into the overseas cement business.
- 1990 Mitsubishi Metal and Mitsubishi Mining & Cement merge to form Mitsubishi Materials on December 1.
- 1991 Merges with Tohoku Kaihatsu Co., Ltd. on October 1
- 1996 PT. Smelting in Indonesia is established.



Press conference to announce the merger and creation of Mitsubishi Materials

- 1998 Forms comprehensive business tieup with Ube Industries, Ltd. and establishes Ube-Mitsubishi Cement Corp
- 2002 Integrates silicon wafer business with that of Sumitomo Metal Industries, Ltd. to create Sumitomo Mitsubishi Silicon Corp. (now, SUMCO)
- 2004 Integrates copper tube business with that of Kobe Steel, Ltd. to create Kobelco & Materials Copper Tube, Ltd.
- 2005 Signs basic agreement with Hokkai Co., Ltd. (now, Hokkan Holdings Limited) to integrate aluminum beverage can operations and creates Universal Can Corporation
- 2007 Merges with and absorbs Mitsubishi Materials Polycrystalline Silicon Corp. (currently Yokkaichi Plant) and Mitsubishi Materials Kobe Tools Corp. (currently Akashi Plant)
- 2008 Mitsubishi Shindoh Co., Ltd. merges with and absorbs Sambo Copper Alloy Co., Ltd.
- 2009 Mitsubishi Nuclear Fuel Co., Ltd. is restructured to create comprehensive nuclear fuel company.
- 2010 Acquires Mitsubishi Cable Industries, Ltd. as a wholly owned subsidiary via a share swap

Mitsubishi Materials Group Business Summary

The Mitsubishi Materials Group's main lines of business cover products from basic materials such as nonferrous metals and cement through to areas such as metal processing, aluminum can manufacturing, semiconductors and other electronic products, energy and the environment. Throughout our wide-ranging business activities, we always try to do our bit "for people, society and the earth."

Cement

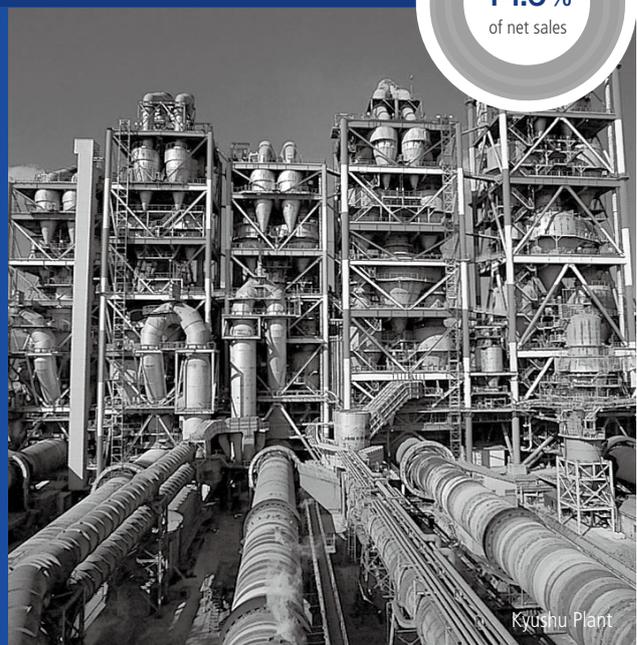
4 Core Businesses①



As an essential basic material for the construction of high-rise buildings, roads, airports, bridges and other forms of social infrastructure, cement is of vital importance due to the substantial contribution that it makes to social development around the world. The Mitsubishi Materials Group's cement operations range from securing raw materials, in the form of limestone, on a long-term basis to manufacturing and selling various types of cement and supplying ready-mixed concrete, secondary cement products and building materials. As well as the domestic market, we also supply products and services globally, throughout the Pacific Rim.

Thanks to a number of advances in recent years, including the introduction of production systems enabling outstanding thermal efficiency and productivity and the development of "high performance cement" stronger than anything made previously, we have carved out a position for ourselves at the forefront of the cement industry.

Making the most of our cement plants, which use an ultra-high temperature firing process, we are able to recycle a wide range and large volume of waste products that most companies would find untreatable. The ability to process waste products without producing any secondary waste meanwhile enables us to provide a central role within our social systems and to contribute to the establishment of a recycling-oriented society.



POINT Expanding Operations Throughout the Pacific Rim

As our domestic cement business has matured, we have been expanding cement operations into other countries ever since the latter half of the 1980s. We currently have production and sales bases in the US, China and Vietnam and are expanding operations throughout the Pacific Rim.

In the US, we have built up a value chain ranging from cement to ready-mixed concrete and continue to expand operations, revolving around Mitsubishi Cement Corp. In China meanwhile, we are expanding operations with an emphasis on profitability so as to capitalize on growing demand for high quality cement amidst strong economic growth.

We intend to actively reinforce our operating foundations in the future so as to achieve further growth in the cement sector.

Topics

Increasing Production Capacity at Nghi Son Cement in Vietnam

In April 2010, work was completed on a second production line at Nghi Son Cement, the Vietnamese company in which we have



a 19.5% stake alongside the Vietnam Cement Industry Corporation and Taiheiyo Cement Corporation, increasing its annual production capacity from 2.15 million tons to 4.35 million tons. With demand for cement continuing to rise in Vietnam, for purposes such as infrastructure development, overall demand during 2009 totaled 45.30 million tons, outstripping domestic demand in Japan.

Close up

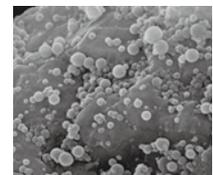
Humidity Control (MOISS) Building Materials

Thanks to their outstanding humidity control capabilities, Mitsubishi Materials Kenzai's MOISS building materials are increasingly being used in products such as kitchen cupboards and pantries, to make them more resilient to steam from rice cookers and less susceptible to odors.



Silica Fume Cement Super

Designed for use in ultra-high-rise buildings in large cities, Silica Fume Cement Super is a high performance cement that increases the standard design strength of silica fume cement (SFC), which already has a proven track record, to 150N/mm² whilst at the same time remaining highly workable (photo on right taken via an electron microscope).



Metals

4 Core Businesses②

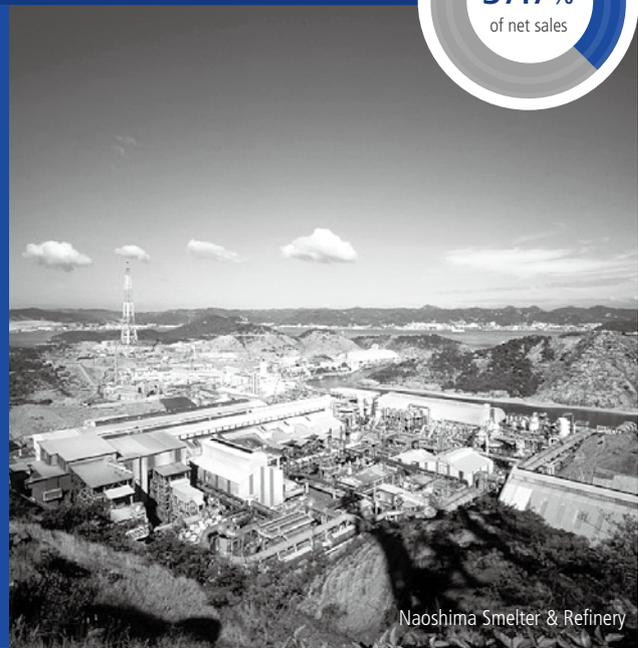


Thanks to its outstanding thermal conductivity and workability, copper is an essential part of our everyday lives, used not only for electric wiring but also for a wide range of purposes such as piping for air conditioning systems, building materials, electric and electronic components and automotive parts.

The range of applications for specialized copper alloys within the electronics sector in particular has continued to increase in recent years. Having reinforced mass production technology for oxygen-free copper and copper alloys, which offer the ultimate in electric conductivity, we have established a reputation as the world's leading oxygen-free copper manufacturer in terms of market share.

As the global market continues to grow, we are currently developing overseas copper mines in order to secure raw materials and establishing a network to enable us to procure copper ore on a long-term basis. We are also installing high efficiency, zero pollution manufacturing technologies, as part of the "Mitsubishi Process," at our smelters and refineries, both in Japan and overseas, as we continue to expand our global operations on a fully integrated basis, from securing raw materials through to smelting, rolling and processing.

Making the most of our unique smelting technologies, we are also actively involved in recycling operations, including via the Naoshima Eco-Town scheme, in an effort to help promote a recycling-oriented society.



POINT Comprehensive Capabilities, from Mining Development to Processing

As it stands, we have secured interests in mines located in countries such as Canada, Chile and Indonesia, enabling us to procure resources on a reliable and affordable basis. We also have dedicated divisions within the Group ranging from raw materials and ores through to smelting, refining and processing. This ability to handle every aspect of manufacturing within the Mitsubishi Materials Group, from securing raw materials to smelting and processing, enables us to ensure stable supplies of a wide range of copper and copper alloy products that are crucial to the industrial sector.

We manufacture oxygen-free copper and copper alloys via a special melting and casting process, which uses high quality electrolytic copper. Our products' outstanding capabilities have enabled us to secure a leading 25% share of worldwide production (Mitsubishi Materials estimates).

Topics

Acquiring Additional Interests in Escondida Copper Mine in Chile

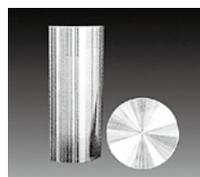
Following on from our involvement in a project to redevelop Similco Copper Mine in Canada in July 2009, in May 2010 we acquired additional interests in Escondida Copper Mine in Chile, which produces the highest volume of copper in the world. The transaction in question involved the transfer of interests held by the International Finance Corporation (IFC) to both the Mitsubishi Corporation and JX Nippon Mining & Metals and is likely to enable us to ensure even more reliable supplies of copper ore and increase mining dividends.



Close up

Copper Alloys Based on Oxygen-Free Copper

We manufacture high performance copper alloys based on our world-leading oxygen-free copper. Alloys are then used by Group company Mitsubishi Shindoh as materials for products such as semiconductor lead frames and terminal connectors.



Copper Balls

We use unique mass production technology to manufacture copper balls, which are used as the raw material for copper plating on printed circuit boards. We have been highly acclaimed for the quality of our products and continue to maintain a leading share of both domestic and overseas markets.



Advanced Materials & Tools

4 Core Businesses③



Our advanced materials and tools enable machinery such as cars and airplanes to run and operate safely. As a "value supplier underpinning the manufacturing industry," we aim to supply high added value advanced materials and tools at all times, providing customers the world over with cemented carbide products, which are essential for processing various different metal components, as well as ultra precision machine tools and heat and corrosion resistant materials and components for use in harsh environments. We also recycle tungsten, a rare metal that has become a key focus of attention in recent years, and are focusing on the recovery of used cemented carbide products and other materials.

- ① **Cemented carbide products** We supply machining tools for use in all industries, for purposes such as cutting and drilling.
- ② **High performance products** We supply highly heat resistant components for use in aircraft, rockets and gas turbines and high precision sintered components and motors for vehicles and other machinery.
- ③ **Diamond tools** We supply precision processing tools for use in the ultra-high precision cutting and ultra-smooth processing of products such as electronic components and semiconductors.



Cemented carbide products

POINT Equipping the World with Industrial Mother Tools

Drawing on the technology and expertise that we have build up over many years in the field of metalworking, we play a supporting role in industries across the board through the provision of high performance, high quality "industrial mother tools."

We have a fully inclusive production framework in place for cemented carbide products, from tungsten raw materials through to finished products, which is something of a rarity anywhere in the world, and reliably supply high quality products via our global network of 77 sales bases. Thanks to our proven track record, we consistently maintain a leading share of the domestic market and are steadily increasing our share of overseas markets as well, particularly in emerging countries such as China, India and Brazil.

Topics

Expanding Technical Service Capabilities

In April 2010, we established a Machining Technology Center on the site adjacent to our Group Training Center (Omiya area) in Saitama. The new center will provide direct technical services to cemented carbide product customers and oversee activities such as technical service training for the likes of sales staff and distributors. Having established a central base of operations to improve the efficiency of technical services and related operations, which were previously carried out separately by major production bases, we intend to step up initiatives such as advanced solution-based product development and technical support services in the future.



Close up

Cemented Carbide Products

"Cemented carbide products" is a generic term that refers to cutting tools, abrasion tools, construction machinery and other tools that use cemented carbide. We are currently laying the groundwork to expand sales even further, through initiatives such as reinforcing overseas sales bases and expanding our distribution network, in line with increasing automotive production in emerging countries.



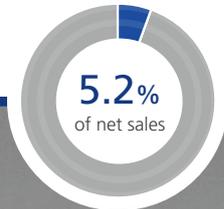
High Performance Products

In addition to products for aircraft and rocket engines, vehicles and industrial gas turbines, we also supply products such as electric contacts for electrical automotive component switches and compact motors for home appliances.



Electronic Materials & Components

4 Core Businesses④



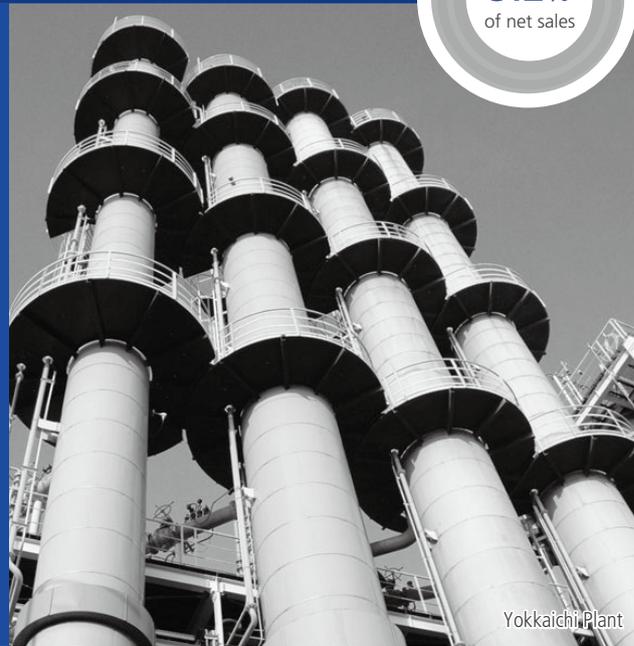
We offer a wide range of electronic materials and components, from basic materials for semiconductors to energy saving products, and continue to support advancements in electronics technology through the provision of high value added products in line with current needs.

① **Polycrystalline silicon** Our world-leading distillation/reduction technology enables us to supply the market with exceptionally high quality polycrystalline silicon, which is used as the raw material in silicon wafers for semiconductors, with a purity of 99.99999999% ("eleven-nine").

② **Advanced materials** We supply high value added products with the cutting-edge functions required for our modern-day IT society, including high performance solder materials for mounting semiconductors and sputtering targets for recording media and solar cells.

③ **Electronic devices** We manufacture and sell electronic devices for inverter power supplies in the global market, targeting rapidly growing markets for energy saving home appliances in emerging countries and elsewhere in the world.

④ **Chemicals** We supply a range of unique products based on our tried and tested technical development capabilities, including silicon parts, high performance fine and fluorine chemicals for semiconductors and eco-friendly vehicles.



POINT Becoming a World-Leading Polycrystalline Silicon Supplier

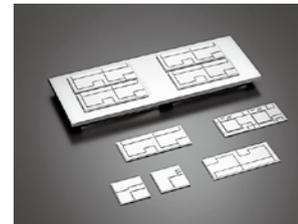
During fiscal 2011, we plan to commence operations at a new plant in our Yokkaichi Plant, increasing the site's annual production capacity from 1,800 to 2,800 tons. Combined with the 1,500 ton capacity of Mitsubishi Polycrystalline Silicon America, we will have a groupwide production capacity of 4,300 tons. Building on our ultrapure polycrystalline silicon technology, we intend to expand our range of silicon and related products in partnership between Group companies, from silicon wafers and parts to columnar silicon for solar cells, in order to create an effective vertical value chain and cater to growing demand for silicon products.



Topics

Improving the Quality of DBA isolated boards for Hybrid Vehicles

We manufacture and sell direct brazed aluminum (DBA) isolated boards for use in inverters (AC-DC converters), which are amongst the key components in hybrid vehicles. With automotive production on the road to recovery and sales of hybrid vehicles on the increase, DBA orders are soaring. We are therefore making every effort to continually improve quality levels and further expand sales within this sector.



Close up

Surge Absorbers for Inverter Power Supplies

We are actively launching a range of high performance surge absorbers, thermistor sensors and other products for inverter power supplies, targeting the rapidly growing market for energy saving home appliances (air conditioners, refrigerators, etc.) in emerging countries in particular.



Heat Reflective Coatings for Eco-Friendly Vehicles

Heat reflective coatings, which effectively cut out heat rays from the sun, are used on glass in the majority of hybrid vehicles to help improve energy saving performance, by preventing undesirable temperature increase inside the vehicles.



Energy Business



Our energy business revolves around three core areas, namely geothermal and hydroelectric power, nuclear power and fuel (coal). Working hand in hand with other Group companies, we make every effort to prevent global warming and reduce environmental impact and actively support Japan's energy policy. We regard it as our duty to maintain stable supplies of environmentally friendly energy and are involved in numerous national projects, whilst at the same time ensuring information security and working to reinforce legal compliance and security in general.

① Geothermal and hydroelectric power We supply renewable forms of energy such as geothermal power, which harnesses our accumulated underground resource development technology as a resource company, and hydroelectric power, which is designed to make more effective use of water resources.

② Nuclear power We provide services such as research, design, construction and operational support in the fields of nuclear fuel production and reprocessing and nuclear waste disposal, which are amongst Mitsubishi Materials' specialist fields, with the aim of establishing a nuclear fuel cycle.

③ Fuel We specialize primarily in environmentally friendly coals such as "Envirocoal," which produces less ash after combustion.

Geothermal Plants

We have maintained stable supplies of low environmental impact renewable energy from our Ohnuma Geothermal Plant in the city of Kazuno, Akita prefecture, ever since we commenced operations there in 1974.



»» P.51

Nuclear Fuel Cycle

We provide a range of services as part of selected key processes at the Reprocessing Plant operated by Japan Nuclear Fuel Limited in the village of Rokkasho, Aomori prefecture, ranging from design and construction to operational support.



Courtesy of Japan Nuclear Fuel Limited

Coal Supplies

We continually work to improve relations with mines in Australia and try to sign semi-permanent contracts with customers in order to provide domestic power companies with stable supplies of environmentally friendly coal.



Precious Metals



We sell a range of precious metal products and jewelry to individual customers and supply end users with precious metal bullion. As this is one of the Mitsubishi Materials Group's few lines of business in which we come into direct contact with consumers, we place top priority on customer satisfaction (CS) and make sure that we always provide products and services of the highest quality. Our precious metal operations span a wide range of different fields, including precious metal bullion, MJC brand jewelry and C&C (precious metal cards and clay).

① Precious metal bullion As well as being purchased as a tangible asset, gold is also used as an essential everyday metal within the industrial sector. With a history dating back over 100 years, our "Mitsubishi Gold" has established a sizeable customer base amongst investors and end users.

② Jewelry Thanks to its reasonable prices and high quality, our MJC brand of jewelry is fast becoming one of the largest jewelry operations in Japan via channels such as mail order and jewelry fairs.

③ C&C With our renowned Gold Card range of solid gold business cards and our easily moldable range of Precious Metal Clay, we continue to promote precious metal culture all over the world.

"MY GOLD PLAN" Gold and Platinum Accumulation Plan

Under the My Gold Plan scheme, customers can build up savings of gold and platinum from as little as ¥3,000 a month. Their savings can then be withdrawn in the form of bullion, sold and converted into cash or exchanged for MJC jewelry.



DIAMOND BAR

Originating from our MJC range, the DIAMOND BAR brand is for people who cherish their individuality. Items of jewelry can be rearranged to the wearer's taste, making it the ideal diamond jewelry brand for anyone with a sense of fun.



Gold Card

We use our unique technology to process Mitsubishi Gold into thin sheets, which can then be used for corporate purposes, such as business cards, anniversary mementoes, retirement gifts or long service awards, or as a family present to mark a special occasion.



Aluminum Business



We provide the general public with a wide range of rolled aluminum products and aluminum beverage cans. We are also one of the country's leading pioneers in terms of recycling used beverage cans (UBC), as part of our efforts to reduce environmental impact and help create a recycling-oriented society.

① **Rolled and processed products** The Mitsubishi Aluminum Group manufactures rolled and processed products that are used for a wide range of different purposes, including aluminum cans, vehicles and electronic components.

② **Aluminum cans** Universal Can Corporation manufactures aluminum cans and supplies a whole host of beverage manufacturers.

③ **Aluminum can recycling** We operate a "can-to-can" scheme, whereby UBC are collected and recycled back into aluminum cans, throughout the Mitsubishi Materials Group, revolving primarily around the aforementioned two companies.

Aluminum Rolling

Thanks to our proprietary technology and cutting-edge facilities, the Mitsubishi Materials Group's rolled and processed aluminum products have established a strong position within the market. In 2009, we introduced a hot finishing mill at Mitsubishi Aluminum in an effort to produce even higher quality products.



Aluminum Beverage Cans

In addition to ensuring food safety and security as part of our aluminum beverage can operations, we also help to reduce environmental impact by reusing aluminum recycled from UBC. >>> P.36 and P.39



Affiliated Businesses



The various affiliated companies that provide support for the Mitsubishi Materials Group, ranging from engineering to trading companies, have accumulated a great deal of expertise over the course of many years, enabling them to engage in a wide range of operations outside the Group and provide services in line with customers' needs.

Other affiliated companies, whose operations range from producing salt to running tourist mines, golf courses and driving schools, use former mining sites and other sites to make their own ongoing contribution to their local communities. The Affiliated Corporations Division, which oversees all of these distinctive operations, is responsible for providing management support for Group companies and continues to address a wide range of issues in conjunction with experts both inside and outside the company.

Mitsubishi Materials Techno

As a core company providing the Mitsubishi Materials Group with engineering services, Mitsubishi Materials Techno contributes to environmentally friendly manufacturing in areas such as equipment production and the environment, resources and energy.



DIASALT

In addition to salt, one of the substances that we cannot live without, DIASALT also produces high quality inorganic materials from seawater, such as magnesium and potassium, with the aim of becoming a comprehensive saltwater resource company



Environment and Recycling



As part of our environment and recycling operations in conjunction with home appliance manufacturers, we have established and currently run five home appliance recycling companies, which between them operate six plants. From an operational standpoint, we use our unique expertise to run a complete home appliance recycling service, from designing and constructing recycling plants through to operational management. At our home appliance recycling plants, we are continually developing technology and reviewing our production lines so as to improve recycling rates, with the aim of creating a genuinely recycling-oriented society. We are also committed to creating safe, pleasant working environments.

By coordinating between smelting and cement operations, we are also working to develop new technologies and systems capable of recycling valuable resources contained in so-called urban mines and urban oilfields, in an effort to further expand our smelting and cement recycling system.

Home Appliance Recycling

In an effort to increase recycling rates, we actively engage in initiatives aimed at adding value to substances retrieved from used home appliances and turning substances retrieved from waste processing into something of value.

>>> P.39

We are also focusing on development with the aim of establishing a recycling system for printed circuit boards, recycling urethane into fuel and introducing magnetic recycling.



Basic Management Strategy

We continued to reinforce and expand on our Comprehensive Management Measures during fiscal 2011, to prioritize immediate issues in an effort to restore profitability. We also started the process of formulating our next medium-term management plan, which will come into effect in April 2011.

Basic Management Strategy and the Formulation of our Next Medium-Term Management Plan

Our new Medium-Term Management Plan, which will come into effect in April 2011, will need to map out our medium-term growth strategy over the next three years and plot a course towards recovery, as well as to execute a range of effective measures to ensure the company's future growth and development. We believe that striking a balance between improvement of our financial standing and growth strategy will be critical to achieving this.

■ Reinforcing our Financial Standing

Our balance sheet suffered during fiscal 2010, as a result of performance decline due to the ongoing global recession, and of the effect of the reversal of deferred tax liabilities. To reinforce our financial standing, our top priority is therefore to enhance capital adequacy and reduce interest-bearing liabilities. As such, improvement of the financial standing of the Mitsubishi Materials Group is an essential issue that we will need to address as our number one priority for the duration of our new Medium-Term Management Plan.

■ Growth Strategy

Looking ahead to the future, we also need to strengthen growth potential. As investing in growth tends to cancel out efforts to reduce interest-bearing liabilities in terms of cash flow, we will need to take care to achieve the right balance. Once we have carefully examined the various measures to be implemented over the course our next Medium-Term Management Plan, we will need to sow the necessary seeds to pave the way for sustainable growth. The first element of our strategy for sustainable growth will be to intensively expand operations in areas that will enable us to harness the strengths of our existing

Schematic View of Philosophies of the Mitsubishi Materials Group



operations. In terms of new lines of business, too, we intend to focus on priority areas in which we have already accumulated an extensive range of technologies and sectors that are expected to grow in the future, including energy saving, new energy, the environment and recycling. We believe that there are plenty of business opportunities out there for the Mitsubishi Materials Group in areas such as these.

As part of our growth strategy, it will be crucial to increase the Group's presence in China and other emerging markets. Having commenced operations of Mitsubishi Materials (Shanghai) Corporation in Shanghai on July 1, 2010, we intend to use the new company as our central base in China for speedy development in the market.

We also need to reinforce our marketing capabilities, not least in terms of overseas expansion. We believe it is crucial to make R&D, manufacturing and sales function effectively in unity, in order to contend with increasingly fierce global competition and to develop and expand our businesses.

As well as reflecting basic policies such as these, our next Medium-Term Management Plan will target the Group's limited management resources and dynamically harness synergy in an effort to help us establish a "conglomerate premium".



Financial Performance

In December 2008, the Group formulated our “Comprehensive Management Measures,” the aim of which is to swiftly transform the Group into an organization capable of generating stable earnings even during periods of severely depressed demand, like the current worldwide recession.

Another objective is to build a business structure that will permit substantial progress when the economy recovers in the future. Since drafting the Comprehensive Management Measures, the Group has worked relentlessly to restrain capital spending, introduce an on-demand production system, reassign personnel, and cut costs across

the board, while stepping up concentration of managerial resources.

In August 2009, the Group devised additional measures that more deeply entrench the Comprehensive Management Measures. Under the new measures, the Group renewed our emphasis on implementing a low-cost structure by reducing labor costs and centralizing our purchasing processes.

However, the Group was unable to overcome the impact of external factors, which worsened beyond our expectations. Consolidated net sales for fiscal 2010 totaled ¥1,119.4 billion, with operating profit coming in at ¥12.6 billion and ordinary loss at ¥9.5 billion. As a result, we posted a net loss of ¥66.5 billion.



Our Approach to CSR

Having formulated our own CSR Definition and CSR Direction based on the Mitsubishi Materials Group Corporate Philosophy and Code of Conduct, we carry out CSR activities on an integrated basis as part of our management practices. During the second half of fiscal 2008, we examined and identified nine material issues. In addition to actively tackling the relevant issues, we intend to maintain communication with our stakeholders and establish a more in-depth approach to management in the future.

Incorporating Social Expectations into Management Practices

We run our business based on the Mitsubishi Materials Group Corporate Philosophy and Code of Conduct, which outline the overriding principles behind all of our management activities, namely "The Principles We Stand on — For People, Society and the Earth" and "The 10 Articles of Our Code of Conduct."

In line with our Corporate Philosophy and Code of Conduct, in 2005 we established a framework for the promotion of CSR activities based on reinforced compliance and risk management aimed at maintaining levels of public trust in the company. In 2006 we set out a CSR Definition, clearly specifying the direction of our CSR activities on a groupwide basis, and formulated a Medium-Term CSR Direction outlining important areas that need to be addressed on a priority basis. Reflecting its role as a fundamental long-term policy on CSR activities, we renamed our Medium-Term CSR Direction to CSR Direction in April 2010 and are continuing to implement initiatives accordingly.

In light of major changes in the external environment, during the second half of fiscal 2008 we reviewed all factors that could have a serious impact on the corporate value of the Mitsubishi Materials Group over the medium to long term (material issues) from a companywide perspective, focusing particularly on sustainability on a global scale. As a result, we successfully identified nine material issues and established a clearer emphasis for our future activities. By actively addressing these nine material issues, we intend to firmly establish management practices based on a stronger awareness of our stakeholders' needs in the future and reinforce our presence as a corporate group that contributes to the sustainability of society as a whole through its main business activities. We are committed to effectively achieving this goal within the context

of our management activities and intend to incorporate this perspective into our next medium-term management plan, which we are currently in the process of formulating.

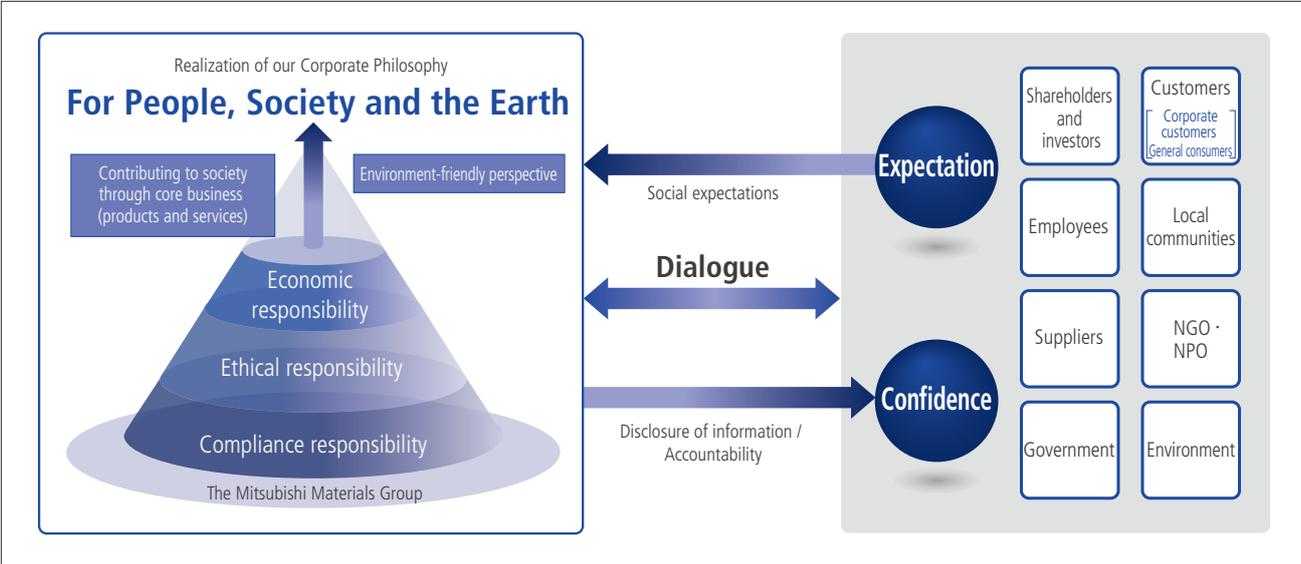
Revisions to Specific Details of our Code of Conduct

"The 10 Articles of Our Code of Conduct," which serve as the Mitsubishi Materials Group's code of conduct, were formulated in 1997 and subsequently revised in 1998 and 2003. As a result of subsequent shifts in public awareness and the advent of practices such as CSR procurement and socially responsible investment (SRI) however, we have had to once again review our Code of Conduct in line with social expectations. In an effort to also reflect and capture the global outlook and spirit of the ten principles of sustainable development set out by the International Council on Mining and Metals (ICMM), of which we are a member, in April 2010 we added the following items to the specific details under our Code of Conduct.

Additions to Specific Details under the 10 Articles of Our Code of Conduct (April 2010)

- Taking into consideration the sustainable development of society
- Working to create a low-carbon society
- Taking into consideration biodiversity
- Implementing and maintaining sound corporate governance
- Prohibiting child labor and forced labor
- Striving to achieve a work-life balance
- Continually improving occupational health and safety performance
- Ensuring that products are designed, used, reused, recycled and disposed of responsibly

The Mitsubishi Materials Group's Approach to CSR



Corporate Philosophy

The Principles We Stand On —For People, Society and the Earth—

As a diversified materials company, Mitsubishi Materials has contributed to the creation of an affluent society through the supply of basic materials indispensable to the world.

Today, our activities cover a wide range, from the manufacture of basic materials to fabricated products and new materials with high-performance features, as well as the provision of systems and engineering services.

To respond to the various needs of society, we are constantly tackling research and development on new technologies and products and endeavor to provide ever more superior products, systems and services to the world.

We will continue to address the requirements of the world in this new era, such as technical innovation, development of information technology, globalization and a heightened awareness of environmental protection.

At the same time, we will carefully and efficiently use natural resources and raw materials, which are gifts of the Earth, and will support building social systems based upon resource recycling.

It is thus our principles to serve people, society and the Earth through our varied business activities.

Code of Conduct

The 10 Articles of Our Code of Conduct

- Article 1 We will seek to create a Mitsubishi Materials Group receptive to diverse personalities and value perceptions by encouraging each member of the Group to be fully motivated and committed to self improvement.
- Article 2 We will engage in efficient business management and pursue sustainable corporate development.
- Article 3 We will respect the basic human rights of all people and create a spirited, safe and comfortable work environment.
- Article 4 We will conduct fair and equitable business transactions by providing safe, high-quality products, systems and services at reasonable prices.
- Article 5 We will endeavor to secure the understanding and trust of society, and will maintain a harmonious coexistence with society.
- Article 6 We will comply with laws and regulations and conduct fair business activities with common sense.
- Article 7 We will carry out our duties with integrity, in line with the rules and standards established by the Company.
- Article 8 We will endeavor to protect the environment, and will apply every measure for effective uses and recycling of natural resources.
- Article 9 We will carry out proactive corporate communications, and will respect the values and inherent rights of all people with regard to information.
- Article 10 We, as members of the international community, will contribute to the development of each region where we maintain a presence.

CSR Definition

The Mitsubishi Materials Group is an ensemble of companies operating under the composite profile of a comprehensive basic materials maker. As a group, we provide resources, basic materials and energy indispensable to modern lifestyles, and in these efforts, we adhere to a corporate philosophy that emphasizes efforts that contribute to people, society and the Earth.

CSR for the Group thus hinges on making this philosophy a reality, through the sincere fulfillment of the obligations and expected role that society places on a corporate citizen, disclosure of the approaches taken—with proper explanation—and the constant pursuit of two-way communication with stakeholders to promote greater mutual understanding.

These actions will underpin a position of trust in society.

CSR Direction

- ① **Respect relationships with people:**
Reinforce ties to stakeholders
Through mutual communications, plants and companies under the Group umbrella will strive to enhance the perception of the Group, as held by shareholders, employees, customers, suppliers and other stakeholders, while deepening our understanding of stakeholders' position, and also strive to improve our satisfaction rating with stakeholders.
- ② **Respect promises made to society:**
Ensure thorough compliance and risk management practices
We will systematically reinforce levels of compliance and risk management to ensure legal compliance—a vital condition for expanding corporate activities—and to stop business-related problems before they start.
- ③ **Respect the Earth:**
Reduce environmental impact
In our activities which serve to reduce environmental impact, we will direct efforts toward such measures as saving energy and resources, cutting waste and limiting the use of hazardous substances.

Identifying Material Issues

Here at the Mitsubishi Materials Group, we have identified nine material issues that we need to address in the future, with a focus on the perspectives of each of our stakeholders. Having reviewed the relevant issues during 2010, we are stepping up measures in response to issues that we need to address in the future.

Identifying and Reviewing Material Issues

We recognize that we need to continually reappraise material issues to be addressed so as to ensure that we make a substantial contribution to society through our business activities, maintaining a clear focus on the sustainability of society as a whole and the perspective of our stakeholders. We therefore identified nine material issues (factors that could have a serious impact on our corporate value) that we need to address in fiscal 2008, with the following purpose in mind.

The purpose of identifying

- ① **Business Strategy**
To identify potential business risks and opportunities in the interests of the sustainability of society as a whole and to pinpoint the most important issues from a business standpoint so as to incorporate them into our business strategy
- ② **Accountability**
To disclose details relating to material issues that are of particular interest to our stakeholders and likely to have a significant impact on their decisions on an ongoing basis via our Corporate Social Responsibility Reports

The Process of Identifying and Prioritizing Material Issues

◆ Identifying material issues

Bearing in mind which stakeholders were important from the company's perspective, we conducted surveys covering 30 of our corporate divisions and in-house companies and used the following results to help pinpoint risks and opportunities.

- Results of shareholder questionnaires completed during Executive Information Meetings
- Results of Employee Onsite Capability Surveys
- Results of questionnaires regarding our Corporate Social Responsibility Report
- Media coverage

Having pinpointed somewhere in the region of 230 risks and opportunities, we then reexamined, plotted and prioritized them from the perspectives of both our stakeholders and corporate management, before finally identifying nine material issues.

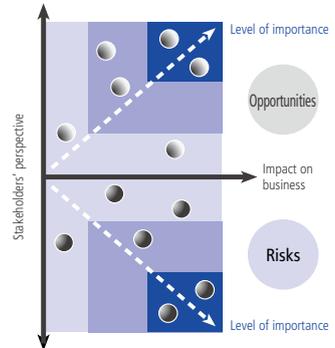
◆ Reviewing material issues

As we operate within a constantly changing environment, we accept that we need to continually reappraise previously identified material issues. Since 2009, we have reviewed material issues once a year based on the following considerations.

- Are there any specific new items or perspectives that need to be included in the nine material issues?
- Are there any items or perspectives that have significant fluctuation in importance as a result of changes relating to internal or external factors?

The table on the right provides a breakdown of the areas reviewed in May 2010, the results of which are reflected in some of the articles featured in this report. We intend to keep on monitoring the direction of initiatives and are committed to making improvements wherever necessary in the future.

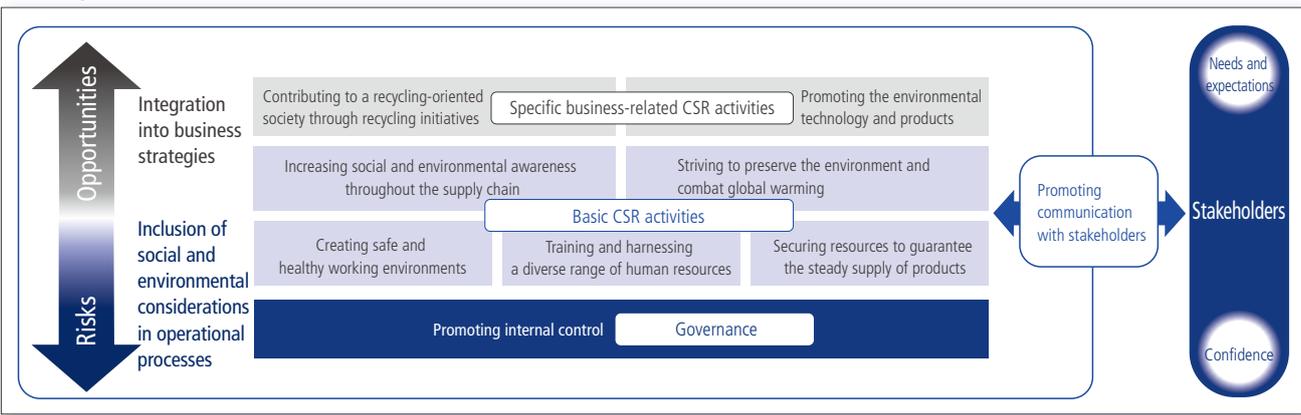
Risk and opportunity identification sheet



We assessed risks and opportunities based on a matrix consisting of "impact on business" on the horizontal axis and "importance/urgency from stakeholders' perspective" on the vertical axis.

As a result of the process of identifying material issues, we intend to incorporate the long-term sustainability of society as a whole into our management practices to a greater extent than ever before. By actively addressing these material issues, our aim is to continue to function as a company that is capable of contributing to society through our main business activities.

Positioning of our nine material issues



Mitsubishi Materials' Nine Material Issues

Areas revised in May 2010 are underlined.

		Relevant pages
Governance	<p>1 Promoting Internal Control</p> <p>In addition to ensuring sound, legitimate management in accordance with the law, it is essential as a company to continually enhance objective auditing and supervisory capabilities and improve the transparency of business management. We are therefore working to establish internal control systems that are both efficient and effective, strengthen our groupwide risk management framework, enhance internal auditing capabilities and reinforce governance in the context of group management.</p>	PP.27-32
Resources and Recycling	<p>2 Securing Resources to Guarantee the Steady Supply of Products</p> <p>Risks relating to the procurement of resources are on the increase due to factors such as growing demand for resources in emerging nations, the increasing dominance of major global resources suppliers in the mining industry and the rise of resource-based nationalism amongst resource-producing countries. We are therefore actively pushing ahead with initiatives such as promoting active exploration, investing in mines and strengthening relationships with mining companies in an effort to secure sufficient resources to ensure stable product supplies.</p>	PP.33-34
	<p>3 Contributing to a Recycling-Oriented Society Through Recycling Initiatives</p> <p>As a resource-poor country, Japan is facing a growing need to establish a recycling-oriented society. We actively provide a range of environment and recycling services, making full use of business infrastructure and recycling technology such as our cement plants and nonferrous metal smelting plants in order to contribute to the creation of a recycling-oriented society, whilst constantly taking on new challenges in technical areas at the same time, including recovering rare metals from urban mines.</p>	PP.35-40
Environment	<p>4 Striving to Preserve the Environment and Combat Global Warming</p> <p>Companies are finding themselves under increasing pressure to continually reduce the environmental impact of their business activities and take action to help prevent global warming. We make every effort to preserve biodiversity and protect the environment and implement various measures aimed at combating global warming, including reducing emissions based on clear greenhouse gas emission reduction targets and actively developing a range of environmental technologies in areas such as alternative energy and energy saving.</p>	PP.41-54
	<p>5 Promoting the Environmental Technology and Products</p> <p>The urgent need to develop products that can help protect the environment and conserve resources is driving up market demand. We are therefore actively promoting the development of eco-products and processes through initiatives such as developing alternative materials to replace scarce resources and products that are free from environmentally-harmful substances and introducing low-impact environmental manufacturing processes.</p>	PP.55-58
Society	<p>6 Training and Harnessing a Diverse Range of Human Resources</p> <p>All companies need to secure, train and make effective use of talented human resources in order to ensure sustained growth. We therefore make every possible effort to secure and harness a diverse range of human resources, offer a full program of employee training and enable employees to achieve a work-life balance, through initiatives such as creating pleasant, worker-friendly environments. In the future, we believe that it will be crucial to secure and train human resources capable of making a valuable contribution at overseas premises and Group companies in particular.</p>	PP.59-61
	<p>7 Creating Safe and Healthy Working Environments</p> <p>Ensuring employee health and safety must always be one of the top priorities of any company. In addition to establishing a Companywide Zero Accident Committee and Companywide Zero Accident Labor-Management Meeting and continually promoting companywide health and safety activities at Mitsubishi Materials, we are also in the process of expanding support measures in areas such as a mental healthcare.</p>	PP.62-63
	<p>8 Increasing Social and Environmental Awareness Throughout the Supply Chain</p> <p>Companies are required to take social and environmental considerations into account at every stage of the process from procuring raw materials through to supplying finished products. We have introduced a set of CSR procurement standards aimed at checking and encouraging social and environmental awareness amongst our raw material and product suppliers and continued to focus on reinforcing our chemical management systems.</p>	PP.64-66
	<p>9 Promoting Communication with Stakeholders</p> <p>In order to promote CSR activities, it is essential for companies to identify the needs and expectations of their stakeholders and incorporate them into their management activities, whilst also disclosing corporate data and other information that is of particular interest to stakeholders. We make every effort to disclose as much information as possible via our Corporate Social Responsibility Reports and the Mitsubishi Materials website and promote dialogue with our stakeholders at every opportunity, whilst also expanding the range of communication channels we have available through initiatives such as dialogue with stakeholders.</p>	PP.67-74

Activities during Fiscal 2010 and Priorities for the Future

Based on our nine material issues, individual in-house companies and divisions have continued to carry out activities as outlined in fiscal 2010, whilst also identifying issues for fiscal 2011 and beyond based on their results. We will continue to effectively implement the PDCA cycle in the future so as to make a continuing contribution to society.

Key Activities during Fiscal 2010 and Priorities for the Future

Material Issues	Main Categories	Purpose of Activities	
① Promoting Internal Control	Corporate Governance	Establish evaluation framework for internal controls relating to financial reporting	
		Improve internal audits, including at overseas premises	
	Compliance	Improve CSR and compliance education and training	
		Raise awareness of and effectively operate in-house reporting system	
		Reinforce legal compliance framework and improve employee education	
	Risk Management	Establish in-depth risk management practices	
Reinforce crisis management framework			
② Securing Resources to Guarantee the Steady Supply of Products	Securing Resources	Work towards ensuring stable procurement of raw materials	
		Secure stable supplies of coal as a source of energy	
③ Contributing to a Recycling-Oriented Society through Recycling Initiatives	Promoting Resource Recycling	Ensure reliable intake and treatment of waste (Cement Company)	
		Expand recycling operations (Metals Company)	
		Promote tungsten recycling initiatives (Advanced Materials & Tools Company)	
		Promote recycling of fluorine resources (Electronic Materials & Components Company)	
		Facilitate the 3Rs as part of aluminum can operations (Affiliated Corporations Division)	
④ Striving to Preserve the Environment and Combat Global Warming	Environmental Preservation	Expand environmental management activities	
		Promote biodiversity-oriented activities	
		Ensure sustainable management of company-owned forests	
	Efforts to Combat Global Warming	Formulate and promote low-carbon society strategy	
⑤ Promoting the Environmental Technology and Products	Promoting the Environmental Technology and Products	Promote alternative energy operations	
		Improve energy saving and recycling technology	
		Promote development and sales in priority sectors	
⑥ Training and Harnessing a Diverse Range of Human Resources	Human Resource Development	Strengthen collaboration between industry, government and academia	
		Promote human resource development	
		Establish culture of craftsmanship (monozukuri) and promote groupwide internal reform initiatives	
⑦ Creating Safe and Healthy Working Environments	Health and Safety Activities	Promote disabled employment	
		Promote a work-life balance (in relation to childcare leave)	
		Promote health and safety activities	
⑧ Increasing Social and Environmental Awareness throughout the Supply Chain	CSR Procurement and Quality Control	Promote a work-life balance (in relation to childcare leave)	
		Formulate and implement CSR procurement standards	
⑨ Promoting Communication with Stakeholders	Communication with Our Shareholders and Investors	Reinforce management of chemical substances contained in products	
		Improve communication with shareholders and investors	
	Communication with Customers	Promote customer satisfaction (CS) initiatives (Precious Metals Division)	
		Other Types of Communication	Promote disclosure and improve communication
		Participate in the Eco-Products exhibition	

Activities during Fiscal 2010	Priorities for Fiscal 2011 Onwards
Significantly speeded up evaluation process by improving efficiency	Quickly identify issues that will take time to resolve and organize response measures
Conducted management audits at Mitsubishi Materials and Group companies and provided recommendations for improvements	Improve the quality of auditing activities
Organized compliance and CSR education and training for employees at Mitsubishi Materials and 25 other Group companies, including part-time and temporary employees	Continue to organize education and training and make more effective use of tools such as DVDs and e-learning to improve levels of understanding
Raised awareness of and effectively operated reporting system, through channels such as groupwide publications and training, and received 22 reports via our in-house reporting system (24 in fiscal 2009)	Reinforce awareness of our in-house reporting system and ensure that reports are dealt with quickly and appropriately
Reinforced compliance framework in relation to all applicable legislation, implemented employee education, educational support for Group companies, etc.	Reinforce legal compliance framework, organize education on applicable legislation and establish "Industrial Safety Department" as a specialized department to deal with safety related legislation on plants and facilities
Improved risk management systems, with an emphasis on effective departmental measures, and continued to implement information security measures	Improve risk management systems, taking into account the PDCA cycle on a groupwide level, and roll out information security measures to overseas premises
Implemented ongoing measures to combat new strains of influenza, formulated business continuity plans (BCP) and raised awareness of crisis management and notification frameworks	Maintain and improve crisis management framework and respond quickly and effectively in the event of a crisis
Continued with preparatory work ahead of joint limestone quarry development, decided to participate in copper mine redevelopment, stepped up information gathering activities on a global level with an eye to diversifying sources of tungsten and other raw materials and focused on securing stable supplies of metallurgical silicon	Work towards launching joint limestone project as soon as possible, promote exploration projects, increase volume and consistency of materials recovered from used cemented carbide products and promote closer, more diversified relations with silicon suppliers
Increased investment in and concluded long-term contracts with coal mines, assigned locally based representatives and gathered information	Continue to conclude long-term contracts with coal mines and assign locally based representatives in order to gather more information
Processed a total of 3.48 million tons of waste and by-products, 389 kilograms per ton of cement	Explore possible measures in the face of declining levels of waste and cement production amidst the current recession
Made improvements to the burner system of reverberatory furnaces at the Onahama Smelter & Refinery in order to promote the use of recycled fuel	Continue to look into collection and recovery of recycled raw materials
Completed work to increase tungsten refining capacity at Group company Japan New Metals Co., Ltd.	Improve technology for the recovery of tungsten from scrap
Established optimum hydrofluoric acid production process so as to increase usage of recovered calcium fluoride sludge as raw material	Continue to expand intake tolerance level of accepting sludge specifications so as to further increase usage rate
Continued to promote 3R activities in relation to aluminum cans	Continue to promote 3R activities in relation to aluminum cans
Processed 3.25 million used home appliances in total between five affiliated companies	Promote investigation of flat screen television recycling technology and the feasibility of processing glass from cathode ray televisions
Set up Environmental Management Panel as part of the CSR Committee, established management framework with revised waste management regulations and organized education for Group companies	Improve environmental risk response capabilities and work on establishing waste management frameworks at Group companies as soon as possible
Continued to implement conservation, tree planting and other activities at domestic closed mines	Work together with local residents and strengthen partnerships with the mines we invested in
Established landscape management frameworks at major forests and began to work towards forest certification	Recycle resources at major forests and promote forest certification in the interests of sustainable management
Gathered and shared information, prepared response measures in accordance with the revised Act on the Rational Use of Energy and promoted energy saving activities and installed equipment to increase the volume of waste used as an alternative source of thermal energy	Continue to gather information, work on response measures in accordance with the revised Act on the Rational Use of Energy, energy saving activities and education and promote the collection of waste
Studied the feasibilities of new geothermal development and continued to provide power companies and the national government with assistance in an effort to establish a complete domestic nuclear fuel cycle	Continue to conduct studies at new sites, promote commercialization via a new geothermal power company and continue to work on the establishment of a complete domestic nuclear fuel cycle
Continued to develop recycling technology for urban resources and promoted a shared awareness of needs and other information relating to recycling and saving energy	Promote development with an eye to commercialization and investigate in-house needs in terms of energy saving high-speed production methods
Continue with research and development of DBA isolated boards for hybrid vehicles and establish a stronger position for our silicon products within the solar cell industry	Improve performance and reliability of DBA isolated boards and improve the quality of silicon products in order to increase sales
Collaborated with universities and other institutions in areas such as recycling technology and cell materials, and worked on joint research and promoted activities in conjunction with a range of academic organizations	Expand range of partnerships in order to step up development of environmental and recycling technology
Expanded position-specific training and a range of training and education schemes for personnel such as technical staff and overseas executives (based in China), and carried out preparatory work ahead of the completion of the Human Resource Development Center	Make effective use of the Human Resource Development Center, roll out activities to Group companies, review contents of education for technical staff and organize education for overseas managerial staff
Made preparations for the establishment of Mitsubishi Materials Corporate University, and raised awareness of and promoted internal reform within the Group	Promote technical synergy between lines of business, provide support on individual issues, train human resources that are committed to the interests of the Group as a whole, and raise awareness of and promote internal reform
Achieved a 2.47% rate of disabled employment as of the end of March 2010 (target rate: 2.5%), increasing to 2.51% in April 2010	Maintain a 2.5% rate of disabled employment and work on further improving skills and motivation amongst current employees
Organized labor-management discussions with an eye to altering company schemes in line with trends in revised legislation	Expand childcare and nursing care leave schemes in line with revisions to the law effective from June 30, 2010
Reduced number of accidents via the Zero Accident Project, completed work on the establishment of operational safety and health management systems (OHSMS), formulated model plant safety specifications and organized mental health training	Establish Companywide Zero Accident Promotion Committee, foster a safety-driven corporate culture based on cooperation between labor and management, roll out plant specifications on a companywide basis in order to promote the installation of safe equipment and establish a health and safety promotion framework, through initiatives such as running a mental health consultation service and providing support for employees returning to work
Formulated guidelines and standards, informed suppliers and looked into specific operational measures	Monitor and verify compliance with standards
Carried out procedures relating to registration of applicable substances in order to ensure compliance with REACH Regulations	Meticulously carry out registration procedure for applicable substances subject to REACH Regulations
Organized executive information meetings for shareholders and a range of information meetings for domestic and overseas investors and securities analysts, and adequately disclosed information via a range of IR tools, including the IR section of our website and our annual report	Continue to organize executive information meetings for shareholders, offer more opportunities to talk to overseas investors and provide them with more information, and arrange company information meetings for individual investors
Commissioned external instructors to run on-the-job training (OJT) for departments dealing with customers by telephone and provide feedback	Continue with activities aimed at improving standards and provide OJT
Achieved GRI Application Level A for our Corporate Social Responsibility Report, published the Metals Company Supplementary Data Book and held a second stakeholder meeting	Achieve GRI Application Level A+ (independent external assurance) for our Corporate Social Responsibility Report, use suggestions made during stakeholder meetings to improve CSR activities and look into holding a third stakeholder meeting
Showcased recycling activities, revolving primarily around panel displays (booth attracted over 2,400 visitors, twice as many as in fiscal 2009)	Clarify the significance of our exhibition, including our reasons for exhibiting and how in-house companies relate to one another

Corporate Governance and CSR Promotion Framework

Here at the Mitsubishi Materials Group, we have always made every effort to establish sound corporate management practices by putting in place frameworks to underpin our business activities. We continued to implement new initiatives in an effort to reinforce corporate governance and promote CSR, including the establishment of the Environmental Management Panel during 2009.

Corporate Governance

Decision-Making and Executive Framework

Our Board of Directors consisting of a total of nine directors, with eight internal directors and one external director, decides and supervises important matters concerning our business. We consider this to be the optimal size and composition of the Board of Directors to enable quick decision-making and ensure management objectivity and transparency. Matters to be resolved by the Board of Directors shall first be reviewed and discussed in detail by our Corporate Strategy Committee, which is made up of the President and several other directors, in order to make the decision-making process more efficient and effective.

We adopted an executive officer system and an in-house company system to operate our complex corporate entity more flexibly and appropriately, which is mainly comprised of four core businesses of cement, metals, advanced materials & tools and electronic materials & components. Since April 2007, we have assigned a representative director or executive officer as President of each of our in-house companies, and have them operate their businesses in accordance with instructions given by the Board of Directors and other decision-making bodies.



Report on corporate governance (Japanese version is available via our website) [WEB](#)

Auditing Framework

In addition to operational audits and accounting audits conducted by our corporate auditors and a Board of Corporate Auditors and further accounting audits undertaken by an independent accounting firm, we internally audit all of our business operations through our Internal Audit Department. The Board of Corporate Auditors consists of three full-time corporate auditors, including one external corporate auditor, and one part-time auditor, also from outside the company. It is responsible for auditing directors to ensure that they have executed their duties properly and holding regular meetings with corporate auditors from our main subsidiaries in the interests of increased coordination within the auditing framework for companies subject to consolidated management.

We also have a Corporate Auditors Assistance Department in place to help improve auditing operations. In its capacity as our in-house auditing body, the Internal Audit Department meanwhile audits Mitsubishi Materials and other Group companies in order to check that their respective business operations are being run soundly, effectively and efficiently and to verify the reliability of financial reports, the maintenance and effective use of assets, the status of risk management activities, legal compliance, the presence and operational status of in-house regulations and standards and any other relevant details.

Corporate auditors and the Internal Audit Department keep lines of communication open to ensure effective auditing activities. In addition

to meeting to discuss annual auditing plans, they also get together to exchange information and share opinions regarding audit results.

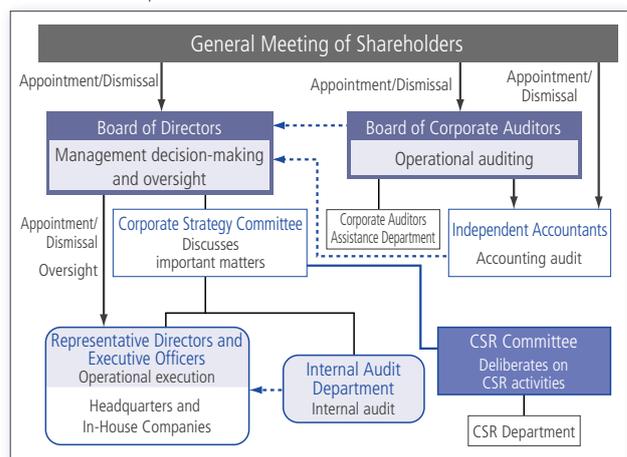
Internal Control

In January 2006, we set up an Internal Control System Improvement Committee, chaired by one of our Managing Directors, in an effort to ensure compliance with the Companies Act and other relevant legislation and establish optimal internal controls for both Mitsubishi Materials and the Mitsubishi Materials Group. We went on to adopt a set of basic principles for improving the Group's internal control systems during a regular meeting of the Board of Directors in April the same year. As we continue to review them whenever necessary, these basic principles effectively underpin our efforts to further reinforce internal controls for both Mitsubishi Materials and the Mitsubishi Materials Group.

Having set up a dedicated project team, we have finalized a basic plan and policy for the establishment of internal controls over financial reporting in accordance with implementation standards published by the Financial Services Agency in February 2007. Our aim is to establish and continually reinforce internal control systems covering both Mitsubishi Materials and Group companies in response to the requirement to introduce internal control evaluation and disclosure systems in relation to financial reporting from fiscal 2009 onwards in accordance with the Financial Instruments and Exchange Act. In December 2007, we went on to establish a companywide evaluation system, including a Financial Reporting Internal Control Evaluation Group (part of the Internal Audit Department), which will act as a supervisory body for evaluation operations.

Evaluations conducted during fiscal 2010 found the Group's internal control systems to be sufficient and effective, with no material deficiencies identified. Full details were submitted in the form of an Internal Control Report in June 2010. The auditing firm has expressed an opinion that the management's assessment of the internal control is fairly stated. We will continue to make improvements in the future to firmly establish internal control systems throughout the Mitsubishi Materials Group and increase the efficiency of our evaluation activities.

Overview of the Corporate Governance Structure



Reinforcing Governance at Overseas Group Companies

Promoting the Establishment of Regulations

Having been working to establish regulations on a phased basis at overseas subsidiaries and other overseas premises since fiscal 2008, we have set out group-wide regulations, which represent the basis of our Group management activities (Corporate Philosophy, Code of Conduct, Basic CSR Regulations, etc.), and specific regulations that underpin their respective corporate management operations, such as authority regulations at each overseas company. In addition to continually monitoring operational performance via internal audits, we will be extending the same regulations to all new overseas premises in the future.

Improving Internal Audits

As a rule, overseas Group companies undergo onsite audits conducted by the Mitsubishi Materials Internal Audit Department once every three years and documentary audits in the intervening years. A total of 43 premises underwent documentary audits during fiscal 2010.

Another aspect of our multifaceted auditing activities involves analysis of audit reports prepared by certified public accountants. In terms of internal control evaluations over financial reporting, we check that overseas Group companies have internal controls in place and evaluate their effectiveness based mainly on questionnaires.

We will continue to implement measures such as these in order to reinforce governance at overseas Group companies in the future.

CSR Promotion Framework

We have been working to strengthen risk management and compliance ever since December 2002. In an effort to build on these solid foundations and actively promote CSR activities so as to live up to the expectations of our stakeholders and repay their trust to an even greater extent, in January 2005 we established a CSR Committee chaired by the President and a dedicated CSR Department at Mitsubishi Materials. In recognition of the need to raise awareness of CSR activities amongst all Mitsubishi Materials Group employees, we also assign responsibility for CSR to the heads of each of our in-house divisions and Group companies and appoint CSR Managers and CSR Supervisors lower down in each organization to oversee groupwide CSR activities.

The CSR Committee, which is run by the CSR Department, meets four times a year in order to discuss policies relating to CSR activities in general and planned activities for the current fiscal year. The committee also reviews reports outlining standards of compliance within the Mitsubishi Materials Group, reports received via the Internal Contact Office (number and nature of reports) and risk management operations and acts as a focal point for sharing information. Having established a dedicated Environmental Management Panel as part

of the CSR Committee, environmental and related issues have been explicitly positioned as CSR issues since April 2009.

The framework that we have in place is structured so that any compliance issues occurring within the Mitsubishi Materials Group are reported to the CSR Department by the department concerned. The CSR Department then coordinates with other related departments to immediately investigate the causes of the issue, implement measures to prevent a recurrence and take any other necessary action. All aspects of CSR activities at Mitsubishi Materials and other Group companies, including compliance, are also monitored via internal audits conducted by the Mitsubishi Materials Internal Audit Department

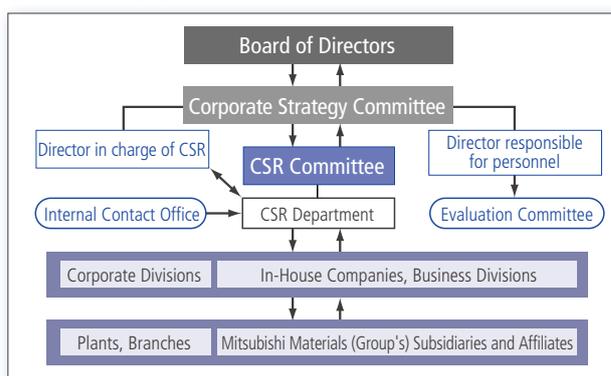
Items Discussed by the CSR Committee Each Year

As a rule, the CSR Committee meets four times a year, in January, March, July and November. The committee primarily discusses the following items, whilst also discussing serious compliance issues and other such matters affecting Group companies as and when necessary.

Items Discussed by the CSR Committee Each Year

- Jan.** (1) Summary report of accidents, compliance issues and other incidents occurring at Group companies during the previous year
(2) Summary of reports received by the Internal Contact Office the previous year (number and nature of reports)
- Mar.** (1) Basic policy for CSR activities for the following fiscal year, planned activities (including education, training and risk management) and figures for the current fiscal year
(2) Summary of findings from corporate ethics surveys completed by employees participating in education and training activities
- Jul.** (1) Breakdown of priority risks as part of risk management activities for the current fiscal year
(2) Risk management performance evaluation for the previous fiscal year and progress report on measures in response to priority risks
(3) Outline of Corporate Social Responsibility Report
- Nov.** (1) Presentation of example CSR activities at Mitsubishi Materials premises and Group companies
(2) Report from the Environmental Management Panel

CSR Promotion Structure



Compliance

To guarantee the legitimacy of the Mitsubishi Materials Group's wide-ranging business activities, we ensure compliance with all applicable laws, rules and regulations and are committed to educating our employees so that they have a strong sense of ethics. We therefore provide individual employees with educational tools so as to raise levels of awareness and organize effective education and training sessions on a regular basis

A Diverse Range of Training and Educational Activities

■ Extending CSR Education to all Group Employees

Over the course of the three-year period from fiscal 2009 to fiscal 2011, we have been organizing CSR education programs for all members of staff working at Mitsubishi Materials premises and Group companies in Japan, including part-time and temporary employees. Members of staff from our CSR Department systematically go out to individual premises to organize education sessions, focusing on compliance and risk management, and to provide materials such as DVDs and information on compliance issues that have actually occurred within the Group. The CSR Department is planning to complete a full tour of all premises during fiscal 2011.

The CSR Department has been running an annual CSR training program for employees based in the area covered by Mitsubishi Materials headquarters (Tokyo and Omiya) since fiscal 2008. With human resource departments also organizing position-specific CSR training, we effectively provide education on both a horizontal and vertical basis, aimed at entire premises or Group companies and staff in specific positions respectively.

Although we have not organized any CSR training for overseas subsidiaries during fiscal 2010, we are planning to extend training to include Southeast Asia during fiscal 2011.

As part of our CSR education and training activities, we conduct surveys and analyze the responses that we receive. In addition to incorporating findings into future education and training programs, this enables us to monitor changes in CSR awareness amongst employees. Here at the Mitsubishi Materials Group, we believe that it is important to come up with new ways of educating and training our employees on an ongoing basis. We are committed to creating a compliance-oriented workforce through continued education and training.

Educational and Training Program Attendance during Fiscal 2010 (Including Group Companies) *

Education/Training Program	Attendance
CSR education	2,568
CSR courses at headquarters	940
Position-specific training	620
Total	4,128

■ Using Educational Tools to Raise CSR Awareness

In an effort to teach Group employees about the Mitsubishi Materials philosophy and raise levels of CSR awareness, we produce and distribute the following booklets and guides to all employees.

- 1 Booklets outlining our Corporate Philosophy and Code of Conduct
- 2 Portable cards outlining our Corporate Philosophy and Code of Conduct
- 3 The 10 Articles of our Code of Conduct: Case Study File

These guides are intended to be used by individual employees whenever they are unsure about something during the course of their day-to-day duties.



■ Improving Legal Education

In addition to legal education as part of position-specific training schemes such as training for new recruits and mid-level employees, we also organize occupational legal training for the likes of sales and development staff in an effort to equip employees with the level of legal knowledge they require, based on factors such as their level of experience and job title, and raise awareness of compliance in general.

As well as receiving a basic grounding in areas such as general business legislation and contracts, employees are also provided with study materials designed to be of use as part of their day-to-day duties. Study materials examine individual laws such as the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and export-related legislation and outline a wide range of practical examples, including some that have actually occurred at Mitsubishi Materials. The aim of legal education is to further reinforce our compliance framework.

On other fronts, we have set up a Legal Consultation Desk on

● Voice >>> Taking Part in CSR Training at Mitsubishi Materials

In fiscal 2010, the entire team here at Mitsubishi Materials Electronic Chemicals each took part in one of the five times that the CSR introduction course was provided, taught by the General Manager of Mitsubishi Materials' CSR Department. We were reminded of facts such as, "employees may be important internal stakeholders, but we still have a responsibility to external stakeholders on behalf of the entire Group." The course also provided information on incidents that have occurred within the Group and really conveyed a strong sense of determination, emphasizing the need to "work together as a Group to become a good company." Here at Mitsubishi Materials Electronic Chemicals, we also organize our own ongoing CSR education programs, drawing on lessons learnt from past incidents.

Planning & Administration Department,
Mitsubishi Materials Electronic Chemicals Co., Ltd. Koji Ishikawa

In terms of social contribution meanwhile, we have long since operated an internship scheme and also take part in a range of energy saving and environmentally conscious activities, including events organized by local organizations, cleanup activities in the local area, no-car days and efforts to minimize nonessential lighting. We are thinking about branching out and organizing our own independent activities in the future and are committed to actively promoting CSR activities with an emphasis on sustainability.



the company intranet and continue to provide a range of useful compliance-related information through initiatives such as compiling manuals and answering questions on specific laws, accepting queries via email and providing templates for contracts and other documents. We are also extending Antimonopoly Act workshops, which we have been running at Mitsubishi Materials since fiscal 2009, to include Group companies and are working to reinforce our Antimonopoly Act compliance framework on a groupwide basis. We provide similar educational support for Group companies in relation to other legislation as and when necessary.

■ Initiatives during Corporate Ethics Month

Here at the Mitsubishi Materials Group, we have designated October as Corporate Ethics Month every year since 2006.

During Corporate Ethics Month, we organize a range of unique activities aimed at further reinforcing employee compliance and other aspects of corporate ethics at divisions and premises of Mitsubishi Materials and at Group companies.

Example Activities during Corporate Ethics Month 2009

- ① Message from the president
- ② Reciting our Corporate Philosophy "For People, Society and the Earth" and the 10 Articles of our Code of Conduct
- ③ Holding discussions based on our Case Study File
- ④ Reading through documents relating to the revised Road Traffic Act (especially tougher penalties for drunk driving), organizing road safety seminars, etc.
- ⑤ Outlining cases of corporate misconduct within the Mitsubishi Materials Group and at other companies
- ⑥ Reaffirming awareness of applicable legislation, including the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and export-related legislation
- ⑦ Raising awareness of our in-house reporting system

■ Operating an In-House Reporting System

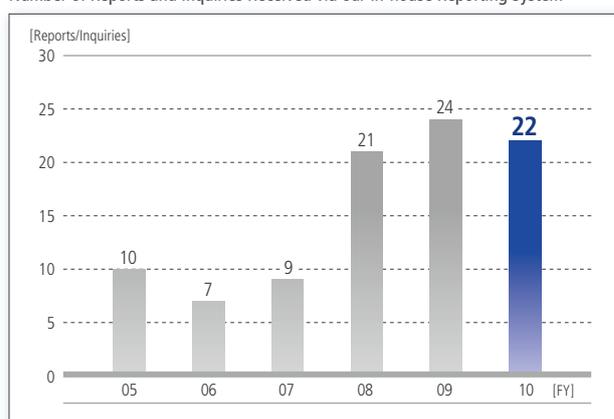
We currently have two internal consultation services in place. The first of these is the Internal Contact Office, which we established in December 2002 as a consultation service dealing with reports and inquiries from employees working for Mitsubishi Materials and other Group companies. The second is an external reporting system, which we set up in April 2006 to enable employees to contact an independent law firm directly.

In addition to our ongoing efforts to remind employees of the availability and significance of these two in-house reporting systems and show them how to file internal reports, through channels such as our Group newsletter and CSR education and training activities, we are also committed to raising awareness amongst employees.

During fiscal 2010, we once again featured articles on subjects such as the number and nature of reports and inquiries received in our Group newsletter and printed photos of the lawyers operating our external reporting system in an effort to create an environment that encourages employees to use our reporting systems.

The number of reports and inquiries received during fiscal 2010 came to 22, almost as many as the previous year (fiscal 2009: 24). As part of our education and training activities during fiscal 2011, we are making every effort to explain the importance of whistleblower protection measures so as to create a more open working environment and corporate culture.

Number of Reports and Inquiries Received via our In-house Reporting System



Temporary Suspension of Operations at the Yokkaichi Plant

On April 28, 2010, we were instructed by Mie Prefecture to suspend usage of selected facilities at our Yokkaichi Plant, where we manufacture materials such as polycrystalline silicon, on the grounds that they had not been granted the necessary authorization in accordance with the High Pressure Gas Safety Act. We suspended operations at the plant immediately.

Upon receiving the relevant instruction, we immediately established a task force and set about upgrading our facilities to ensure compliance with the High Pressure Gas Safety Act. We also launched urgent investigations at all of our facilities and domestic subsidiaries to check for similar issues. On June 29, we set up a specialized department at our headquarters and a reinforced management framework to ensure compliance with the High Pressure Gas Safety Act and all other legislation relating to plant safety. Having been granted the necessary authorization by Mie Prefecture and restarted operations, we currently expect to restore the plant to its designated production capacity by the end of October.

We will make every effort to prevent any similar occurrences and ensure that all of our operations are carried out in an appropriate manner in the future, including tightening and enforcing groupwide compliance.

Risk Management

We implement risk management activities in every department throughout the Mitsubishi Materials Group. Our CSR Committee clarifies and adequately controls serious risks and risks that need to be addressed via Group policies in an effort to prevent accidents and other issues from occurring.

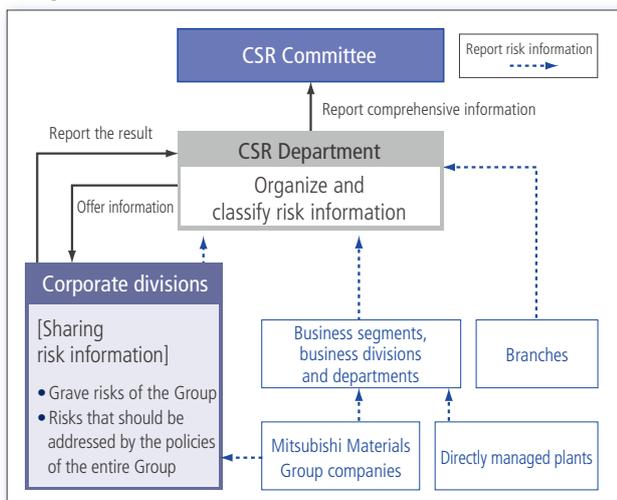
Promoting Risk Management Activities

Under the supervision of the CSR Committee, our CSR Department promotes risk management activities in conjunction with departments engaged in risk management activities throughout the Mitsubishi Materials Group.

Every fiscal year, the Group's risk management departments engaged in risk management activities identify risks and specify issues that particularly need to be addressed. Risk assessments are then carried out in relation to risks that involve a complex range of risk factors and effective measures taken to address the relevant risks.

Progress reports and other details of measures in response to serious risks and risks that need to be addressed via Group policies are submitted on regular basis to the CSR Committee, which then shares information on risks with senior management so as to ensure that all risk management activities have a direct impact on management.

Sharing risk information



Effective Risk Identification

We have been taking steps to actively identify previously unrecognized risks within all departments engaged in risk management activities since fiscal 2010. Despite continuing to implement measures in response to serious risks and risks that need to be addressed via Group policies as part of our activities to date, there have been a number of cases in which easily-overlooked lower-level risks have actually materialized. We have therefore divided the Risk Management Records maintained by individual risk management department into 13 categories, such as personnel risks and environmental risks, and instructed departments to refer to a universal risk check list summarizing previous Groupwide risks in each category when compiling records. Such improvements will enable us to identify each and every risk, without omission.

Increased Efficiency through Risk Assessments

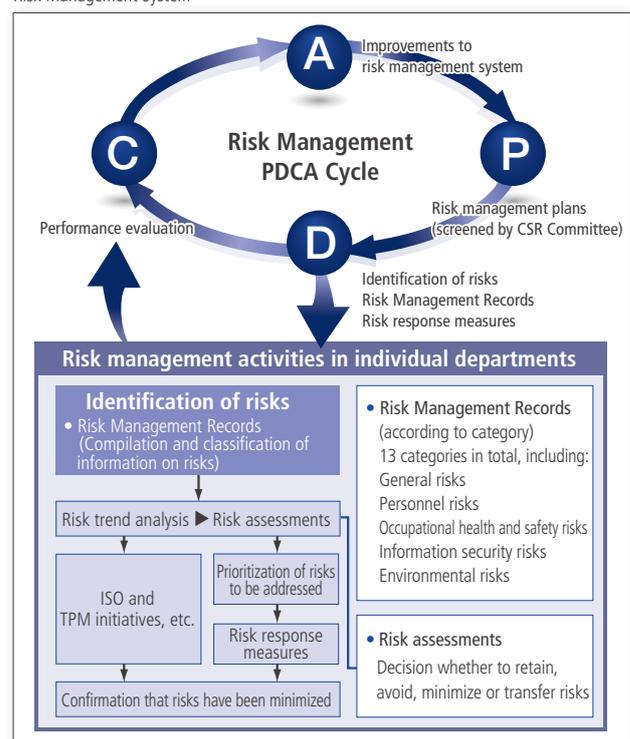
In some cases, the factors responsible for risks actually materializing

are unclear, making it difficult to implement measures in response. We therefore conduct risk assessments in order to analyze such risks in greater depth, clearly identify the causes and ascertain the outcome. We are currently focusing on risk assessments in an effort to promote more efficient activities on a groupwide basis. In June 2008, we published a collection of risk assessment case studies outlining details of previous risk assessments and distributed copies to all departments engaged in risk management activities. We also hold meetings with independent consultants every fiscal year and provide support to ensure that risk assessments are carried out efficiently.

Risk Management PDCA Cycle

Risk management activities throughout the Mitsubishi Materials Group are carried out based on the PDCA (plan-do-check-act) cycle. Risk Management Records for instance are reviewed by the head of risk management within each organization. We also conduct performance evaluations to determine the effectiveness of risk management and make improvements to the system as a whole based on our findings. All of our departments carry out numerous initiatives as part of the "D" (do) stage of the PDCA cycle every fiscal year, including identifying risks, prioritizing risks to be addressed, implementing response measures and checking that measures have effectively minimized risks. Under the supervision of the CSR Committee, the CSR Department operates the PDCA cycle in conjunction with individual risk management departments and other related departments.

Risk Management System



Reinforcing our Crisis Management System

Faced with an increasingly complex and diverse range of risks in recent years, companies are having to deal with new risks such as information security issues stemming from the file sharing software Winny, and new strains of influenza and other infectious diseases, as well as conventional risks such as earthquakes and other natural disasters, explosions and fires.

To make sure that we are prepared to deal with such risks as they occur, we have long since had in place a framework to enable departments to work together to orchestrate a rapid response under the leadership of the director in charge, including regular Crisis Management Committee meetings. We also gather information and seek advice from public bodies and specialist crisis management consultants whenever necessary and make every effort to respond to new risks in collaboration with outside experts.

In response to the threat posed by the H1N1 influenza pandemic during 2009 for instance, we quickly drew up a Mitsubishi Materials Swine Flu Action Plan and took steps to prevent infection spreading to employees, their families and beyond, based on collaboration between all concerned departments, both in Japan and overseas. As a result, we managed to prevent secondary infection and other forms of group infection in the workplace.

We will continue to make any necessary improvements in the future and are committed to maintaining and improving our groupwide crisis management framework.

Information Security and Personal Information Protection

We actively engage in a range of groupwide initiatives in the interests of information security, which we consider to be one of our top priorities as part of our CSR-based management activities.

We consider personal information in particular to be one of the most important information assets in our possession. As such, we make every effort to ensure that our operations comply with the Law Concerning the Protection of Personal Information and other applicable legislation and to minimize the risk of information being leaked, lost or damaged.

We promote groupwide information security activities primarily by reinforcing a range of technical measures relating to information security and incorporating PDCA-based practices into our management systems. Specific practices include formulating wide-ranging security regulations and educating employees accordingly, issuing reminders, regularly carrying out self-checks targeting all employees and conducting information security audits as part of our internal auditing activities, in an effort to continually hone and improve our operations based on the PDCA cycle. We also carry out similar initiatives at

overseas Group companies.

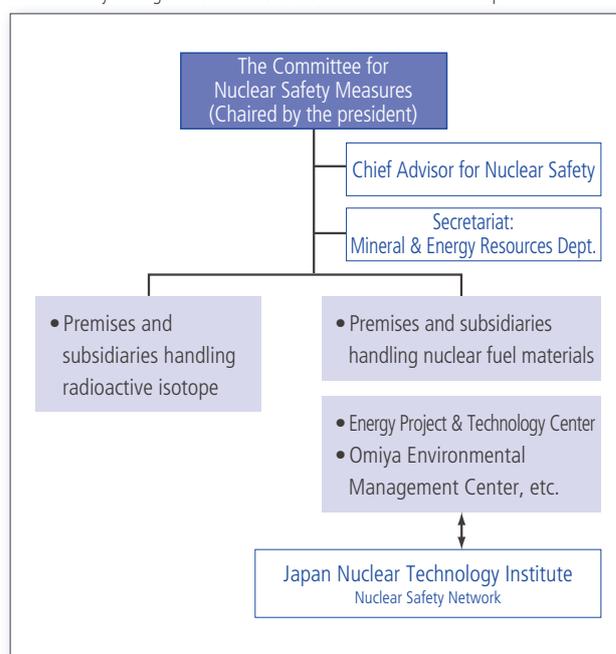
The aim of all these initiatives is to raise the overall level of information security throughout the Mitsubishi Materials Group, safeguard our information assets and guarantee the reliability of our operations as a corporate group.

The Committee for Nuclear Safety Measures

The Mitsubishi Materials Group is involved in operations, research and development relating to the nuclear fuel cycle. To further reinforce nuclear safety measures, in December 1999, we established the Committee for Nuclear Safety Measures chaired by the Company's president. We also appointed Chief Advisor for Nuclear Safety, who audits the safety and appropriateness of nuclear-related businesses, thereby conducting audits at factories and laboratories.

Moreover, as a member of the Japan Nuclear Technology Institute (JANTI), we participate in the Nuclear Safety Network (NS Net) for mutual evaluation and other activities.

Nuclear Safety Management Structure of the Mitsubishi Material Group



Resource Strategy for Stable Product Supplies

As a comprehensive materials manufacturer supplying customers with a diverse range of products, securing stable supplies of resources is one of our top priorities. Since Japan is a resource-poor country, we implement numerous initiatives aimed at securing resources on a stable and long-term basis, including actively investing in leading overseas mines, strengthening relationships with our suppliers and promoting resource recycling.

Basic Approach

Mineral resource prices on the global market have tended to fluctuate wildly in recent years due to factors such as growing demand in line with the rapid industrial development of emerging nations, export restrictions as a result of the rise of resource-based nationalism amongst resource-producing countries, and the impact of speculative investment.

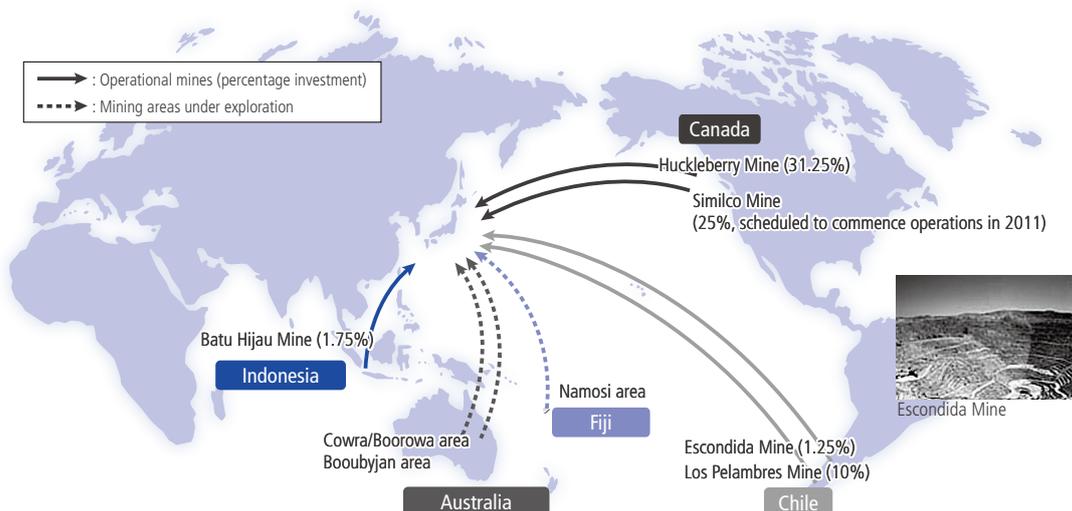
Securing resources whilst also maintaining reasonable prices and upholding fair trade has become a major issue in Japan, which is essentially a resource-poor country. As a comprehensive materials manufacturer however, we also consider this to be one of our key duties in order to maintain and strengthen competitiveness across a wide range of related industries.

We procure raw materials on a global scale, assigning personnel to overseas locations to gather various types of information on resource-producing countries, including current conditions, political developments, raw material sources for individual resources and trends in the balance of supply and demand. We have also developed and operate our own unique purchasing system based on close cooperation with Group companies, enabling us to increase our overall purchasing power.

We are committed to expanding our infrastructure for the recovery of waste and scrap and promoting resource recycling, including developing and harnessing advanced recycling technology and recycling home appliances, in order to ensure that the precious underground natural resources that we have available are used as effectively and sustainably as possible. Recycled materials play a large part in the stable supply of Mitsubishi Materials products.

» PP.35-39

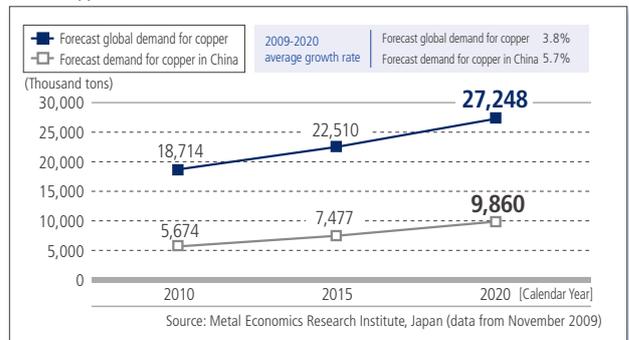
Overseas Mining Investment



Securing Stable Products Supplies: Copper Products

Copper is one of the most widely used nonferrous base metals, forming an essential part of our communications and everyday infrastructure. Soaring demand in countries such as China however, along with the increasing dominance of major global resource suppliers, is putting pressure on both ore and bullion and keeping prices at inflated levels. An influx of speculative investment has also resulted in major fluctuations in prices on the London Metal Exchange (LME[†]).

Global Copper Demand Forecast



Since the closure of our Akenobe Mine in 1987, we have procured copper ore, the main raw material used in our products, through channels such as investing in and purchasing ore from overseas mines (four mines). Although we do not get directly involved in the management of individual mines, we nonetheless take our responsibilities seriously as a smelting operator that purchases ore. As such, we provide support in our capacity as shareholder so as to ensure that mines are developed sustainably in the best interests of the environment and the local community. » P.64 » Data Book P.13

In May 2010, we acquired additional interests in Escondida Copper Mine in Chile, which produces the highest volume of copper in the world. There are also plans to restart operations at Similco Copper

Mine in Canada in June 2011, having ceased operation since 1996. We will continue to actively invest in leading mines in order to secure raw materials and boost dividend income in the future.

In an effort to secure interests in leading mines from a long-term perspective as soon as possible, we are also working on joint exploration projects at three mining sites. In the Namosi area in Fiji in particular, we have already started to look into conducting a feasibility study. Although we currently procure roughly 60% of our total volume of copper ore from mines in which we invest, we are looking to increase this level to around 75% in the future.

† LME : (London Metal Exchange).

The LME is at the heart of global trade in nonferrous metals such as copper, lead, zinc, nickel and aluminum bullion and effectively functions as an international price index for nonferrous metals.

Topics

CSR Activities at the Exploration Stage of Mining Development in the Namosi Area (Fiji)

Overseas Project Department, Metals Company

As part of a joint venture project that has been underway in Namosi since 2007 (Mitsubishi Materials: 28.06%), we have organized information meetings for landowners and local residents and continue to engage in local contribution and communication initiatives in areas such as increasing employment for local people and improving roads and infrastructure. As the medical system in the area is particularly underdeveloped, we are focusing on activities designed to play a key role in local emergency medical services.



An information meeting for local landowners

Securing Stable Products Supplies: Cement

Including resources mined from our own quarries, we procure a total of 9.3 million tons of limestone, the main raw material used to make cement, in Japan.

We are currently undertaking preparatory work ahead of a joint venture with Sumitomo Osaka Cement Co., Ltd. (SOC) to exploit limestone deposits lying between our Higashitani limestone quarry and SOC's Kokura limestone quarry and open up access to approximately 300 million tons of limestone that we would otherwise be unable to access on our own. We are aiming to commence mining in fiscal 2012, thereby ensuring more stable supplies of limestone.



Higashitani limestone quarry

Securing Stable Products Supplies: Cemented Carbide Products

Despite catering to more than 80% of worldwide demand for tungsten, the main raw material used in our cemented carbide products, China prohibits the export of tungsten ore and is also continuing to tighten restrictions on shipments of intermediate material ammonium paratungstate (APT) with every passing year, resulting in supplies becoming increasingly scarce.

As such, we are making a concerted effort to expand our network of suppliers whilst also diversifying sources of raw materials. Given that recycling used cemented carbide products, so that the raw materials can be reused in new products, has become an invaluable source of tungsten, we are stepping up initiatives aimed at recovering used cemented carbide products within Japan in conjunction with our customers and major suppliers, primarily via Mitsubishi Materials Tools Co., Ltd. We are also working to reinforce the processing capabilities of recycling plants operated by Japan New Metals, which manufactures the raw materials for our cemented carbide products. >>> P.39



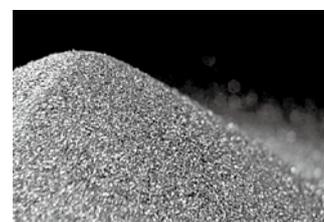
Recovered cemented carbide products

Securing Stable Products Supplies: Silicon Products

The main raw material for polycrystalline silicon production is metallurgical silicon with approximately 98% purity, the main producers of which include China, Brazil, South Africa and Norway.

We procure metallurgical silicon for our Yokkaichi Plant and Mitsubishi Polycrystalline Silicon America Corporation primarily via long-term purchasing contracts with leading, highly reliable manufacturers with capabilities to provide superior quality materials. We make every effort to secure consistent volumes of metallurgical silicon, even in the event of market uncertainty, and to minimize the impact of soaring prices.

We continually strive to strengthen relationships with reliable major suppliers and are committed to diversifying supply sources to ensure even more stable polycrystalline silicon production.

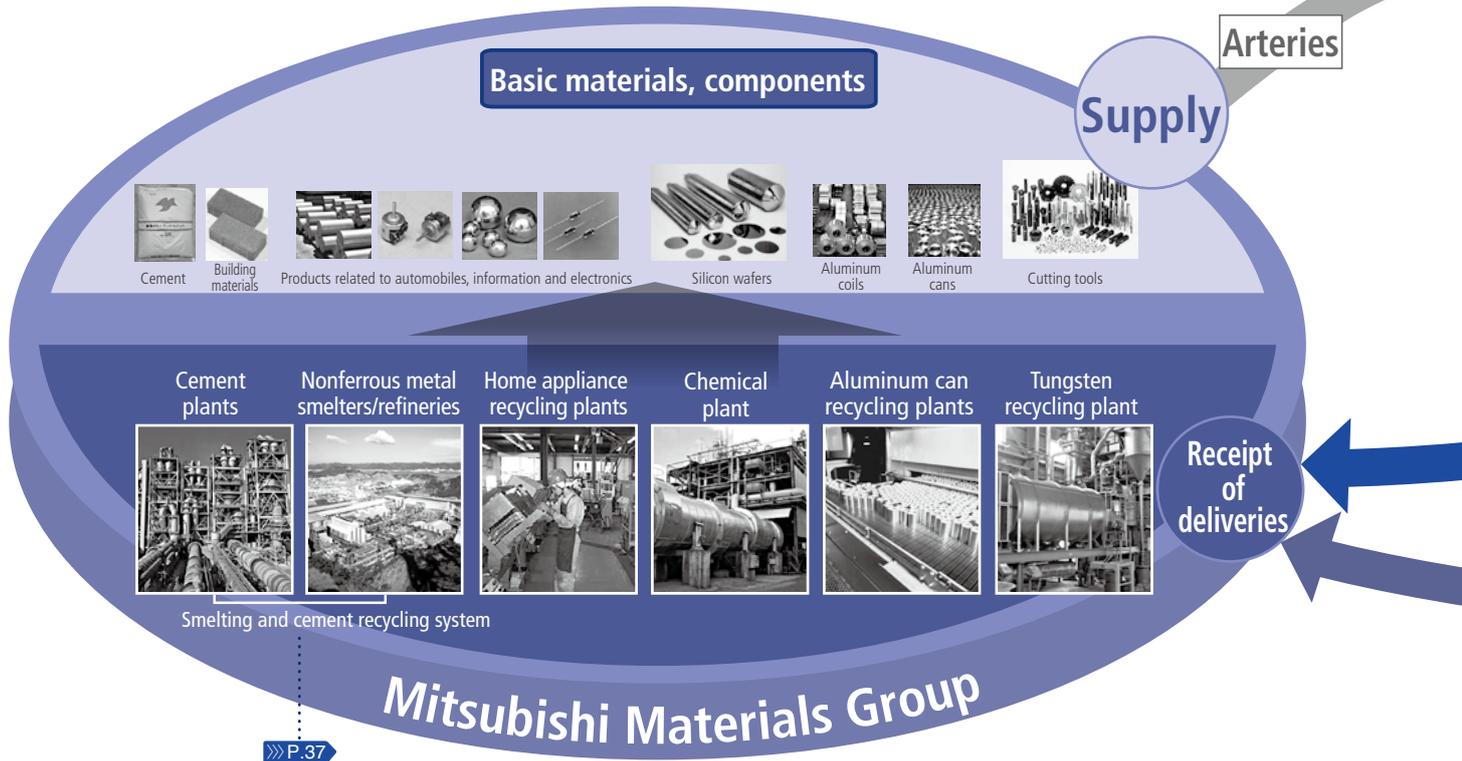


Metallurgical-grade silicon

The Mitsubishi Materials Group's Role in a Recycling-Oriented Society

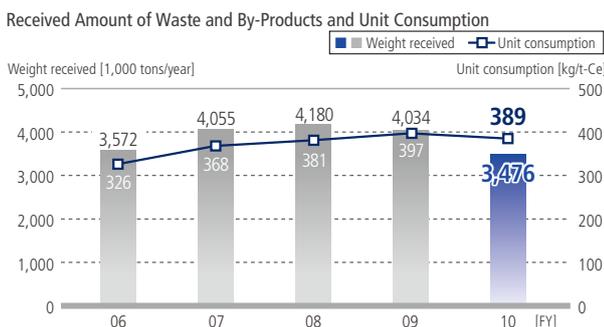
In addition to supplying various different materials, the Mitsubishi Materials Group also recovers and recycles waste and used products so that they can be reused in the form of recycled materials or energy sources. Such initiatives enable us to reduce volumes of waste and limit consumption of natural resources and will help us to achieve our goal of contributing to the creation of a recycling-oriented society.

Striving to Eliminate Landfill via Resource Recycling at the Mitsubishi Materials Group



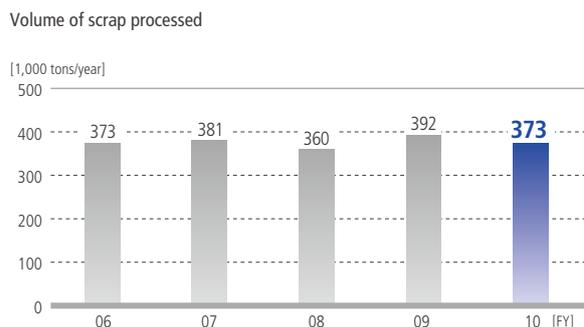
Recycling in the Cement Business

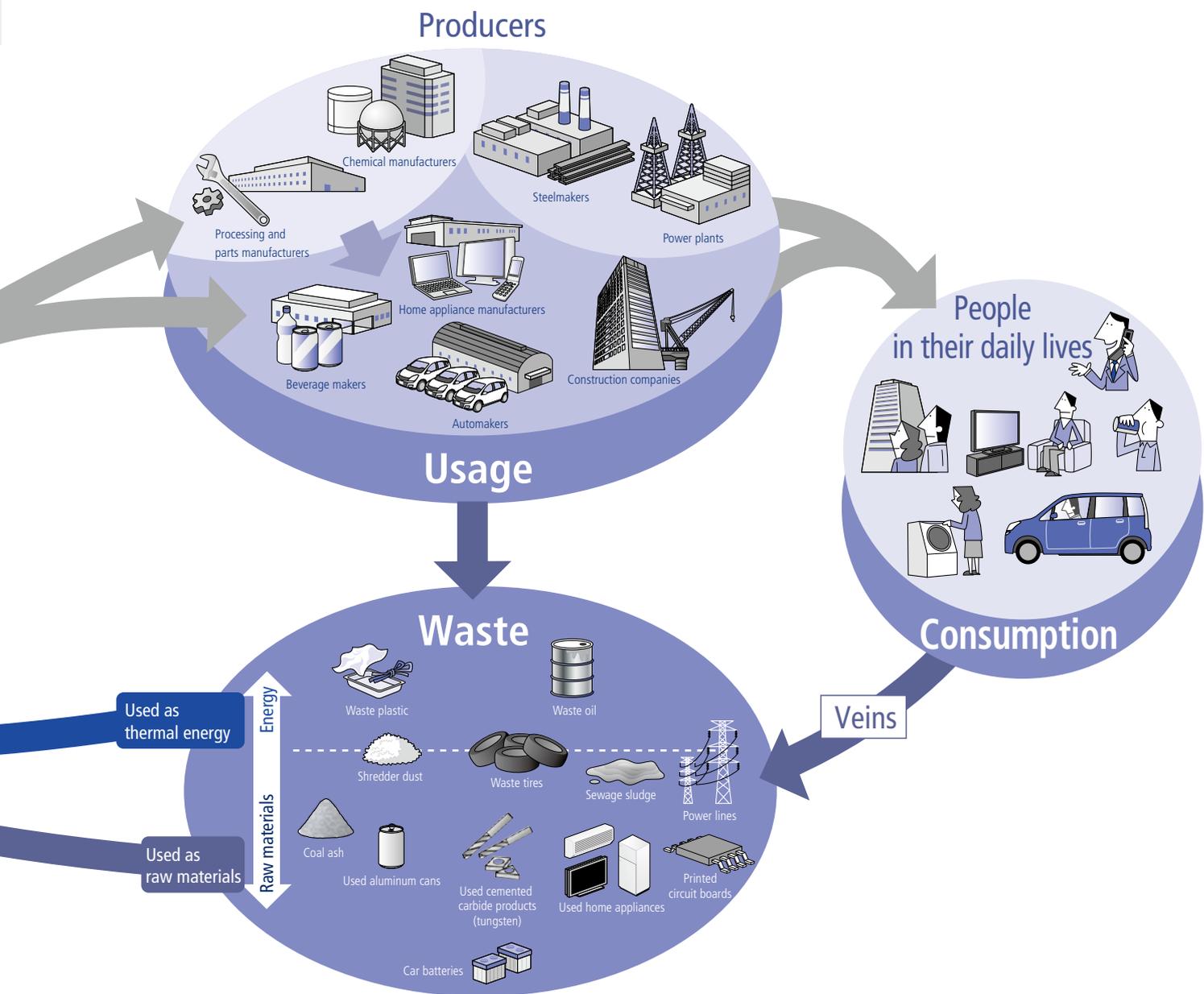
As we use an ultra-high temperature (1,450°C) burning process to manufacture cement, we are able to take in large volumes of waste and byproducts that general society and other industries would otherwise struggle to treat and recycle them into raw materials or thermal energy without producing any secondary waste. In fiscal 2010, we took in a total of approximately 3.48 million tons of waste and byproducts, which is equivalent to 389kg per ton of cement in terms of unit consumption, down slightly year on year due to a decline in byproducts.



Recycling in the Metals Business

As part of our commitment to resource recycling at our Metals Company, we use our copper smelting facilities and technology to process various types of scrap raw materials, enabling us to extract valuable metals, recover heat and turn scrap into copper slag. In terms of shredder dust in particular, we process larger volumes than any other operator in Japan. Despite a decline in the volume of scrap produced during fiscal 2010, as a result of falling production in the wake of the global recession, we focused on collecting scrap raw materials and managed to process more or less the same volume of scrap as any other year.

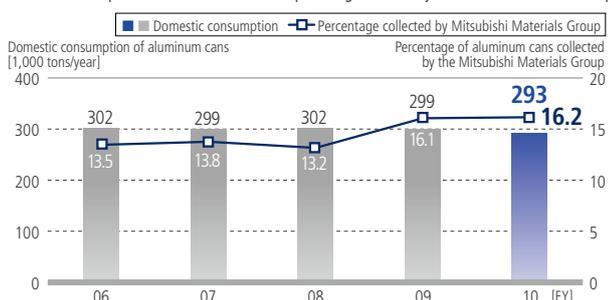




Aluminum Can Recycling

We began to manufacture aluminum cans in 1972 and built up the “can-to-can” recycling system within the Mitsubishi Materials Group. We have been using this system for more than 35 years. We have also been collecting around 40 thousand tons of UBC per year for the last 15 years, and contributed to reducing energy consumption and CO₂ emissions. >>> P.39

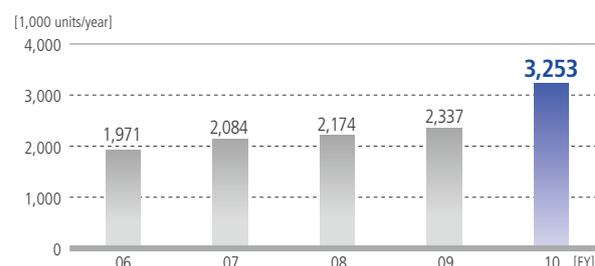
Domestic consumption of aluminum cans and the percentage collected by the Mitsubishi Materials Group



Home Appliance Recycling Business

As part of our home appliance recycling business, we process used home appliances such as air conditioners, refrigerators, television sets and washing machines, office equipment and other electric and electronic devices to recover whatever resources they contain, including plastics and metals such as gold, silver, copper and iron. During fiscal 2010, we increased the number of home appliances processed in all four categories thanks to the knock-on effects of the Eco-Point system. We saw a particularly significant increase in the number of televisions processed, due in part to demand for new flat screen televisions ahead of the digital switchover in July 2011. >>> P.39

Number of home appliances processed



†Data for previous years adjusted due to revised calculation methods

Smelting and Cement Recycling System

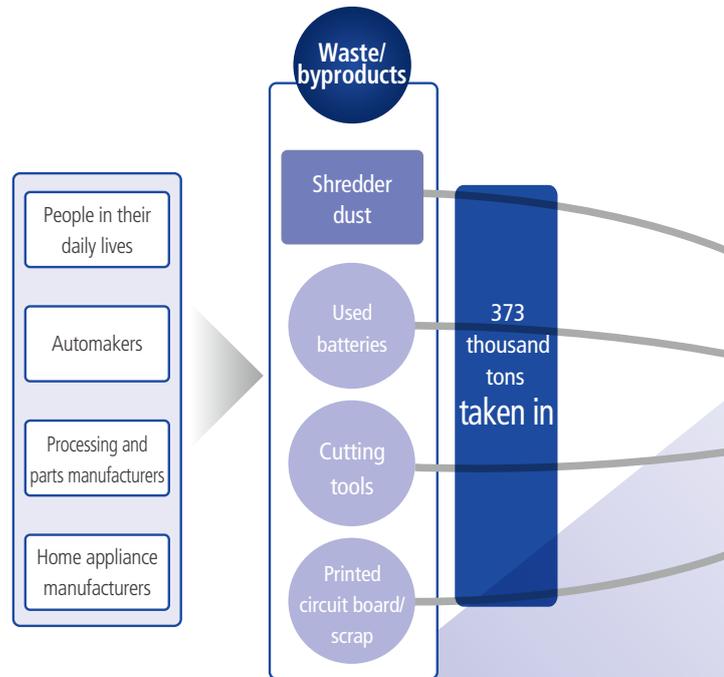
Almost all sectors produce waste and byproducts. In an effort to make effective use of such resources within the Mitsubishi Materials Group, we engage in environment and recycling operations that produce no secondary waste, by taking in waste and byproducts at our smelting and cement plants and turning them back into raw materials.

Eliminating the Need for Landfill Disposal through Resource Recycling

Regarded as a resource-poor country and a major producer of waste, Japan has a lot of issues to address before it can establish itself as a recycling-oriented society. With this in mind, we continue to engage in a range of groupwide environment and recycling operations as we strive to help create a sustainable society. A joint effort between our nonferrous smelting and cement manufacturing operations, our smelting and cement recycling system is a prime example, with both sides taking byproducts produced by the other's facilities and effectively utilizing them as raw materials. The end result is an environmental recycling initiative that is designed to eliminate the need for landfill disposal.

This initiative is made possible thanks to the fact that we are the only company in Japan that runs both nonferrous smelting operations using the Mitsubishi Continuous Smelting and Converting Process (the Mitsubishi Process) and cement manufacturing operations using ultra-high temperature furnaces.

Our smelting and cement recycling system will help to ease pressure on landfill sites and significantly extend their usable lifespan. We therefore believe that it will play a key role in helping to create a recycling-oriented society in Japan.



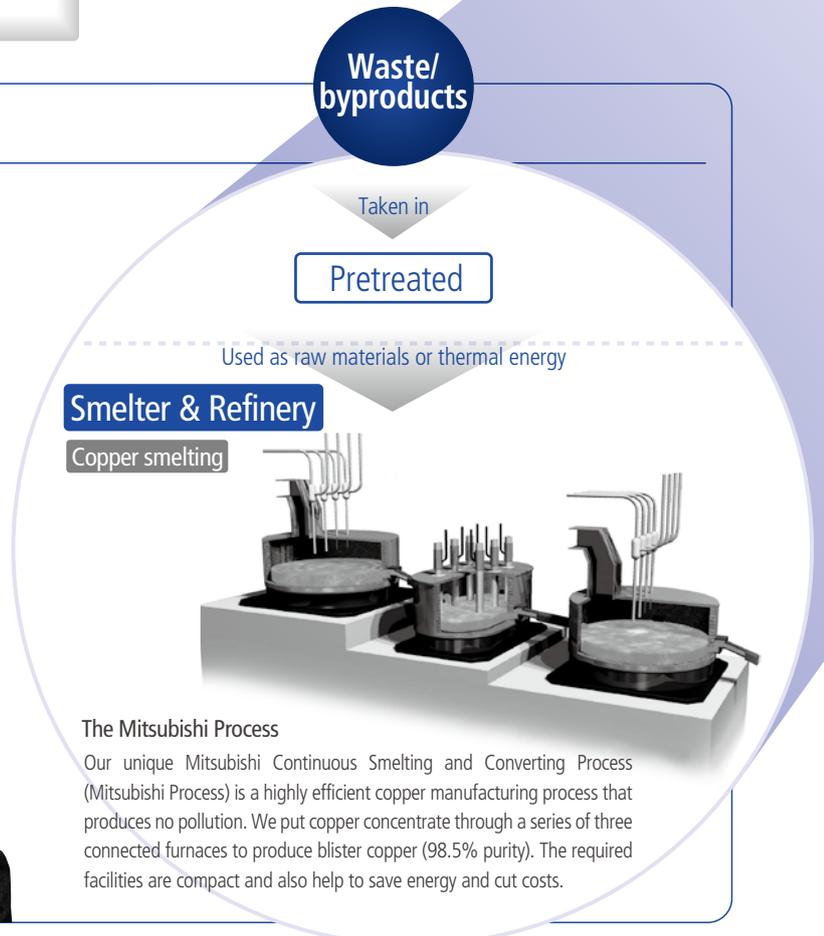
Initiatives in the Metals Business

There are two ways of recycling scrap raw materials; feeding scrap directly into existing smelting processes or pretreating scrap first and then feeding it into existing smelting processes. We select the most appropriate method for each type of scrap raw material, taking into account properties, such as the presence of combustible substances and shape, and the most efficient way of recovering resources and energy.

Clinker dust produced at our cement plants is pretreated using our recycling facilities for fly ash and then introduced into existing smelting processes. Once substances such as calcium have been effectively used as auxiliary raw materials for smelting, clinker dust turns into copper slag, which can be recycled back into raw materials for cement. Whereas scrap materials are currently transported between our cement and smelting plants in bags, we are looking into the possibility of introducing tankers so as to improve transport efficiency and increase the volume of material recycled.



Shosaku Hayashi
General Manager, Recycling Business Department



The Mitsubishi Process

Our unique Mitsubishi Continuous Smelting and Converting Process (Mitsubishi Process) is a highly efficient copper manufacturing process that produces no pollution. We put copper concentrate through a series of three connected furnaces to produce blister copper (98.5% purity). The required facilities are compact and also help to save energy and cut costs.

Establishing a Unique Resource Recycling System

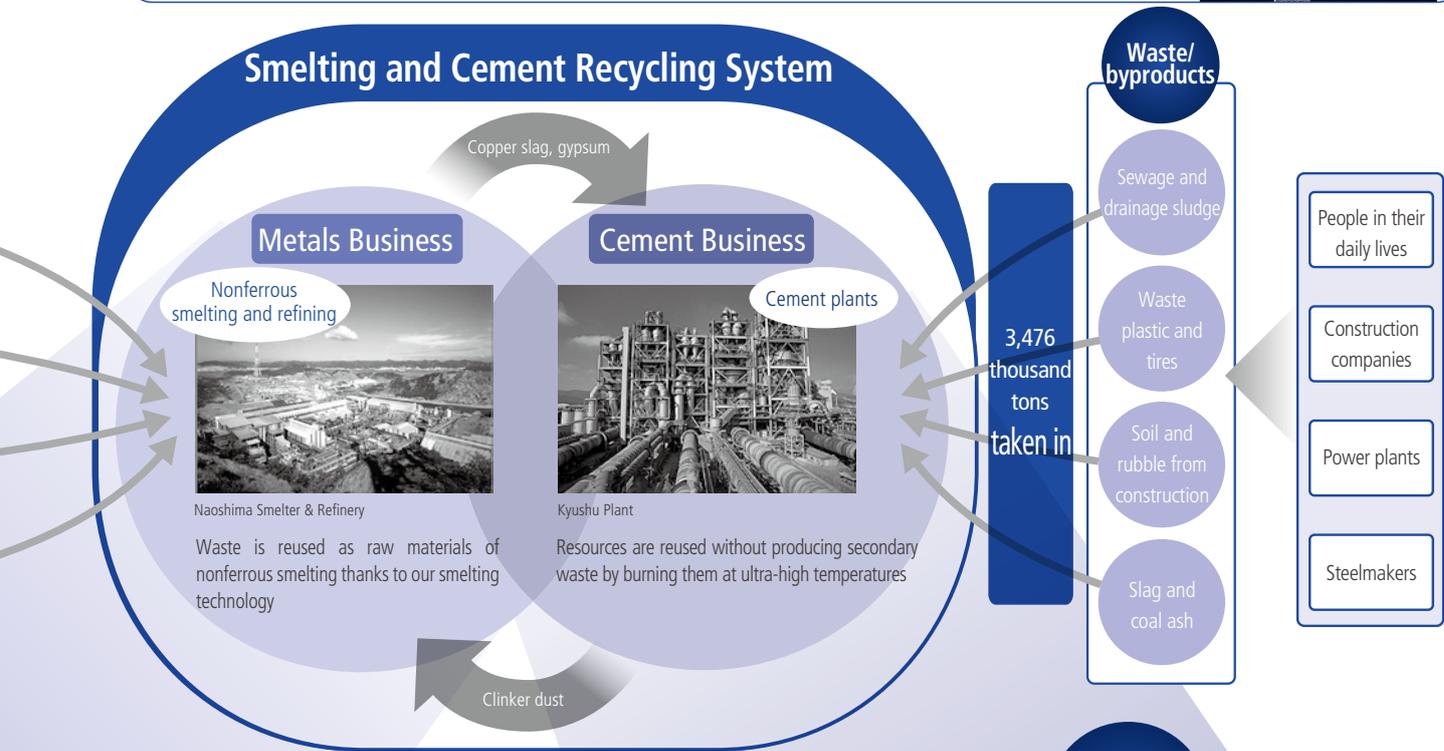
Making the most of the technology that we have built up over many years through our operations in the mining industry, we recycle home appliances in partnership with home appliance manufacturers. Used home appliances are dismantled, separated and then put through our smelting and cement recycling system, enabling us to recycle and process them in the most suitable manner.

We intend to keep on reinforcing coordination between nonferrous smelting and cement plants in the future in an effort to establish a unique resource recycling system.

Hiroshi Kondo
General Manager, Corporate Eco-Business Division



Smelting and Cement Recycling System

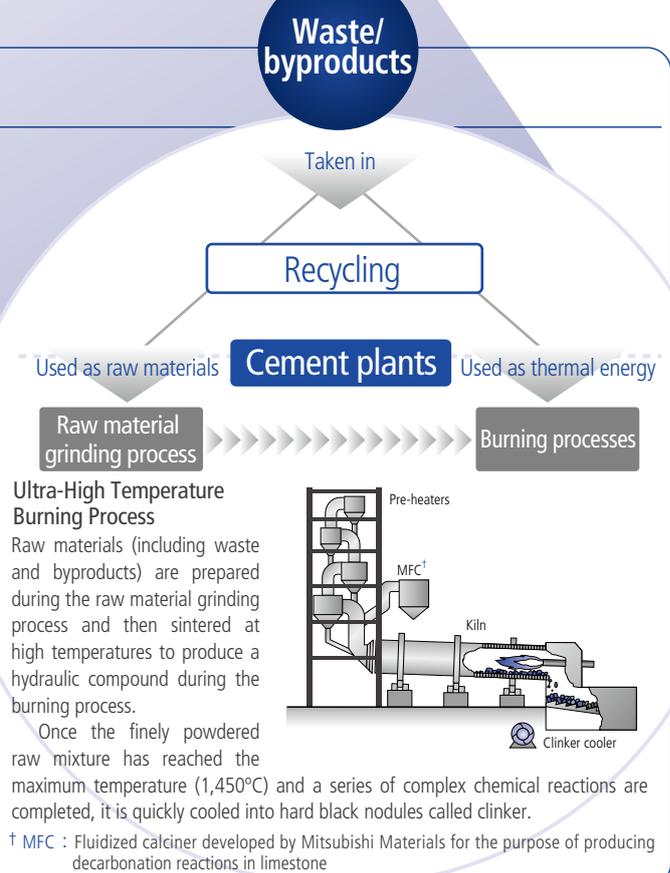


Initiatives in the Cement Business

The main constituents contained in the majority of waste such as coal ash, construction soil, construction sludge, and waste casting sand have similar characteristics to the natural raw materials used to manufacture cement. As materials are burned at ultra-high temperatures at Mitsubishi Materials Group cement plants, we can detoxify a range of waste products that would otherwise be difficult to treat, enabling them to be effectively used as raw materials for cement, and for thermal energy. This includes substances sent from our copper smelting facilities, such as copper slag and gypsum. Other materials such as waste plastic, waste tires and shredder dust can be reused as thermal energy sources.

In addition to expanding our chlorine bypass facilities, in order to accept waste illegally dumped along the border between Iwate and Aomori prefectures and difficult-to-treat highly chlorinated substances such as waste plastic contained in construction waste, we also recycle clinker dust, both onsite at our cement plants and at our copper smelting plants.

Masaharu Urushizaki
General Manager, Raw Materials,
Fuel & Recycle Division



Ultra-High Temperature Burning Process

Raw materials (including waste and byproducts) are prepared during the raw material grinding process and then sintered at high temperatures to produce a hydraulic compound during the burning process.

Once the finely powdered raw mixture has reached the maximum temperature (1,450°C) and a series of complex chemical reactions are completed, it is quickly cooled into hard black nodules called clinker.

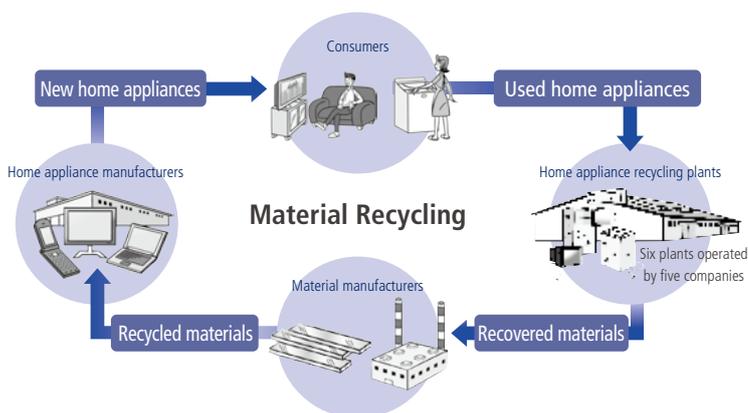
† MFC : Fluidized calciner developed by Mitsubishi Materials for the purpose of producing decarbonation reactions in limestone

Recycling Based on Business Characteristics and Processes

We use the technology and expertise that we have built up via the Mitsubishi Materials Group's diverse range of operations to engage in a variety of recycling initiatives as part of our main lines of business.

Home Appliance Recycling

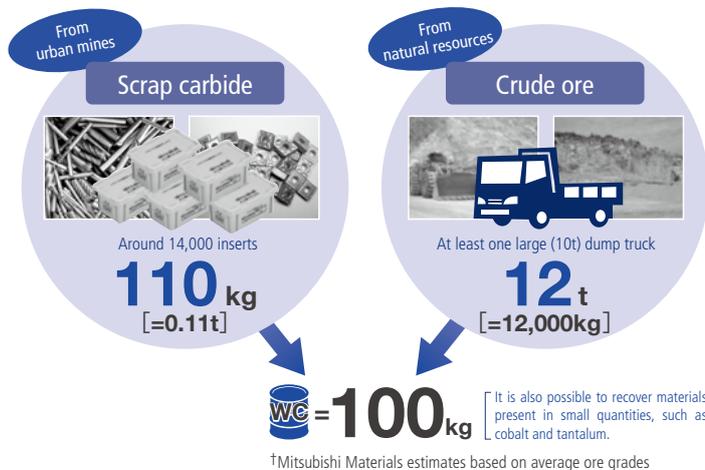
Home appliances are made from various combinations of different materials, including iron, aluminum, copper and other metals, glass, plastic and rubber. After separating materials at our home appliance recycling plants, primarily by dismantling appliances by hand, we then recover valuable metals from difficult-to-treat printed circuit boards, using copper and lead smelting processes, and make effective use of insulating urethane, by using it as an alternative to fossil fuels as part of the cement manufacturing process. Initiatives such as these also enable us to fully harness synergy with other Group companies.



Recycling Tungsten

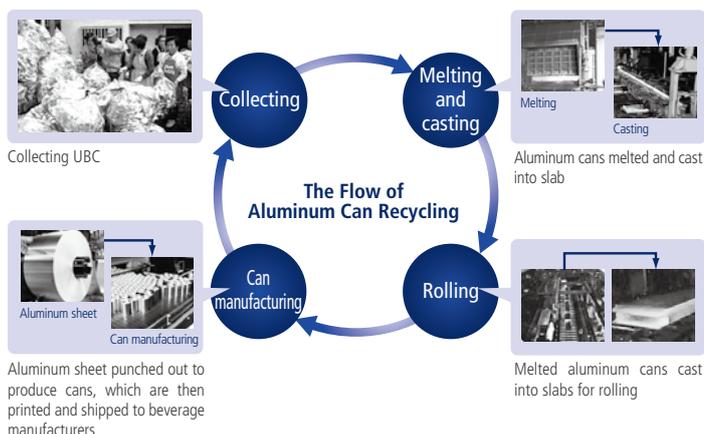
There is growing interest in the possibility of recovering and recycling rare metals from waste, in the form of so-called urban mines. As urban mines contain such a high percentage of rare metals, it is actually possible to extract rare metals more efficiently than obtaining metals from natural resources.

A prime example is tungsten, the main raw material used in cemented carbide products. Making the most of the Mitsubishi Materials Group's comprehensive capabilities as a manufacturer, from raw materials through to finished products, we are currently focusing on recycling used cemented carbide products in an effort to secure stable supplies of raw materials.



The Largest Aluminum Can Recycling System in Japan

We operate a total can-to-can recycling system within the Mitsubishi Materials Group (Universal Can Corp. and Mitsubishi Aluminum Co., Ltd.), based on a cycle of can manufacturing, collecting, melting, casting and rolling. This has enabled us to process around 40 thousand tons of aluminum per year. We contribute to preventing global warming. If the energy required for producing aluminum from bauxite is 100, the energy required for reclaiming aluminum from UBC is about 3.



† Universal Can Corporation handles can manufacturing and collection, and Mitsubishi Aluminum Co., Ltd. handles melting, casting and rolling.

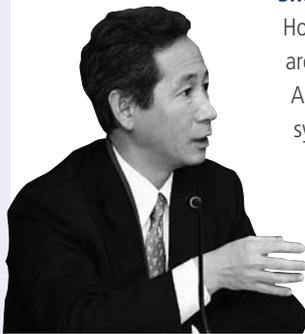
Topic

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Comments Regarding Recycling Initiatives

Promoting effective resource recycling and proposing changes to economic systems from a material manufacturer's perspective

Takashi Yoshida: Recycling resources and ensuring stable supplies are top priority issues throughout Japan, not just at Mitsubishi Materials, and need to be addressed on a comprehensive industry-wide or nationwide basis. Can we supply enough rare metal for all the hybrid and electric vehicles coming onto the market over the next 20 or 50 years? What percentage of that is going to have come from recycled resources? As a material manufacturer that has easier access to such basic information than anyone else, I think that Mitsubishi Materials should demonstrate to the general public the risks that we are going to face in the future and encourage the government, end users and suppliers to take action. Adopting a stance like that represents the very essence of CSR.



Shuji Owada: To keep on living our lives in a sustainable manner, we are going to have to recycle resources. However, as soon as you start thinking about how to increase Japan's overall rate of resource recycling, which is only around 14-15% at present, it becomes clear that it is virtually impossible with our current economic systems. As a materials manufacturer, it would be helpful to hear Mitsubishi Materials' thoughts on what sort of economic systems we should be trying to create in order to establish a recycling-oriented society, including matters such as how to strike a balance between recycling and natural resource development, the extent of environmental pollution if we don't recycle resources and how resources should be used. Catering to consumers is another key priority. It might be difficult for a materials manufacturer in some respects, but I would encourage the company to start thinking about ways of raising awareness amongst the general public, including reassessing attitudes towards consumption itself.

Mizue Unno: I think it makes sense for the company to regard recycling as a strategic environmental business. Japan may have been the world leader when it comes to environmental technology, but now there is a sense that we got off to a slow start. Expanding operations into less technically advanced resource-producing countries should pave the way to resolve some of our global environmental issues through technical capabilities.



Response to Comments

ANSWER



Hiroshi Kondo
General Manager,
Corporate Eco-Business Division
Mitsubishi Materials

As a materials manufacturer, we appreciate that we have an important duty to offer recommendations regarding future resource policies and to provide the general public with information, including advice on how to go about creating a recycling-oriented society.

For instance, although we are making progress with recycling resources from industrial waste, as a national priority, we are still heavily dependent on landfill sites for our household waste in Japan and have made little progress with resource recycling in that respect. One effective way to change that situation would be for material manufacturers to appeal to the general public regarding the need to establish new systems and to take action based on integrated business model linking together manufacturers (arteries) and resource recycling companies (veins).

In order to address global environmental issues, we intend to apply the environmental and recycling technologies that we have developed to date, or other forms of expertise that we have accumulated on the domestic front, to emerging countries so that we can make a real difference, especially within Asia. We will continue to engage in activities such as these and are determined to build up our technical capabilities even further in the future.

Environmental Management

As our business activities inevitably have an impact on the environment as a result of the provision of various products and materials, environmental management is an essential feature of our operations. We have been working to further reinforce environmental management throughout fiscal 2010, through initiatives such as expanding our waste management framework to include Group companies.

Revisions to our Environment Policy

We revised our Environment Policy, which outlines our basic position on the environment and the contents of our environmental activities, on September 1, 2010 in order to take into account considerations such as establishing a low-carbon society and conserving biodiversity.

Environment Policy

Based on our Corporate Philosophy "For People, Society and the Earth," we recognize the importance of environmental preservation on a global scale and strive to contribute to the creation of a sustainable society through our business activities, in line with the 10 Articles of our Code of Conduct.

As a comprehensive materials manufacturer, with operations ranging from cement, metals and metalworking through to electronic materials and components, we supply many of the basic materials and products that are essential to our industrialized society. Indeed, our materials and products are widely used in many aspects of daily life.

Whereas operations within the materials industry inevitably have a high environmental impact at the manufacturing stages, they also present opportunities to effectively harness and recycle resources through initiatives at the waste processing and recycling stages.

We take the environment into consideration in everything that we do and are committed to environmental management, capitalizing on the nature of our operations to strike a balance between business and the environment. With that basic philosophy in mind, we are determined to do our bit to help create a recycling-oriented society that has a low impact on the environment, through strict legal compliance and operations such as supplying and recycling essential everyday materials and products.

In order to achieve this objective, we will strive to:

1. Promote environmental management

We will effectively harness environmental management systems, expand environmental education and take every possible opportunity to raise awareness of environmental management so as to ensure that it is put into practice by each and every employee.

2. Reduce environmental impact

We will make every effort to reduce greenhouse gases, waste, hazardous chemicals and other forms of environmental impact resulting from the consumption of energy and other resources at every stage of our business activities in an effort to preserve the environment. We will also focus on promoting green procurement and developing environmentally friendly materials, products and technologies and make every effort to minimize environmental risks through initiatives aimed at preventing environmental pollution and accidents.

3. Contribute to the creation of a recycling-oriented society

We will make the most of the technologies and facilities at our disposal, based on the nature of the Mitsubishi Materials Group's operations, in order to process and recycle resources from waste and promote other forms of recycling. We will also do our bit to promote a recycling-oriented society through initiatives such as increasing usage of renewable energy.

4. Preserve biodiversity

We recognize that biodiversity is one of the cornerstones of a sustainable society, not least in terms of natural resource development, and will ensure that our business activities remain in harmony with society and the natural environment, taking ecosystems into consideration every step of the way.

5. Help to create a low-carbon society

We will develop and get involved in materials, products and technologies that help to reduce energy consumption and prevent global warming in an effort to help create a sustainable low-carbon society. We will also proceed with forest development with the aim of making a greater contribution to CO₂ fixation (absorption) at forests owned by Mitsubishi Materials.

6. Coexist with local communities

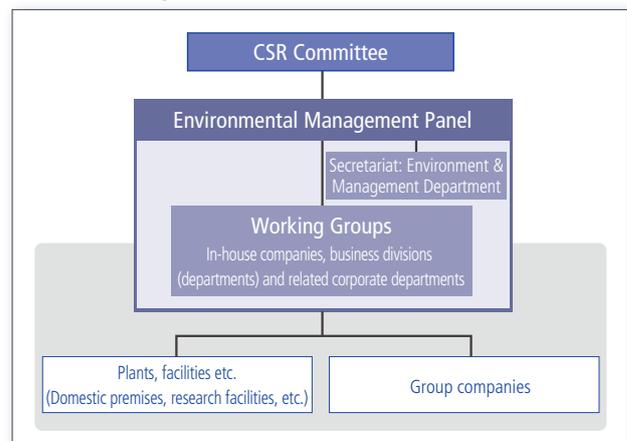
We will maintain close communication with local communities and work together to preserve the environment based on conditions in each area.

Environmental Management Framework

We have established the Environmental Management Panel as part of our CSR Committee in order to address companywide environmental issues. The role of the Environmental Management Panel is to identify priority initiatives every year and to roll out initiatives on a companywide and groupwide basis. Individual plants and facilities then implement initiatives identified by the Environmental Management Panel and work towards reducing environmental impact as part of their own environmental management systems, based on the nature of their respective activities.

Faced with an increasingly diverse range of environmental issues, we particularly need to address the issue of global warming, which is likely to have a major impact on society, on a comprehensive, long-term and strategic basis. With that in mind, in November 2008 we established the Sustainable Development Committee, chaired by the President, and have been stepping up initiatives ever since. >>> P.49

Environmental management framework



Key Environmental Activities in Fiscal 2010

- Reinforced environmental management system operations
- Extended waste management framework to Group companies
- Established environmental information network
- Reduced use of hazardous chemicals
- Reduced waste and recycled resources

Key Environmental Activities Scheduled for Fiscal 2011

- Continuing to reinforce environmental management system operations
- Restructuring our waste management framework, including at Group companies
- Sharing environmental information
- Reducing use of hazardous chemicals
- Reducing waste and recycling resources

Appropriate Waste Management

Given that we generate approximately 15 thousand tons of waste every year, we have a duty to dispose of all that waste in an appropriate manner. We have therefore been continually working to reinforce our internal waste management framework ever since October 2006.

During fiscal 2010, we extended our waste management framework to include Group companies and continued to improve waste management practices through initiatives such as training courses for managerial and regular members of staff responsible for waste management at Group companies.

Reducing Environmental Risks

Having first secured certification at our Okegawa Plant in 1997, we have now obtained ISO 14001 certification at all of our major manufacturing plants and also at our Central Research Institute in July 2009. [»»»WEB»»» 2010 Fact Sheet](#)

As we manufacture such a wide range of products, we also have to contend with a wide range of environmental risks at our plants. We therefore make efforts to reduce environmental risks via an environmental management system at each plant, based on the relevant plant's operations.

■ Sharing Environmental Risk Information

As part of our risk management activities, we identify environmental risks and put in place environmental management systems in an effort to minimize potential environmental risks. During fiscal 2010, the Environmental Management Panel carried out a review of our environmental risk reduction activities, focusing on both environmental management systems and risk management activities.

Environmental Education

We take every opportunity to organize environmental education, in recognition of the fact that we need each and every one of our employees to think and act in unison if we are going to reduce environmental impact and prevent pollution.

■ Training for Internal Environmental Auditors

We organize ISO 14001 training courses for internal auditors, on both an in-house basis and at Group companies. In addition to underlining the importance of compliance with environmental legislation, courses also focus on the significance of environmental issues and the need for immediate action, in an effort to encourage individual employees to take action. A total of 153 employees took part in training courses during fiscal 2010.

■ Waste Management Training

To ensure that waste is managed in an appropriate manner, it is essential to establish an understanding of the risks associated with waste management and related legislation. We therefore organize specialist training for managerial and regular members of staff involved in waste management, both at Mitsubishi Materials and at Group companies. A total of 71 employees took part in training during fiscal 2010. We also organized waste management training courses for a total of 549 employees working at our headquarters in an effort to reemphasize the importance of waste management and the 3Rs.



Waste management training course for employees at our headquarters

Environmental Audits

Environmental audits are carried out as part of operational audits carried out by our Internal Audit Department, with the aim of preventing environmental accidents and ensuring compliance with environmental legislation, including at Group companies. We conducted environmental audits at 13 directly operated plants and facilities and Group companies during fiscal 2010.

Ensuring Compliance with Environmental Legislation and Preventing Accidents

We were not subject to any form of disciplinary action by the regulatory authorities (suspension of licenses, orders to suspend operations, orders to suspend use of facilities, fines, etc.) in relation to compliance with environmental legislation during fiscal 2010.

Overall Environmental Impact

We all consume resources as part of our daily lives. Here at the Mitsubishi Materials Group, we believe that we all have a universal duty to make the best possible use of the limited resources we have available, for the sake of society as a whole, and to reduce environmental impact so as to leave behind a thriving environment for future generations.

INPUT

 **Total Energy Input** > **39.9** petajoules
(equivalent to 1.03 gigaliters of crude oil)

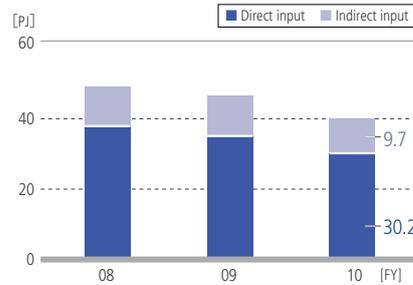
 **Raw Material Input** > **16.5** million t (Volume of incoming recycled resources: 2.9 million t)

 **Water Use** > **426** million m³
(Salt water: 410 million m³)
(Fresh water: 17 million m³)

Total Energy Input

Total energy input during fiscal 2010 fell by approximately 14% compared to fiscal 2009 as a result of scaled back production due to the global recession, which had a major impact and led to a substantial decline in energy consumption across the board, with the exception of petroleum coke. Although this meant that energy consumption per unit, which we use as the benchmark for our energy saving activities, deteriorated at most of our plants and facilities, we nonetheless made various improvements and continued to work towards increasing levels of energy efficiency.

Total Energy Input



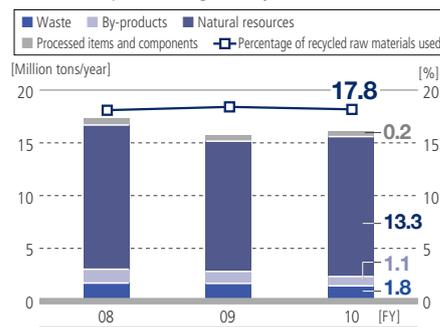
† 1PJ (petajoule) = 1015J (joules) = 1,000TJ (terajoules)

† A breakdown of annual direct and indirect energy input is included in the Fact Sheet. [WEB](#)

Raw Material Input

We actively use recycled resources to keep consumption of natural resources to a minimum. During fiscal 2010, we used approximately 2.93 million tons of waste and byproducts, which translated into approximately 18% of our total raw material input.

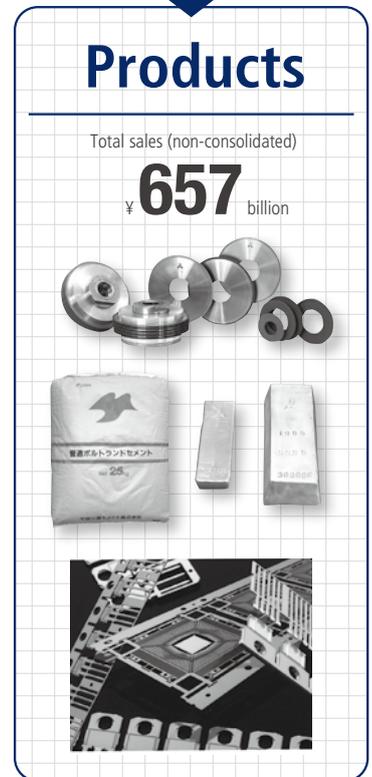
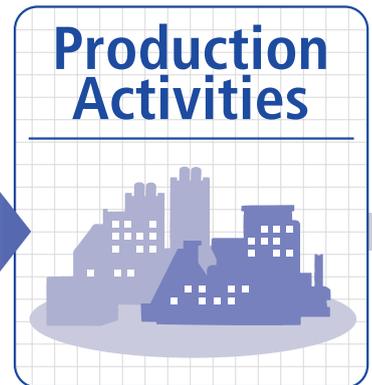
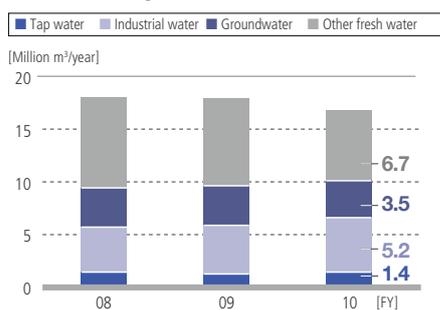
Raw Material Input/Percentage of Recycled Raw Materials Used



Water Use

Including seawater, we used a total of 426 million m³ of water during fiscal 2010. Salt water used as coolant for thermal power generation facilities at our cement plants and at our copper smelting plants accounted for 410 million m³, approximately 96% of the overall total. We intend to encourage the use of recirculated water and promote the installation of more closed systems in the future in an effort to use water resources as effectively as possible.

Water use (excluding salt water)



Products

Total sales (non-consolidated)

¥657 billion

† Please refer to the Fact Sheet on our website for more detailed environmental performance data. [WEB](#)

OUTPUT



Greenhouse Gas Emissions > **7,519** thousand t
(Further details outlined on >>> P.49 >)



Wastewater > **421** million m³
(Salt water: 412 million m³)
(Fresh water: 9 million m³)



Volume of Industrial Waste > **15** thousand t
(8 thousand t of which was recycled)



Emissions into the Air and Bodies of Water >

Airborne emissions SOx: **712** t NOx: **10,434** t

Water emissions BOD: **71** t COD: **140** t Nitrogen: **202** t



Hazardous Chemical Substances Emitted/Transferred >

Emitted: **40** t Transferred: **42** t

Emissions into the Air and Bodies of Water

Sulfur oxides (SOx) and nitrogen oxides (NOx), two of the main causes of air pollution, are discharged as a result of burning fossil fuels.

We also discharge emissions that cause water pollution, including substances linked to biochemical oxygen demand (BOD) and chemical oxygen demand (COD) and substances such as nitrate-nitrogen from our processes.

In addition to complying with standards, we make every effort to prevent pollution at all of our plants and facilities through initiatives such as reducing consumption of substances that cause environmental impact.

Effluent

We managed to reduce the volume of water discharged (excluding water drained into the sea) during fiscal 2010 by approximately 9% compared to fiscal 2009 due to reduced levels of freshwater input. Of the 412 million m³ of wastewater that we drained into the sea, over 99% was seawater that had been used as coolant.

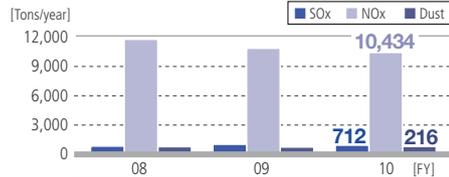
Hazardous Chemical Substances Released/Transferred

We managed to reduce the volume of hazardous chemical substances released and transferred in accordance with the PRTR Law by approximately 36% compared to fiscal 2009 through initiatives such as reducing usage of volatile organic compounds.

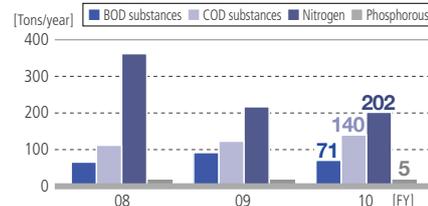
Industrial Waste

We managed to reduce the volume of industrial waste sent to landfill by approximately 23% compared to fiscal 2009 through initiatives such as reducing volumes of sludge and recycling waste products that had previously been sent to landfill.

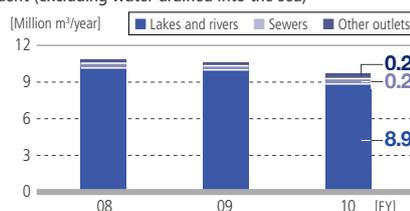
Emissions into the Air



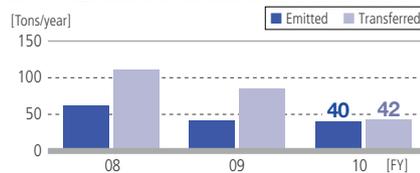
Emissions into Bodies of Water



Effluent (excluding water drained into the sea)



Volume of hazardous chemical substances released/transferred



Volume of Industrial Waste



Efforts to Protect the Environment

We make every effort to minimize the overall environmental impact of our production activities, not least in terms of air and water quality, through initiatives such as taking definitive action at-source, implementing emergency measures and developing and manufacturing low environmental impact products.

As part of our mining activities, we always take into consideration the need to protect the local environment and to preserve and restore biodiversity.

Environmental Preservation Activities at our Plants and Facilities

As our operations cover such a broad spectrum, from manufacturing cement, smelting copper and manufacturing cemented carbide products through to manufacturing electronic materials and components, the main focus of environmental management varies at each of our plants. In addition to obtaining ISO 14001 certification, we therefore work towards protecting the environment and reducing environmental impact in line with conditions at each of our plants and facilities.

■ Emissions Countermeasures at our Cement Plants (Kyushu Plant)

The overall cement manufacturing process consists of the raw material grinding process, the firing process and the finishing process. During the firing process, raw materials are fired in rotary kilns to produce clinker, the intermediate material used to manufacture cement. We have always used electric dust collectors to ensure that emissions from our rotary kilns are adequately processed. At our Kyushu Plant, we are in the process of upgrading facilities using materials that offer increased corrosion resistance in order to maintain dust collection capabilities and prolong the lifespan of our facilities given the increasing range and volume of waste and byproducts that they have to deal with.



Kyushu Plant

We continually monitor emissions, including odors as well as concentrations of atmospheric pollutants, and have made further improvements to our emissions monitoring framework. We are committed to continually implementing environmental preservation measures and operating all of our facilities appropriately in the future.

■ Anti-dust Measures at our Cement Plants (Yokoze Plant)

At our cement plants, we transport everything from raw materials through to finished products via machinery such as conveyor belts and bucket elevators. As both raw materials and finished products are in powdered form, anti-dust measures are crucial. At our Yokoze Plant, we have undertaken improvements to make our bucket elevators more enclosed in an effort to prevent dust from escaping.

We reuse a wide range of waste for purposes such as raw materials and thermal energy at our cement plants, including some types of waste that need to be stored with care. We have therefore expanded on existing fire prevention measures at waste storage facilities at our Yokoze Plant and have installed additional facilities to prevent damage from spreading in the event of a fire.

■ Turbid Water Countermeasures at our Limestone Quarry (Higashitani Limestone Quarry)

Every time we experience heavy rainfall at our Higashitani Limestone Quarry, where we mine limestone, rainwater seeps into the ground and mixes with spring water inside the pit to produce turbid water, which flows down and out through tunnels inside the quarry. To prevent it from flowing directly into the river, turbid water is temporarily retained in sedimentation ponds. We only drain the water once all the solids have settled and the water has cleared. In addition to the seven 75 thousand m³ sedimentation ponds that we already use to treat turbid water at our Higashitani Limestone Quarry, we have also developed a 50 thousand m³ pond so that we can cope with excessive rainfall over a short period of time. We are confident that increasing the capacity of our ponds by over 50% will significantly reduce levels of turbidity in water discharged into the river.

■ Emergency Preparedness at our Copper Smelting Plants (Naoshima Smelter and Refinery)

As our Naoshima Smelter and Refinery is located in Naoshima island surrounded by the beautiful Seto Inland Sea, we have set out self-imposed wastewater and emissions standards that are even stricter than those required by law and make sure that we take the surrounding marine environment into consideration in everything that we do. In addition to environmental measures when operating at normal levels, we also take steps to minimize environmental impact in the event of a leak or other such incident. Given that we pipe acidic and alkaline liquids and oil around the Naoshima Smelter and Refinery, we have reviewed the flow of rain gutters and fitted guttering to pipes to catch leaks in any such event. This has enabled us to substantially reduce the risk of acidic or other liquids getting mixed in with wastewater.

We have also taken steps to minimize onsite dust levels, including improving facilities for cleaning tires on vehicles running around the site and increasing the height of walls surrounding raw material storage facilities.



Naoshima Smelter and Refinery

■ Prolonging Products' Lifespan and Reviewing Manufacturing Processes (Gifu Plant)

We manufacture inserts, drills, cutters and other cemented carbide products at our Gifu Plant. Manufacturing products that have a longer lifespan helps to conserve resources of rare metals such as tungsten, which are used as the raw material in cemented carbide products. Manufacturing drills that can be used with very little cutting oil meanwhile helps to reduce environmental impact when products are used at our customers' facilities.

One of the goals of our activities at Gifu Plant is to stop sending any of the waste that we produce in-house to landfill. In fiscal 2010, we stopped sending materials such as used grindstones to landfill and started recycling and reusing them as abrasives, taking our waste recycling rate to 98.4%.



Gifu Plant

Spending to Protect the Environment

One way to quantify the extent of efforts to protect the environment is to pinpoint the amount of funds used for this purpose, based on Environmental Accounting Guidelines set by the Ministry of the Environment. We spent approximately ¥1.6 billion on the maintenance of closed mines during fiscal 2010. This total is not included in the table below.

Spending for Environmental Conservation in Fiscal 2010 (Millions of yen)

Cost Category	Investment Amount	Costs Amount
Pollution prevention	382	3,217
Global environmental conservation	31	146
Resource circulation	487	2,385
Upstream/downstream	0	4
Administration	1	215
R&D	37	198
Social activity	0	9
Environmental remediation	0	3,587
Total	938	9,761

† Calculations are based on the 2007 version of the Environmental Accounting Guidelines published by the Ministry of the Environment.

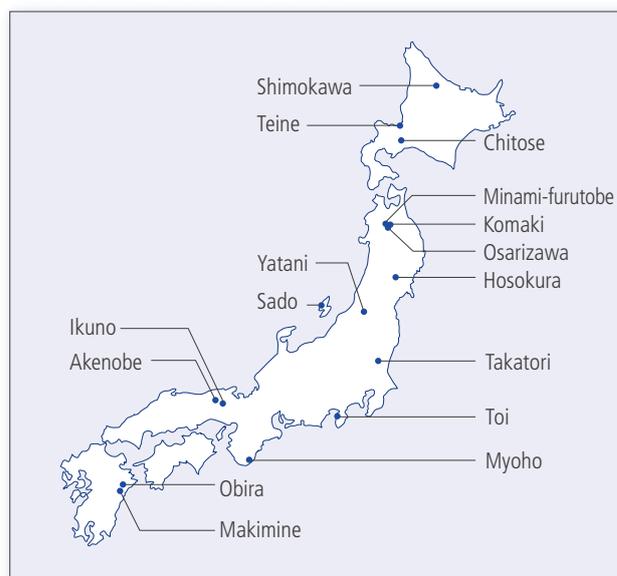
Maintaining Closed Mines

Mitsubishi Materials started out as a mining company and still owns a wide range of mines around Japan, including limestone, coal, copper, lead and zinc mines. Since we have stopped mining at all of our nonferrous mines however, only our limestone and coal mines are currently operational.

Even after we have ceased mining, nonferrous mines still continue to discharge acidic water (wastewater) containing heavy metals. We therefore have to neutralize wastewater so as to remove heavy metals that would otherwise contaminate the surrounding environment. It is also necessary to maintain residual waste from mining and ore dressing and piles of tailings resulting from wastewater treatment and to ensure the safety of mining sites and mine entrances. We also monitor mines within the Mitsubishi Materials Group on a regular basis so as to prevent mine pollution.

On other fronts, we organize meetings for mine management staff in order to discuss ways of safety treating wastewater from closed nonferrous mines and new technologies. Meetings during fiscal 2010 focused on topics such as risk management in the event of an earthquake, typhoon or other natural disaster, and tests on efficient treatment techniques.

Nonferrous Closed Mines of Mitsubishi Materials



Preserving Biodiversity

As the raw materials that we use to manufacture our products come from natural resources, here at the Mitsubishi Materials Group we make every effort to protect the surrounding natural environment and to preserve and restore biodiversity as part of our business activities.

■ Signing up to the Declaration of Biodiversity by Nippon Keidanren as a Promotion Partner

Nippon Keidanren (Japan Business Federation) published the “Declaration of Biodiversity by Nippon Keidanren” with the aim of encouraging businesses to pay closer attention to biodiversity. We agree with the objectives of the declaration, which entail aspiring towards business activities in harmony with the natural environment, taking action to help preserve biodiversity and promoting a resource recycling-oriented approach to management, and have signed up as a promotion partner. In doing so, we have made a commitment to preserving biodiversity and working in harmony with society and the natural environment, in accordance with the Mitsubishi Materials Group’s Code of Conduct.

■ Environmental Assessments at Overseas Mines

Although we maintain a relatively low level of investment in overseas mines and do not get directly involved in mine management, we have nonetheless drawn up a set of CSR Investment Standards and CSR Procurement Standards to enable us to carry out assessments from a shareholder’s perspective, to determine whether or not mines are being operated in the best interests of the environment and the local community. At Huckleberry Mine in Canada, which is an active copper mine, they monitor aquatic organisms living in nearby rivers and the lake adjacent to the mine and have planted indigenous trees in open areas. In the Namosi area of Fiji, which is currently the site of an exploratory project, they are conducting a biodiversity survey into birdlife, animals and endangered species before proceeding with development.

Premises located within or bordering areas of natural parkland

Location and adjacent premises	Site area (thousand m ²)	Natural parkland
Aomori Plant (Aomori prefecture)	124	Borders Shimokita Hanto Quasi National Park
Ohnuma Geothermal Plant (Akita prefecture)	57	Located within Towada-Hachimantai National Park.
Yokoze Plant (Saitama prefecture)	191	Located within Prefectural Buko Nature Park
Ceramics Plant (Saitama prefecture)	90	Located within Prefectural Buko Nature Park
Naoshima Smelter & Refinery (Kagawa prefecture)	1,811	Borders Setonaikai National Park
Higashitani Limestone Quarry (Fukuoka prefecture)	3,358	Borders Kitakyushu Quasi National Park and Prefectural Chikuho Park

■ Environmental Assessments at Domestic Sites

We also take the local environment into consideration as part of our operations at premises located adjacent to natural parkland and other areas that play a crucial role in preserving biodiversity.

Protecting rare species

We are currently developing an undeveloped part of the limestone mine adjacent to our Higashitani Limestone Quarry in conjunction with Sumitomo Osaka Cement Co., Ltd. Before work got underway, we conducted a survey and implemented protective measures in accordance with the environmental assessment scheme set out by the City of Kitakyushu.

The results of the survey, which took just over one year, indicated that there are 27 rare species of plants growing in the area earmarked for development. We have therefore taken steps to preserve the environment by either transplanting or picking and re-sowing seeds from nine of the relevant species that would be worst affected by development, including the flower *Pulsatilla Cernua*. We intend to seek expert advice and guidance in the future and monitor the growth of the plants in question.



Pulsatilla Cernua

Protecting the *Cambaroides Japonicus*

Located on Mount Teine in Sapporo, our Teine Mine closed in 1971. These days, our only operations on the site consist of wastewater treatment as part of our efforts to prevent mine pollution. The area in which our wastewater treatment facilities are located has been designated by the City of Sapporo as a protected environment. The results of an environmental assessment carried out prior to upgrades to our wastewater facilities confirmed the presence of important organisms, rare wildlife species (peregrine falcons, common cuckoos and red squirrels) and groups of plants (Asian skunk cabbage).

The same results also confirmed the presence of *Cambaroides Japonicus*, or Zarigani, a species of crayfish endemic to Japan and found only in Hokkaido and northern Tohoku. Prior to starting work, we therefore released crayfish living in streams likely to be affected by construction into upstream areas that wouldn’t be affected or streams where other crayfish were present. Having opened the site up to local residents to inspect before work got underway, we received comments such as “I love seeing the crabapple flowers along the path every year, so please don’t cut them down” and “please try to protect marshland where peat moss grows.” As a result, we also took steps such as rerouting wastewater treatment pipes.

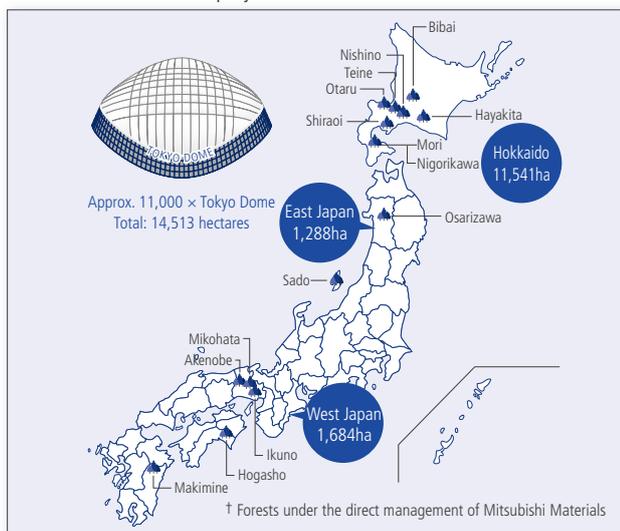
Sustainable Management and Operation of Company-Owned Forests

Management and operation of company-owned forests in fiscal 2010

We currently own 14 thousand hectares of forestland, 11 thousand hectares of which is located in Hokkaido. Having drawn up a five-year long-term forestland management plan in accordance with the government's forestry planning system, as set out under the Forest Act, we have previously outsourced management operations to local forestry cooperatives and obtained certification in conjunction with other forestland owners. In an effort to adopt a more proactive approach to management however, we have drawn up our own independent plans and obtained certification for our major forests from local authorities, as detailed below.

- April 2008: Mori and Nigorikawa Forests (Oshima Peninsula, Southern Hokkaido; 2,494 hectares)
- April 2009: Hayakita Forest (Iburi, Central Hokkaido; 1,305 hectares)
- April 2010: Bibai Forest (partial certification in April 2009) (Sorachi, Central Hokkaido; 2,553 hectares)

Distribution and scale of company-owned forests



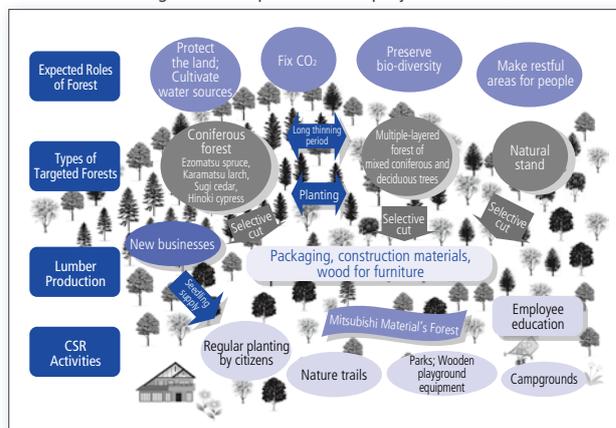
We have positioned our forests in Bibai, Hayakita, Mori and Nigorikawa as key forests in terms of future resource recycling capabilities and are aiming to adopt a sustainable approach to forest management, based on the concept of learning from the forest, making the most of what the forest has to offer and protecting the forest. We regard Hayakita Forest in particular as a model forest and are hoping to obtain certification from the Sustainable Green Ecosystem Council (SGEC).

Although there are times when forest management operations do not run according to plan, due to issues such as falling lumber prices, labor shortages, typhoons, disease or pests, we are nonetheless committed to improving our forest survey and management framework via Mitsubishi Materials Real Estate Corp., which provides maintenance and management services to ensure that the cycle of planting, nurturing and cutting down trees continues to function effectively.



Company-owned forestland in Hayakita (Hokkaido), where we are hoping to obtain certification as a model forest

New Vision for management and operation of company-owned forests



Topics

Tree Planting and Greening Activities at our Naoshima Smelter and Refinery

Metals Company

In an effort to implement more effective initiatives in terms of restoring damage done to forestland in the past due to gas emission from the operations of Naoshima Smelter and Refinery, in 2006 we invited Akira Miyawaki, professor emeritus at Yokohama National University and a leading authority on plant ecology, to conduct an onsite survey. Based on his findings, in March that same year we initiated a large-scale tree-planting project on a 0.6 hectare area of company-owned forestland that had previously been lost due to fire. We used a system devised by Professor Miyawaki himself, based around selecting indigenous tree species and then planting them densely in combination with one another. Given the importance of preserving and restoring the rich ecosystem in the area

surrounding our Naoshima Smelter and Refinery, which borders Setonaikai National Park, we are determined to promote greening in line with annual plans so as to help preserve biodiversity.



After planting trees



Well on the way to being restored, the forest has already produced mountain cherry blossoms.

Regular reports outlining progress with our Naoshima Forest project are posted on the CSR section of our website. (Only in Japanese)

Efforts to Combat Global Warming

Here at the Mitsubishi Materials Group, we believe that we have a duty to reduce greenhouse gas emissions as well as to expand on the basic technologies that we have accumulated to date and use them for the good of society as a whole, by developing and supplying products and materials that will be essential in order to create a low-carbon society. We are also committed to producing renewable energies that are non-dependent on fossil fuels.

Global Warming Prevention Policy

In recognition of the fact that global warming caused by greenhouse gas emissions could have a massive impact on the entire human race, we believe that we have a duty to implement ongoing energy saving initiatives in an effort to reduce levels of greenhouse gases emitted as a result of our business activities. We also believe that we have a responsibility to expand on our accumulated basic technologies so as to pave the way for the creation of a low-carbon society by developing and supplying essential products and materials. In light of the wide-ranging risks inherent in such issues and the tremendous financial impact they could have in terms of business opportunities, we are coordinating a strategic response from a more comprehensive, long-term perspective via our Sustainable Development Committee (established in November 2008).

Organizational structure of the Sustainable Development Committee



Our Approach to Reducing Greenhouse Gas Emissions

In addition to targets for CO₂ emissions from energy sources, we set out individual targets in each of our four core businesses (cement, metals, advanced materials & tools and electronic materials & components) and make every effort to reduce greenhouse gases accordingly. We have also established the Companywide Energy Saving Committee in order to share relevant information. Both our cement and metals divisions have signed up to Nippon Keidanren's Voluntary Action Plan, as an industry-specific initiative, and a government-run trial emissions-trading scheme launched at the end of 2008 in an effort to help reduce greenhouse gas emissions on a national level. As a component and material manufacturer, we will continue to implement activities such as these and are determined to maintain our industry-leading energy saving credentials, in order to actively contribute to the creation of a low-carbon society.

Global Warming Countermeasure Objectives at Mitsubishi Materials

Target for CO₂ Emissions from Energy Sources
(Average from fiscal 2009 to 2013)

▶ 3.95 million tons (down 6% from fiscal 1991)

We have adjusted our overall emissions target from a 6% reduction by fiscal 2011 to an average reduction of 6% from fiscal 2009 to 2013 to coincide with the government's Kyoto Protocol Target Achievement Plan.

Segment-Specific Objectives

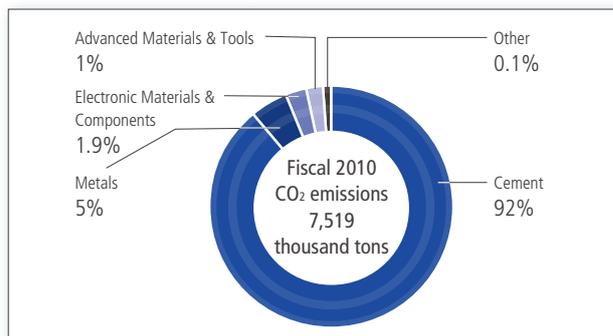
- Metals, Advanced Materials & Tools, Electronic Materials & Components
 - ▶ Achieve annual improvement of 1% in energy consumption per unit
- Cement
 - ▶ Maintain fiscal 2005 level of energy consumption per unit

Breakdown of Greenhouse Gas Emissions

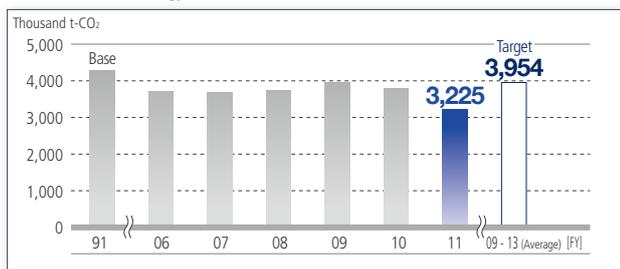
Our overall greenhouse gas emissions for fiscal 2010 totaled 7.52 million tons (CO₂ equivalent), with CO₂ emissions from energy sources coming in at 3.23 million tons. Both of these figures represent a reduction in emissions, mainly due to increased energy efficiency thanks to our energy saving activities, and scaled back production due to the worldwide recession carrying over from fiscal 2009. Our CO₂ emissions from energy sources, which we use as a benchmark, were down 23.3% compared to fiscal 1991 levels, outperforming our target reduction of 6% once again, as in fiscal 2009. On a division-specific basis, our cement operations accounted for the largest share of emissions at 92%, followed by metals (5%), electronic materials and components (1.9%) and advanced materials and tools (1%).

We have been actively implementing energy saving initiatives in the cement sector since prior to 1990 and have now completed all measures that can be expected to have a significant impact in terms of reducing emissions. We are nonetheless continuing to implement effective energy saving initiatives, albeit on a small scale. As a result of our efforts, we can proudly boast industry-leading energy saving operations, on both domestic and international fronts.

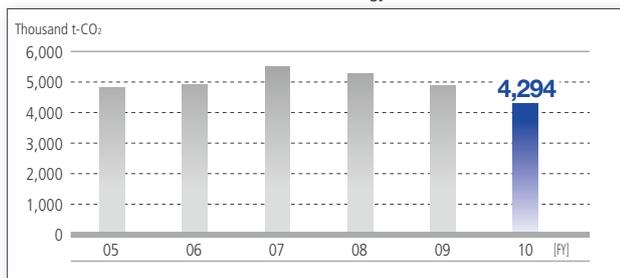
Breakdown of Emissions According to Division



CO₂ Derived from Energy Sources



Greenhouse Gas Emissions Derived from Non-Energy Sources



† A more detailed breakdown of our greenhouse gas emissions is available on the Fact Sheet on our website. [»» WEB](#)

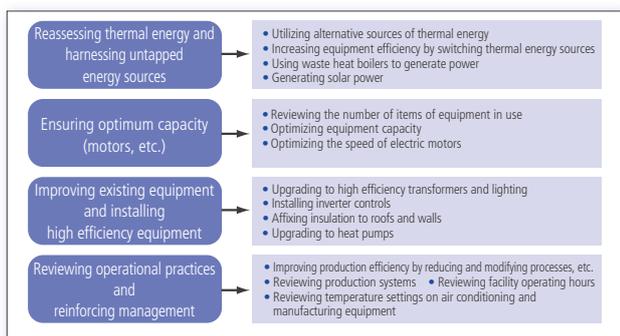
† The above figures have been calculated in accordance with Version 3 of the Manual for Calculating and Reporting Greenhouse Gas Emissions issued by Ministry of Environment and Ministry of Economy, Trade and Industry.

Reduction Initiatives During Fiscal 2010

■ Companywide Energy Saving Activities

We undertake a wide range of manufacturing operations, from our own cement, metals, advanced materials and tools, and electronic materials and components operations to Group company products such as rolled aluminum, aluminum cans, and copper and copper alloy products. As this also results in extremely high levels of energy consumption, we established the Companywide Energy Saving Panel in 1997 in an effort to promote and raise awareness of energy saving activities on a companywide basis in addition to carrying out activities at individual plants and facilities. The panel is made up of members of staff responsible for energy saving at all manufacturing facilities directly operated by Mitsubishi Materials and Group companies. Meetings involve reporting on progress with and the results of major energy saving activities up to and including the previous fiscal year and sharing details of effective initiatives and the latest technology, based on research into technical trends. Those present at meetings also actively exchange opinions and information in an effort to effectively build on activities to promote energy saving.

Energy Saving Activities



■ Initiatives at our Cement and Metals Companies

We make every possible effort to save energy at our manufacturing plants and facilities, which we regard as our duty to the general public. In the cement sector, we more or less completed all measures likely to have a major impact on reducing emissions prior to 1990. We are nonetheless continuing to implement initiatives such as increasing the efficiency of clinker coolers and other facilities and expanding waste use as an alternative source of energy. In the metals sector meanwhile, we are implementing energy saving measures tailored to suit our manufacturing processes, focusing primarily on using alternative fuels and increasing efficiency in terms of power generation and consumption.

■ Industry-Specific Reduction Targets and Our Results

Industry-specific reduction targets

• Japan Cement Association

Nippon Keidanren Voluntary Action Plan >>>

3.8% reduction in average energy consumption per unit from fiscal 2009 to 2013 compared to fiscal 1991 levels (Target energy consumption per unit: 3.451 gigajoules per ton of cement)

Progress >>>

Having started to implement energy saving initiatives from an early stage in the cement sector, we have consistently cleared the industry-specific energy consumption target of 3.451 gigajoules per ton of cement ever since fiscal 1991 and are continuing to implement effective energy saving activities so as to achieve even greater reductions.

• Japan Mining Industry Association

Nippon Keidanren Voluntary Action Plan >>>

12% reduction in average energy consumption per unit from fiscal 2009 to 2013 compared to fiscal 1991 levels

Progress >>>

We have achieved a reduction of approximately 40% compared to fiscal 1991 levels in the metals sector as a result of using the Mitsubishi Process, which was developed with the aim of eliminating pollutants and maintaining high levels of efficiency.

† In terms of overseas industry initiatives, we also report on our activities to the Asia-Pacific Partnership on Clean Development and Climate (APP).

[»» P.73](#)

■ Reducing Greenhouse Gas Emissions from Logistics

We managed to reduce our logistics-related CO₂ emissions to 36,100 tons in fiscal 2010, a reduction of 12% compared to the previous year. Although we already had an extremely efficient logistic framework in place, with around 90% of our materials and products transported by sea, we have been working hard to achieve further improvements in efficiency and have successfully reduced energy consumption per unit to 16.06 kiloliters per million ton-kilometers†, a reduction of over 1% compared to fiscal 2009. We are committed to reducing CO₂ emissions even further in the future and will continue to promote transport efficiency initiatives.

† Refers to the amount of energy consumed in kiloliters crude oil equivalent (kl) divided by transportation in ton-kilometers (million ton-kilometers)

Producing Renewable Energy

■ Geothermal Power

Mitsubishi Materials applies technologies acquired through the development of underground resources and promotes the utilization and development of renewable energy which do not rely on fossil fuels. Currently, we have two geothermal plants, one of which supplies steam, in the Hachimantai area in Kazuno, Akita prefecture, which together generate clean power stably.

With exceptionally low CO₂ emissions per kilowatt-hour of just 15 grams, it has been estimated that geothermal power plants could reduce emissions by at least 700 grams per kilowatt-hour compared to oil-fired plants (Central Research Institute of the Electric Power Industry). We generated approximately 310 gigawatt-hours of geothermal power in fiscal 2010, which, based on the relevant estimate, is roughly equivalent to a reduction in CO₂ emissions of approximately 230 thousand tons. We are determined to continue with our operations in the future so as to help prevent global warming.

Drawing on technology established as a result of the development and operation of our Ohnuma Geothermal Plant (maximum output: 9.5 megawatts) and Sumikawa Geothermal Plant (maximum output: 50 megawatts), which went online in 1974 and 1995 respectively, we are currently conducting studies into new geothermal development projects in the Konomori area in Akita prefecture, and in the Appi area in Iwate prefecture.



Ohnuma Geothermal Plant



Sumikawa Geothermal Plant

■ Hydroelectric Power

We have a long history of generating hydroelectric power in Akita prefecture, dating back to the construction and launch of our Nagata Hydroelectric Plant on the Kumazawa River (Yoneshiro river system) in 1898 and our Ikari Hydroelectric Plant on the Yoneshiro River in 1907, at which time we used to supply the power used to run Osarizawa Mine.

As demand for power at Osarizawa Mine increased over time, we later expanded our Ikari plant and constructed the Oyu Hydroelectric Plant during the early part of the 20th century. From the 1920s through to the 1980s, we went on to construct a further four power plants on the Komatagawa River, part of the Yoneshiro river system in Moriyoishi, and the Moriyoishi Dam in order to reinforce our in-house generation facilities.

In 1962, we started to supply surplus power not required for mining to our Akita Refinery via our own dedicated power line running from our plants on the Komatagawa river system (approx. 60km). After halting zinc smelting in 1996, however, we undertook a coordinated construction project to connect directly to power lines operated by the power company, a practice that we have continued through to the present day.

In 2003, our Nagata and Oyu Hydroelectric Plants were certified under the New Renewables Portfolio Standard (RPS) Law by the Agency for Natural Resources and Energy.

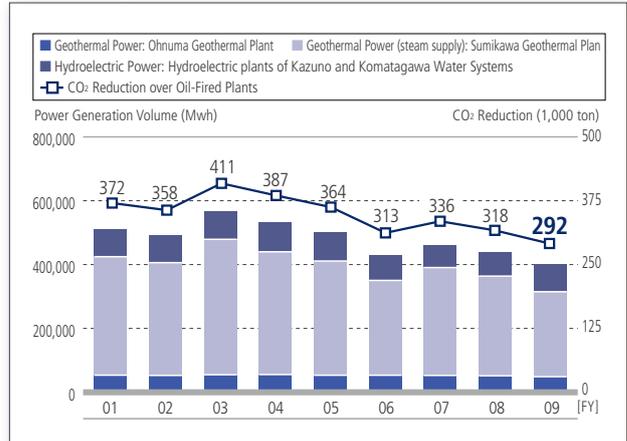


No. 1 Komatagawa Hydroelectric Power Plant



No. 4 Komatagawa Hydroelectric Power Plant

Annual Power Generation Volume (Mwh) and the Associated CO₂ Reduction by Renewable Energy



Topics

New Geothermal Development Initiatives | Energy Business Division

Having conducted a study into resource levels resulting from new geothermal development in the Wasabizawa area (Yuzawa, Akita prefecture) in conjunction with Electric Power Development Co. Ltd., in April 2010 we set up Yuzawa Geothermal Co. Ltd. as a three-way venture with Mitsubishi Gas Chemical Company and decided to continue with further geothermal and feasibility studies, including the adjacent Akinomiya area. In June, we ran onsite tests for fumarolic activity and confirmed details such as steam levels. We intend to continue with studies in the future, paying close attention to the surrounding environment so as to prevent any accidents.



Testing for fumarolic activity

Geothermal Heat Pump Systems for Heating and Cooling (Mitsubishi Materials Techno Corporation)

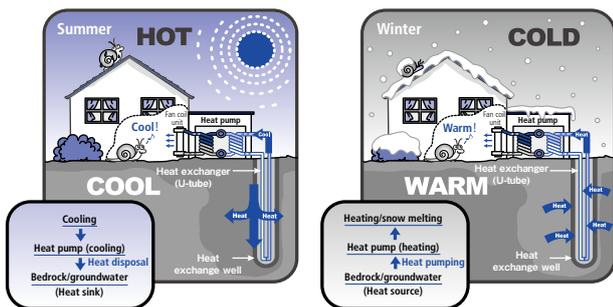
High efficiency heat pumps are set to play an important role in effectively harnessing renewable energy for the purpose of commercial heating and cooling systems in the future. Geothermal Heat Pump (GeoHP) systems, in particular, use the constant temperature of shallow ground as their heat source, enabling higher levels of energy efficiency in terms of coefficient of performance (COP) and greater energy savings compared to air-source heat pumps, whereby efficiency is affected by the outside air temperature. Such systems are also attracting a great deal of attention on the basis that they can be used reliably in cold areas and enable a substantial reduction in CO₂ emissions compared to fossil fuel-powered systems and have recently been highly acclaimed as a technical solution to the heat island phenomena in large cities, an issue that is escalating at an even faster rate than global warming.

Mitsubishi Materials Techno Corporation, conducted joint research of GeoHP systems in partnership with Akita University from 2000 to 2002. We started to develop commercial systems in 2003 and are currently providing a full range of services from surveys and design to installation and maintenance. As an example, combined systems of cooling/heating and snow melting operated by the City of Hirosaki in Aomori prefecture has reduced CO₂ emissions by 71 tons (50%) through five years. With a dramatic increase in the number of installations in urban areas recently, our systems are even being used for the heat supply in Tokyo Sky Tree.



Installing a geothermal heat exchange well at Tokyo Sky Tree

Outline of Geothermal Heat Pump Systems

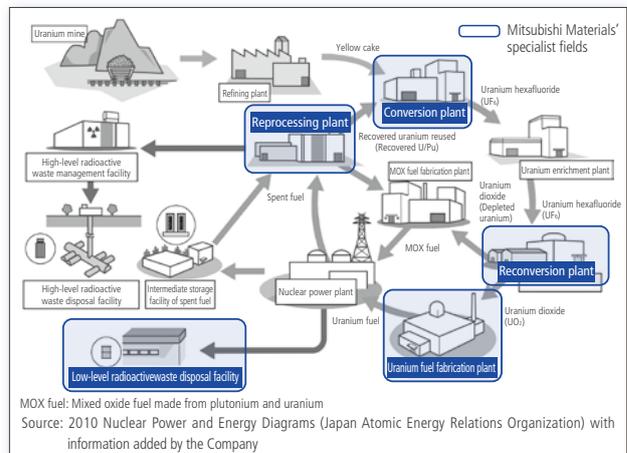


Working towards Completion of the Nuclear Fuel Cycle

Nuclear power is highly effective in terms of preventing global warming. We were one of the first private companies to enter the nuclear power sector, commencing research into uranium ore dressing at Suishoyama in Fukushima prefecture as early as 1954, not long after the end of the war. Thanks to our industry-leading technical capabilities in many of the fields associated with the nuclear fuel cycle (see diagram below), based on our mining, refining and powder metallurgy technology, we have been working hard on a range of activities geared towards the completion of the nuclear fuel cycle ever since, in partnership with customers such as the government and power companies.

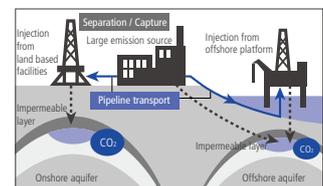
Having overseen the design, construction and testing of refining, denitration and storage facilities for uranium and plutonium at the Reprocessing Plant in Rokkasho, Aomori prefecture, we continue to carry out operations in the field of radioactive waste treatment and disposal, including the development of waste-melting treatment technology and safety assessments for the purpose of underground disposal. We are also actively researching and developing next generation breeder reactor fuel cycle technology.

Outline of the Nuclear Fuel Cycle



Working towards Carbon Dioxide Capture and Underground Storage

We are currently focusing on new carbon dioxide capture and storage (CCS) technology, the aim of which is to separate and capture carbon dioxide resulting from production activities and store it underground rather than releasing it into the atmosphere. As such, we have decided to get involved by investing and participating in Japan CCS Co., Ltd., which was established in May 2008 with the aim of developing such technology and conducting feasibility studies into its commercialization. Having built up an array of superior technology in areas such as excavation and underground assessment over many years, we hope to be able to put Mitsubishi Materials technology to good use.



Source: CCS2020 (Ministry of Economy, Trade and Industry)

Topic

2

Comments Regarding Environmental Preservation and Biodiversity

■ Adopting a more proactive approach, making the most of environmental technology and expertise



Masahiro Miyazaki: I think that the company is doing an extremely good job in terms of preserving and restoring the environment since the closure of its domestic metal mines. In terms of overseas mining development, I would like to see the company conducting quantitative assessments so as to produce figures such as the area of land modified or restored and the area of land restored at alternate sites. That would also involve the ICMM. If the process of conducting quantitative assessments were to suggest potential improvements, it could make a huge difference across the board.

On the domestic front, I think that the company should compare the impact of its past mining development activities against the positive impact of its forest preservation initiatives. This would make it possible to quantitatively determine the impact that the company as a whole is having on biodiversity in Japan and could make a tremendous difference on a global scale too.

Shuji Owada: Quantifying the impact of environmental preservation technologies in areas such as wastewater treatment is essentially a question of combining and consolidating expertise that the company has built up to date. It comes down to how effectively the company can turn intangible expertise into coordinated expertise that can be preserved and shared. I think that it is absolutely crucial to harness such environmental technology and expertise to enable Japan to contribute to the rest of East Asia, especially China.

Takashi Yoshida: At 14,500 hectares, I was surprised by the extent of the forestland owned by the company. Whereas forest management might have been something of a burden in the past, I think that it could potentially become a jewel in the company's crown as conditions continue to change dramatically in the future. By mapping out its extensive expertise, in areas such as maintaining closed mines and protecting the surrounding environment at smelting facilities as well as forest management, I think that the company could potentially identify new operations that could make a real difference to the modern age of biodiversity. I believe that it is important to adopt a high-profile approach to such operations and would like to see the company using its accumulated expertise to take the initiative rather maintaining a passive approach to biodiversity.

I know that the company is already looking into the possibility of quantifying biodiversity and restoration costs from a technical standpoint, in the context of offsetting its environmental impact, but I hope that it will also keep an eye on trends such as new assessment techniques that are starting to emerge around the world so as to ensure that Mitsubishi Materials remains at the forefront of the industry in terms of biodiversity.



Response to Comments

ANSWER



Yukio Yamamoto
General Manager, Environment &
Resources Division
Mitsubishi Materials

Although we ceased metal mining operations in 1987, we still have personnel permanently stationed at all 13 of our closed mines and work to systematically prevent mine pollution through operations such as wastewater treatment. We have recently started to develop new facilities to deal with localized heavy rainfall and other abnormal weather conditions. In addition to conducting environmental assessments so as to ensure that our operations remain in harmony with the local community and the natural environment, we also arrange meetings with local residents and government officials and try to take on board expert advice as part of our activities.

With an increasing focus on biodiversity these days, we are implementing a wide range of initiatives such as taking steps to prevent soil contamination on agricultural land, developing bacteria and plant-based energy saving wastewater treatment technologies and assessing the impact of wastewater on microorganisms living on riverbeds. We will take these comments on board and make every effort to harness our technologies and expertise in a coordinated manner, in the form of forest management manuals for instance, so it can be preserved more effectively for future generations.

Topic
3

Comments Regarding Measures to Combat Global Warming

■ Expanding renewable energy and striving to reduce CO₂ emissions through technical innovation

Shuji Owada: As the process of manufacturing cement involves heating calcium carbonate and separating CO₂, it inevitably produces CO₂ emissions from both energy sources and raw materials. I appreciate therefore that high CO₂ emissions are fundamentally unavoidable. I think that the key to overcoming that obstacle comes down to manufacturing products that offer high added value, using the same energy sources. Another key step will be to think long and hard about where energy sources, which have always revolved primarily around fossil fuels until now, will be needed in the future. I think there are potential breakthroughs to be made in that respect.



Masahiro Miyazaki: I find the concept of how much impact a product has on the environment over the course of its entire life cycle fascinating. One solar cell company has claimed that using its products reduces CO₂ by double the amount that is emitted during the manufacturing process. I appreciate that credits associated with CO₂ reduction schemes pose issues in terms of ownership, between the party that makes the product and the party that uses it, but I still think it is a good method of assessing products over the course of their life cycle.

Takashi Yoshida: I am genuinely envious that Mitsubishi Materials has the renewable energy capacity to generate around 470 million kilowatt hours of geothermal and hydroelectric power. As that power is sold on however, I think that the company should think about using it directly on an in-house basis as a form of raw green energy. That way it would count directly towards measures in accordance with the Act on the Rational Use of Energy and the Act on the Promotion of Global Warming Countermeasures. The company should also be widely publicizing the fact that it has already cleared the benchmarks imposed on the cement industry under 2008 revisions to the Act on the Rational Use of Energy.

Mizue Unno: As producing cement inevitably generates CO₂, there are limits to the extent to which domestic emissions can be reduced. We need to address the situation in line with business expansion in China and other Asian countries, as well as in Japan.

Response to Comments

A N S W E R



Yoshio Matsuno
General Manager, Sustainable Development Department
Corporate Strategy Division
Mitsubishi Materials

Above all, measures to combat global warming need to be sustainable. Here at Mitsubishi Materials, we have already achieved industry-specific targets and have continued to achieve substantial reductions in emissions to date. In terms of the cement manufacturing process however, we have very little scope left to further reduce emissions to any great extent, even if we operate at maximum efficiency. We are therefore trying to offset such inevitable emissions via the products that we supply. Not only do we generate green energy in the form of geothermal and hydroelectric power, but we also have tremendous potential based on our extensive company-owned forests, as has already been mentioned.

With regard to the suggestion that we could quantify reductions over the course of products' life cycles more precisely, we have experimented with trial assessments on the same basis as life cycle assessments (LCA) for home appliance recycling in the past, attempting to quantify the impact of manufacturing uranium fuel in the nuclear power sector and manufacturing polycrystalline silicon, the raw material used to make solar cells. As companies manufacturing finished products publish emission reduction figures for their own products however, it would result in overlapping figures if we, as a material manufacturer, were to do the same. That makes it exceptionally difficult to publish definitive figures.

We accept that we need to be more proactive in promoting public understanding for initiatives as part of our cement operations, including taking in outside waste, especially given the crucial role played by the cement industry in a country with as little usable land as Japan. As we have a wide range of technologies at our disposal, not least in terms of geothermal development and CCS (carbon capture and storage), we are determined to focus on areas such as these from a long-term perspective.

Promoting the Environmental Technology and Products

Here at the Mitsubishi Materials Group, our aim is to supply products, components and materials that help to reduce environmental impact. With a development strategy focused on four growth areas and three target markets, we are committed to pinpointing key research and development themes and conducting research and development as efficiently as possible.

Basic Policy

The Central Research Institute is the driving force behind the Mitsubishi Materials Group's growth strategy and has set out the following two-pronged basic policy on development.

- ① Promoting project activities in partnership with in-house companies to help reinforce operations based on our technical development capabilities, whilst also exploring and nurturing next generation lines of business
- ② Further reinforcing our research and development framework by:
 - Improving the standard of core and basic technologies
 - Securing and training human resources
 - Improving analytical equipment
 - Introducing a document management system and other means of sharing information and speeding up research and development through initiatives such as the introduction and application of quality engineering

In addition to fully harnessing our core technologies as a comprehensive material manufacturer and effectively promoting comprehensive technical development rooted in basic technologies, we are also planning and implementing immediate development themes designed to help support and enhance existing operations and future development themes geared towards creating next-generation operations.

R&D Strategy

In line with our management plans, we are working to identify trends in the four key areas underpinning our growth strategy, namely information electronics, vehicles, environment and recycling, and

new energy, and are focusing management resources on developing underlying technology in each of these areas. We have singled out three priority markets within these four growth areas in an effort to reliably secure revenue even in the face of difficult business conditions. As such, we intend to concentrate particularly on the energy saving, alternative energy and urban resource recycling markets, all of which are expected to grow in the future, and target specific areas of R&D so as to make sure that our research and development activities are as effective as possible. In spite of the ongoing recession, we will continue to focus on continuous and agile development with an emphasis on sustainable growth.

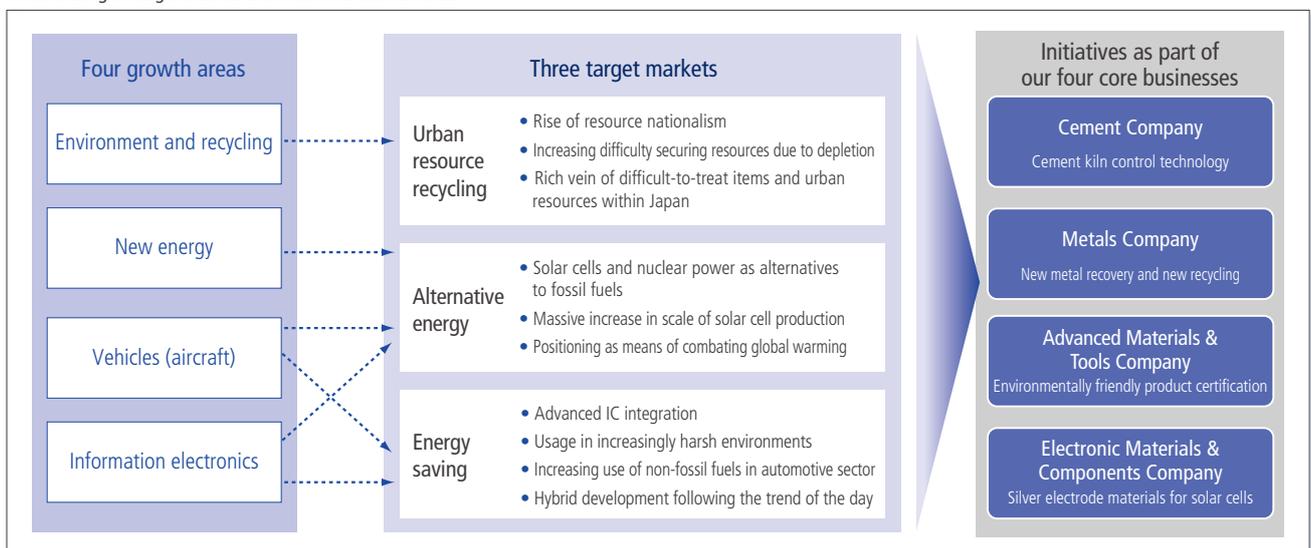
Enhancing Industrial-Academic Collaboration

To make the most of our technical potential as a materials manufacturer and identify promising solutions for the future, we intend to step up collaboration with universities, research facilities and other institutions, both at home and overseas.

Key Partnerships

Outline of partnership Area of business, etc.	Area		Partner universities and research institutions
	Research themes	Projects	
Corporate R&D	Applied processes, electronic materials, metalworking processes, electronic devices, thin film materials	83	51
Cement Company	Soil		
Metals Company	Smelting, high-purity copper		
Advanced Materials & Tools Company	Cemented carbide products, materials		
Electronic Materials & Components Company	Communication devices, mounting materials, silicon		
Energy Business Division	Geothermal power		

Concentrating on Target Markets within our Four Growth Areas



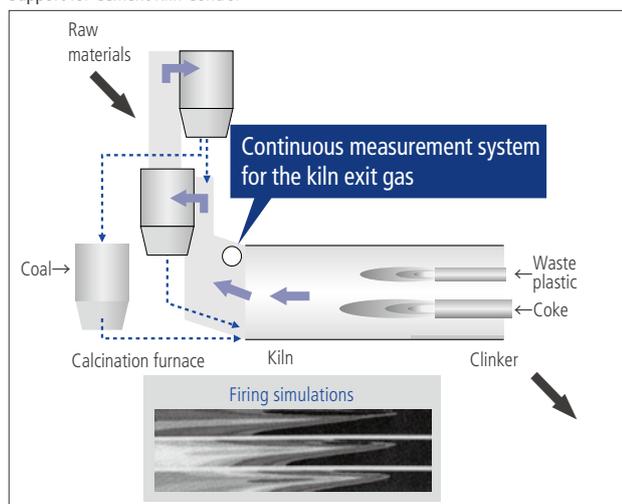
Initiatives as part of our four core businesses

■ Cement Kiln Control Technology Cement Company

At our cement plants, we use large volumes of waste and byproducts as both raw materials and an alternative source of thermal energy.

Faced with an increasingly diverse range of waste however, it is becoming harder to operate cement kilns on a reliable, long-term basis. A kiln is essentially a large black box, measuring approximately 5 meters in diameter and 90 meters in length, with temperatures on the inside reaching 1,450°C. As a result of a joint effort between our Kyushu Plant and Central Research Institute, we have developed a continuous measurement system for the kiln exit gas and have run firing simulations to come up with a kiln control guide. We are also developing a means of assessing the flammability of substances such as coal and waste plastic.

Support for Cement Kiln Control



■ New Metal Recovery and New Recycling Metals Company

We are currently developing process technologies based on the twin concepts of "new metal recovery" and "new recycling." New metal recovery technology is aimed at recovering metals that are included in the raw materials we use, but have not been recovered until now. Developed technologies have already been transferred to the shop floor, such as platinum group metal (PGM) recovery technology. New recycling technology involves pretreating scrap that would otherwise be difficult to treat using our existing smelting facilities, separating and concentrating valuable metals and turning them into raw materials for smelting.



Inside the lab at the Reaction Process Development Center

■ Environmentally Friendly Product Certification Advanced Materials & Tools Company

Japan Cemented Carbide Tool Manufacturers' Association, with an aim to encourage its member companies to manufacture and sell products, certifies products manufactured by its member companies in conformity with criteria for environmental friendliness. In fiscal 2011, certification was granted to our MC5020 CVD coating grade and our AHX high efficiency face milling cutters. Products such as these enable us to help our customers reduce their environmental impact in metalworking.



Innovations in CVD coating technology

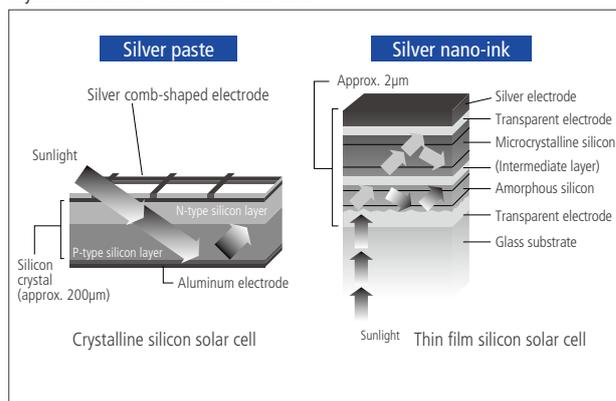
■ Silver Electrode Materials for Solar Cells Electronic Materials & Components Company

In the field of advanced materials for solar cells, we are currently developing two types of solar cell electrode materials; a silver paste for crystalline silicon solar cells and a silver nano-ink for thin film silicon solar cells.

In order to get the best performance out of a solar cell, interface control is crucial at the points where different materials join one another (e.g. where the silver electrodes and silicon join inside the solar cell). We are optimizing the composition of silver paste so as to make it possible to precisely identify joining phenomena and achieve high levels of cell performance.

We are also developing mass production technology for silver nano-ink in conjunction with Mitsubishi Materials Electronic Chemicals Co., Ltd., in an effort to pave the way for the development of unique low cost synthesis technology capable of synthesizing silver nanoparticles that can be sintered at low temperatures of 200°C or less.

Crystalline and Thin Film Silicon Solar Cells



Mitsubishi Materials' Range of Products for Hybrid and Electric Vehicles

Auto manufacturers all over the world are increasingly shifting focus towards hybrid and electric vehicles in an effort to help resolve issues such as global warming and the depletion of fossil fuels. Hybrid and electric vehicles are fitted with new parts that are not used in conventional engine-powered vehicles, including motors, generators, batteries and inverters. As the Mitsubishi Materials Group supplies a

wide range of related products and materials, we can help make vehicles safer and more environmentally friendly. DBA isolated boards, which are used in inverters, are a prime example. As they enable inverters to maintain performance even under harsh conditions, they have been highly acclaimed by auto manufacturers over ten years.

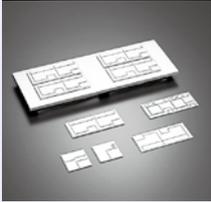


Heat Reflective Coatings

Ultra fine ceramic particles that cut out heat rays from the sun are incorporated into a film, which is then affixed to the vehicle's windshield. This shuts out excessive heat from the windshield the vehicle and improves fuel consumption by making the vehicle's air conditioning more effective. (Mitsubishi Materials Electronic Chemicals Co. Ltd.)

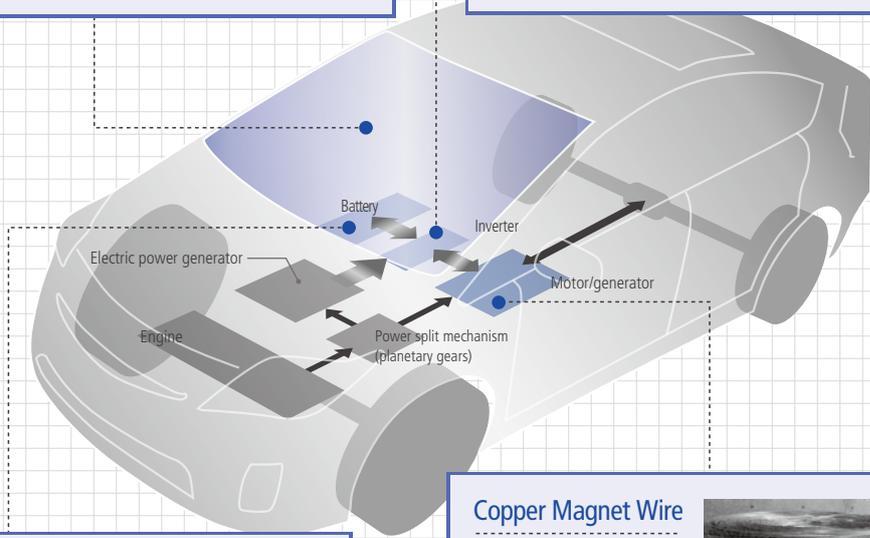
DBA Isolated Boards

DBA isolated boards are circuit boards used inside inverters. They are considered to be highly reliable by auto manufacturers on the basis that they can withstand heat continually released by semiconductors and can be used even under the harshest of conditions, resulting from the wide range of temperatures inside the vehicle. (Sanda Plant Shizuoka DBA Center)



Example Composition of a Hybrid Vehicle

→ Electric power
→ Mechanical force



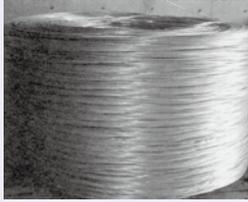
Hydrophilic Separators

Used as battery performance enhancers in hybrid vehicles, separators keep the cathodes and anodes on nickel hydride batteries away from each other and require hydrophilic nonwoven fabric with outstanding self-discharge inhibiting capabilities. (Mitsubishi Materials Electronic Chemicals Co., Ltd.)



Copper Magnet Wire

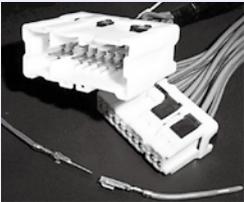
The electricity inside an electrically powered motor travels along coils of wound copper magnet wire. The superior quality and reliability of our products helps to improve the performance of magnet wire. (Sakai Plant)



Copper wire rod

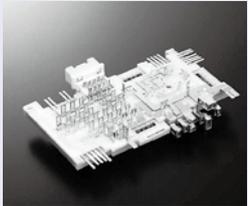
Terminal and Connector Materials

Terminals and connectors are used to join electric circuits. As well as carrying electricity, they also need to be strong and flexible enough so that they are fit for purpose and can be connected and disconnected. (Mitsubishi Shindoh Co., Ltd.)



Busbars for Junction Boxes

Busbars are copper plates used to carry electricity in electric circuits. Used inside electrical devices or to connect devices to one another, our materials have been highly acclaimed for their outstanding electrical conductivity and workability. (Mitsubishi Shindoh Co., Ltd.)



Mitsubishi Materials Group Eco-Products

As a comprehensive materials manufacturer, the Mitsubishi Materials Group supplies a wide range of products and manufactures numerous materials and components that help reduce the environmental impact of finished products such as vehicles and home appliances. We also provide recycling, waste treatment and other services designed to help reduce environmental impact.

The list below outlines the evaluation points that we use to determine the environmental performance of Mitsubishi Materials Group products and services. The following section also outlines a number of the eco-products that we as a Group sell. We will continue to develop and supply environmentally friendly products in line with the needs of our users and the general public in the future.

Evaluation Points for Eco-Products

- 1 Resource-saving, water-conserving
- 2 Energy-saving (reduced fossil fuel consumption)
- 3 Reduced consumption of substances with the potential for environmental impact
- 4 Reduced emissions of substances with the potential for environmental impact
- 5 Reduced waste
- 6 Reuse and recycling
- 7 Environment data disclosure
- 8 Others

■ Greening Walls with MACE to Save Energy (Mitsubishi Materials Kenzai Corporation)

The process of greening walls with MACE used for exterior walls of buildings involves encouraging plants to climb up the grooves in extrusion-molded plates. As natural climbers, the plants attach their tendrils to a stainless steel mesh and climb up the walls. Using the spaces within the MACE, it is even possible to install irrigation pipes.



Greening with MACE

■ ECO BRASS: Lead-Free High-Performance Copper Alloy (Mitsubishi Shindoh Co., Ltd.)

ECOBASS is a lead-free brass alloy that is regarded as an environmentally friendly "super material" with excellent performance of machinability, corrosion resistance and strength. It is mainly used to make plumbing parts. In addition to addressing the issue of lead seeping into drinking water, it also eliminates issues such as dealing with particles being dispersed into the air during processing and disposing of molding sand containing lead, making it a truly groundbreaking material. Having been highly acclaimed in environmentally advanced countries in North America and Europe, ECO BRASS sales are increasing dramatically.



ECO BRASS

■ Coating Inserts to Prolong the Lifespan of Cemented Carbide Products

Our current focus with regard to cemented carbide products is on coating inserts. The application of a cemented carbide coating using our unique advanced technology makes cemented carbide products harder and stronger and prolongs their lifespan. This helps to increase the efficiency of cutting tools, whilst also saving energy and conserving resources.



Coating inserts

■ Lead-Free Solder-Plated Dead-Soft Flat Copper Wire Interconnectors for Solar Cells (Mitsubishi Cable Industries, Ltd.)

With efforts getting underway to produce commercially viable next generation electrical systems in recent years, solar cells are becoming increasingly important. As such, interconnectors, which provide the electrical connection between solar cells, are required to be lead-free and to be able to easily change shape so as to effectively prevent damage stemming from the development of thinner solar cells. As our newly developed solder-plated flat copper wire is lead-free, environmentally friendly and extremely soft, it eliminates the issue of cell damage and will enable the development of low profile silicon substrates.



Copper wire on a bobbin

For further details of the Mitsubishi Materials Group's wide range of eco-products, please refer to our website. [WEB](#)

Training and Harnessing a Diverse Range of Human Resources

We consider human resources to be the heart of corporate management and are committed to training and effectively harnessing human resources as an essential priority to enhance our corporate capabilities. During fiscal 2011, we completed our Group Training Center and continued to work on improving human resources training.

Basic Approach to Human Resources

We strive to create a corporate climate that enables all of our employees to actively and boldly take on new challenges and share happiness, motivation and dreams, whilst implementing a range of measures aimed at nurturing dynamic human resources, including efforts to improve onsite capabilities so as to pass on the essential technology and skills that underpin our manufacturing and human resource development activities. We recognize that people are at the very heart of management and, as such, make every effort to enhance the value of human resources.

Human Resource Development

In order to produce the human resources required to put the vision mapped out in our medium-term management plan into practice, we operate a basic companywide policy of organizing training on a specific basis at every level, from new recruits to managerial staff, and at each in-house company, division and premises. To facilitate self-development, we have also established a distance learning program and a qualification incentive scheme in order to encourage individual employees to take a proactive approach to developing their own capabilities.

■ Group Training Center Opened

As part of our efforts to enhance the value of human resources, one of our key management policies, in April 2010 we finished work on a Group Training Center at our premises in Saitama (Saitama prefecture). Intended to tangibly reinforce human resource development, the center has the necessary capabilities and facilities to serve as the basis for human development at all Group companies. We have also established the Mitsubishi Materials Corporate University in order to run training programs aimed at improving manufacturing capabilities on a groupwide basis. Having started to provide training for young members of technical staff in an effort to improve levels of expertise via the Mitsubishi Materials Corporate University in fiscal 2011, we are planning to introduce further courses in areas such as administrative staff training and global human resource development from fiscal 2012 onwards.

In addition to being used as part of human resource training activities at Mitsubishi Materials and other Group companies, the Group Training Center and Mitsubishi Materials Corporate University will also play a crucial role as centers sending out a message both internally and externally, underlining the Group's commitment to human resource development.



Group Training Center

■ Fair Assessments and Feedback

In an effort to motivate employees, create more dynamic working environments and develop the human resources to underpin our corporate activities, we are committed to conducting fair assessments and ensuring that all of our employees are treated fairly.

We assess each and every employee impartially based on their individual performance and achievements, irrespective of considerations such as gender, race or beliefs, to ensure that all employees are treated fairly. We make every effort to facilitate employee development and improve in-house communication, including providing individuals with feedback based on their assessment results, along with appropriate suggestions and advice from their superior.

Employee Training Figures (nonconsolidated)*

(Hours)

Total number of training hours (each year)	Average number of training hours per employee (each year)
71,786	15

Harnessing Human Resources

In an effort to enhance human resources as the driving force behind groupwide growth, we operate a competitive recruitment strategy and actively strive to assign the right person to the right job, whilst maintaining outstanding technical and practical capabilities to reinforce onsite capabilities. With large numbers of new recruits who joined the company in fiscal 2011 already hard at work as part of our frontline business activities, we are also running a diverse range of training programs via our Group Training Center, which has been operational since April 2010.



Fiscal 2011 initiation ceremony

Recruitment of New Graduates*

Breakdown	New graduates recruited	
	University graduates	High school/other graduates
Male	55	21
Female	4	1
Total	59	22

* We ensure fair treatment irrespective of gender and do not vary base salaries for men or women.

Overseas Human Resource Development

We have an extensive network of Group manufacturing and sales facilities in other parts of the world, including China, Southeast Asia, North America and Europe and consider training at overseas Group companies to be one of our top priorities so as to establish a universal level of awareness with regard to matters such as our management philosophy and safety-first policy.

Employees assigned to overseas locations from Mitsubishi Materials or other Group companies have a crucial role to play in terms of liaising between ourselves and our overseas subsidiaries. We also provide employees from overseas Group companies with opportunities to train in Japan too, with the aim of passing on our skills and technical capabilities whilst also doing our bit to further cultural exchange.

Topics

Recruiting and employing local personnel

Yantai Mitsubishi Cement Co., Ltd. (Yantai, Shandong Province, China)

Established as a base for cement manufacturing operations in China in 1992, Yantai Mitsubishi Cement is fully committed to locally oriented management and actively recruits local personnel. As of June 2010, 314 out of a total of 318 (98%) employees at the company's Yantai Plant and 9 out of 12 (75%) members of managerial and executive staff were recruited locally.

In terms of employment, the company operates in compliance with the Chinese legal system and concludes employment contracts as required by law. It also organizes regular in-house training sessions once employees have joined the company, covering subjects such as health and safety, specialist skills and risk management, and provides ongoing support to help improve employees' skills.

As there is no national health insurance system in place in China, the company makes every effort to improve welfare services for its employees by supplementing legally required workers' insurance through initiatives such as signing employees up to additional general accident insurance and introducing an in-house loan service for medical costs.



A training session in progress

Respect for Human Rights

Basic Approach

We organize human rights awareness training and other such activities in order to encourage individual employees (including short-term, part-time, temporary and contract employees) to take a personal interest in human rights issues and to ensure that employees maintain a deep-rooted awareness of the importance of human rights as part of their day-to-day activities, based on a resolute determination not to engage in, allow or

tolerate any form of discrimination. As a result of promoting human rights awareness training on a companywide scale, 2,907 employees* underwent a combined total of 5,318 hours* of training during fiscal 2010. One of the articles in our Code of Conduct states that "we will respect the basic human rights of all people and create a spirited, safe and comfortable work environment." With this in mind, we make sure that we respect each and every individual dignity and prevent any infringement of their honor or privacy. Similarly, we make sure that we do not discriminate unfairly with regard to recruitment and employee promotion, based on race, gender, religion, nationality or any other factors not related to the relevant individual's abilities and performance.

Preventing Harassment

We believe that the best way to combat sexual, power-related and other forms of harassment, which can stifle employees' enthusiasm and erode an otherwise congenial working environment, is to step up educational and training programs and to implement a range of preventive and response measures, in an effort to create a corporate climate that is underpinned by a strong sense of awareness with regard to human rights. In addition to operating an Internal Contact Office, we also appoint in-house consultation staff at each of our premises to provide employees with advice on sexual harassment and have established an externally operated independent consultation service so as to ensure that all matters are handled appropriately (consultation services were contacted with regard to 16 matters* during fiscal 2010).

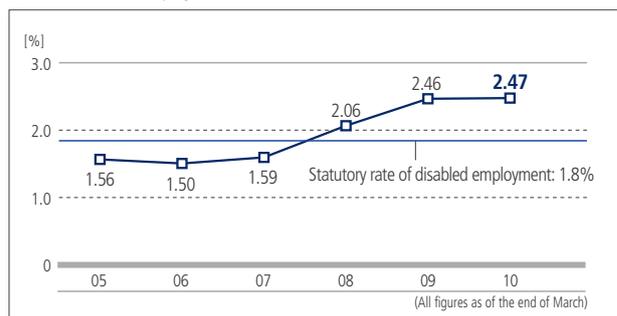
Diversity Initiatives

Promoting Disabled Employment

We are committed to promoting employment for the disabled as one of our key management priorities from the standpoint of fulfilling our social responsibilities as a law-abiding corporate citizen. As a result of promoting disabled employment on a companywide scale during fiscal 2010, we achieved a 2.46% rate of disabled employment as of the end of March 2009, narrowly missing our companywide target of 2.5%. Having continued with initiatives since then, we increased our rate of disabled employment to 2.47% as of the end of March 2010 and achieved our target rate of 2.5% by the end of April 2010.

We have earmarked premises in the Omiya area as model workplaces for disabled employees. As such, we have introduced a Target Challenge Scheme whereby disabled members of staff set themselves professional and personal targets and work towards goals to enable them to achieve the relevant targets. Initiatives such as these help increase motivation amongst disabled members of staff.

Disabled Persons' Employment Rate*



Rehiring the Recently Retired

In 2004 we introduced a rehiring program designed to give retired employees who wish to work the opportunity to find reemployment at one of our offices or affiliated companies, enabling us to continue to benefit from the skills and expertise of employees who have reached mandatory retirement age. A total of 81 people were newly rehired as part of this program during 2009.

We have also partially revised a number of schemes, focusing mainly on welfare, in order to maintain and improve levels of motivation amongst rehired employees.

Number of Employees Rehired in 2009*

Non-union members	10
Union members	71

† Figures based on calendar years

Work-Life Balance

We aim to create working environments that enable our employees to strike a balance between work and their private lives. We have a range of support schemes to ensure that motivated employees are able to advance their careers and take on challenging jobs at work whilst also taking care of all of their obligations at home and in the community, including everything from giving birth to and raising children and looking after relatives through to local community activities.

Childcare Support System

We continue to promote initiatives designed to enable employees to lead fulfilling lives both at home and at work. For instance, we revised our childcare support system in June 2010 and improved conditions to make it easier for male employees to take childcare leave.

Use of Major Leave and Absence Systems by Employees*

Breakdown	Men	Women	Total
Percentage of paid holidays taken	-	-	81.3%
Number of employees taking maternity leave	-	20	20
Number of employees taking childcare leave	1	32	33
Number of employees taking leave to care for a family member	2	1	3

† Figures based on calendar years

Employee Welfare (Cafeteria Plan)

In an effort to cater to an increasingly diverse range of welfare needs in line with our employees' changing values and lifestyles, in October 2005 we introduced a scheme to enable employees to select welfare services from a "menu" so as to suit their individual circumstances and needs. We partially revised the scheme in April 2010 to make it easier for employees working anywhere in the country to access services.

Employment Statistics (As of March 31, 2010)*

Payroll

Breakdown	Full-Time Employees	Temporary Staff
Nonconsolidated	4,730	1,230
Consolidated	21,641	3,417

Breakdown of Employees

Breakdown	Managerial staff†	Regular employees	Total	(Average service)	(Average age)
Men	1,298	2,986	4,284	18.2 years	40.8 years
Women	6	440	446	14.7 years	36.9 years
Total	1,304	3,426	4,730	17.9 years	40.4 years

† Percentage of women in management positions: 0.46%

Employee Turnover

Breakdown		Aged under 30	Aged 30-49	Aged 50 or over	Total
Number of employees leaving company	Men	18	39	276	333
	Women	4	11	16	31
	Total	22	50	292	364
Turnover	Men	2.4%	1.6%	29.0%	7.9%
	Women	5.0%	3.8%	29.7%	7.3%
	Total	2.6%	1.8%	29.1%	7.8%

Voice » Comments from an employee who has taken childcare leave

Reiko Izumi
Electronic Materials Research Department, Central Research Institute

Maybe it's because I live a long way from my parents and had nobody to lend a hand, but when I first went on childcare leave, I was surprised to find that I had far less time to myself than I had imagined. After dealing with illnesses, feeding, immunization, health checks and crying in the night as well as day-to-day childcare, and being so busy every day without much sleep, my 16 months on leave seemed to just fly by.

Even so, it was fantastic to be able to spend so much time with my child, so I am truly grateful to the company and all of my colleagues for making it possible for me to take childcare leave. Whilst I was away from work, I had time to reassess what my work means to me and was again surprised to find that I developed a renewed sense of fondness for my job. Having started back working reduced hours so as to make time for childcare, I now have to produce results in a shorter space of time than before. I think that has really improved my powers of concentration and decision making abilities.

At the moment, I am one of three new mothers in the Electronic Materials Research Department who have taken childcare leave. It is really helpful to be in an environment where we can exchange information and offer one another encouragement. I am determined to keep on performing my day-to-day duties to the best of my ability so as to say thank you to the company and my colleagues for giving me the opportunity to take childcare leave, and for my own job satisfaction.

(Returned to work in April 2009, after one year and four months on childcare leave)



Izumi (center) with colleagues who have also taken childcare leave

Efforts to Create Safe, Pleasant Workplaces

In line with our basic policy of prioritizing the safety and health of our employees above all else, we make every effort to create working environments that are as safe and pleasant as possible.

Employee Safety and Health

In accordance with our basic policy of prioritizing the safety and health of employees above all else, we have formulated the 2010 Companywide Safety and Health Management Priority Policy and are currently implementing health and safety initiatives at individual premises accordingly.

Practice Priorities in 2010

- 1 Continue with Companywide Zero Accident Project activities and establish a culture of safety
- 2 Continue to improve health and safety standards based on Occupational Safety and Health Management Systems (OSHMS)
- 3 Prevent health problems stemming from harmful chemicals
- 4 Promote mental health care

Creating Safe Working Environments

Launched on November 1, 2007 for a limited period up until the end of March 2010, the Companywide Zero Accident Project revolved around integrated activities implemented in conjunction between individual premises, head office departments at in-house companies, the Corporate Production Engineering Division and the Human Resource Division.

Although project activities had no significant impact on our safety record in the space of just two years and five months, as indicated in the graph on the right, companywide health and safety initiatives implemented as part of the project were nonetheless effective in terms of improving health and safety standards, as outlined below.

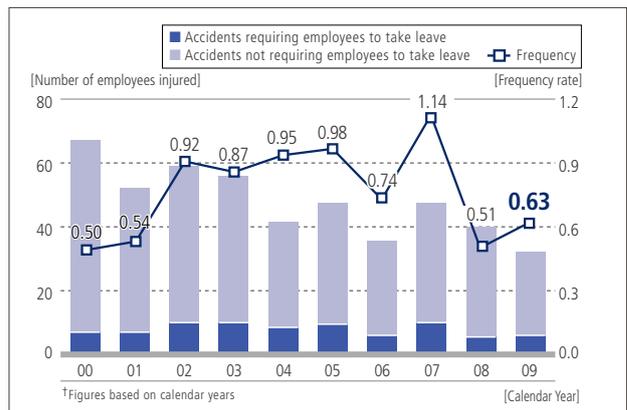
- 1 Adopting a management-driven companywide approach to health and safety activities has helped raise levels of safety consciousness amongst all employees.
- 2 Taking steps to minimize facility and operational risks based on the results of risk assessments has enabled us to establish reliable mechanisms to minimize facility and operational risks.
- 3 Implementing health and safety activities in conjunction between the Corporate Production Engineering Department and the Occupational Safety & Health Department has enabled us to establish channels through which to identify issues and priorities from both a technical and management standpoint and provide appropriate support and advice.
- 4 Appointing Safety Advisors, conducting regular safety inspections at individual premises and providing precisely tailored guidance has helped improve health and safety standards at individual premises.

5 We established Occupational Safety and Health Management Systems (OSHMS) at all plants and facilities involved in the manufacturing process by the end of March 2010, as planned.

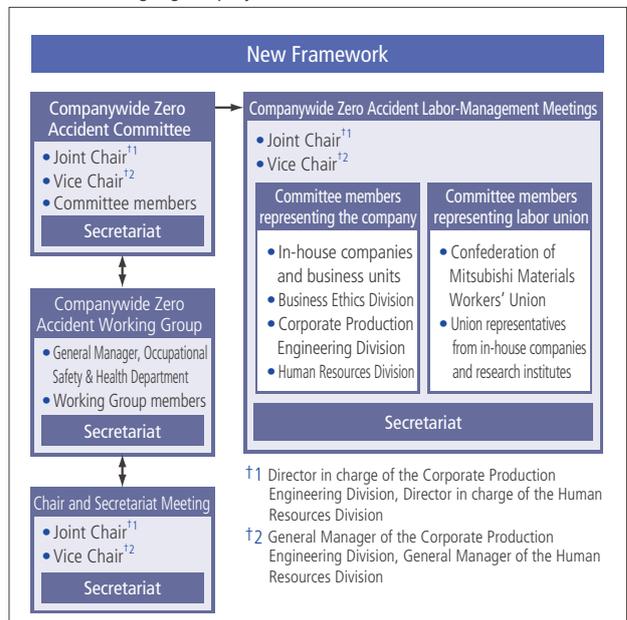
It will be crucial to ensure that project activities are effective and to roll out activities to other facilities in the future in an effort to continually improve on health and safety standards, whilst ensuring that the PDCA cycle is functioning effectively based on cooperation between headquarters and individual facilities.

In April 2010, we established a Companywide Zero Accident Committee and a Companywide Zero Accident Labor-Management Panel, which have incorporate the Companywide initiatives described previously as part of their project activities. By working with a closer partnership between labor and management, we are determined to further improve safety standards and create a corporate culture that places top priority on safety.

Number of Accidents Involving Employees*



Framework for Ongoing Companywide Zero Accident Activities



Creating Comfortable Working Environments

Promoting Mental Healthcare

Mental Healthcare Policy

We will establish and operate schemes such as consultation and return-to-work support services and make every effort to deal with employees appropriately in the interests of promoting mental healthcare.

- We will improve levels of individual awareness and understanding of mental healthcare, promote sound self-care and strive to create healthy, comfortable workplaces.
- We will establish the practice of monitoring employees' health to quickly identify and assist anyone suffering from mental health problems and provide support to help them return to work.
- We will ensure privacy as part of the promotion of mental healthcare.

Specific measures in line with the above Mental Healthcare Policy include providing education and training at individual premises and incorporating mental health training into position-specific group training activities so as to provide employees at every level with ongoing education based on their position and responsibilities.

In April 2008, we launched a Return to Work Support Program. Overseen primarily by occupational health staff in order to keep things running smoothly, the program revolves around tailored follow-up services such as compiling and utilizing handbooks for employees who have been absent from the workplace and guidelines for their superiors and providing advice via specialist personnel at head office if necessary.



Mental health training

Labor Union and Management Partnership

We operate a union shop scheme to enable us to discuss issues such as management practices, working conditions, operational status, business management and significant changes to working conditions, such as operational restructuring, with the Confederation of Mitsubishi Materials Workers' Union and unions at individual locations on a day-to-day basis. This ensures that there is sufficient time to provide information and consult the concerned parties. We also hold regular labor-management meetings between management executives and union leaders twice a year (April and October). These serve as forums through which to strengthen mutual understanding with regard to management policy and other important matters and build up sound, productive labor-management relations.

As of the end of March 2010, the number of union members stood at 5,711 (including Mitsubishi Materials employees assigned to affiliated companies and employees at selected affiliated companies), of which 3,378 were employees at premises directly operated by Mitsubishi Materials.



Main labor-management meeting

Procurement and Supplier Initiatives

As a comprehensive materials manufacturer, we make every effort to raise social and environmental awareness throughout our global supply chain, including suppliers and raw material procurement sources, and always engage in procurement activities from a CSR-oriented perspective.

Basic Approach

As a comprehensive material manufacturer, we supply many products that tend to be used as raw materials, constituents or components of our customers' end products. We recognize that procuring this range of raw materials relies on the ability to cooperate with a large number of suppliers and coordinate and work together with stakeholders at every point along the supply chain.

We always take the needs of society into account and strive to ensure that all of our procurement activities are grounded in the principles of corporate social responsibility (CSR). Specifically, we ensure fair and impartial transactions based on our Corporate Philosophy, Code of Conduct and procurement and logistics regulations and work together with our suppliers in the interests of establishing a recycling framework capable of recycling resources and that is inextricably linked to the procurement of raw materials.

Formulating Procurement & Logistics Division CSR Procurement Guidelines

Demand for green procurement, which has grown as a result of regulations governing hazardous substances contained in products particularly in the electric, electronic and auto industries, has continued to increase in scope in recent years. In addition to existing quality, cost and delivery (QCD) activities, companies are now finding themselves having to address CSR issues such as compliance, information security, the environment, employment and human rights at every point along the supply chain, from upstream to downstream.

With all this in mind, we work to set detailed green procurement guidelines at each of our sites based on the characteristics of the sectors or industries in which they operate and in June 2009 formulated a set of Procurement & Logistics Division CSR Procurement Guidelines in an effort to improve the organizational capabilities of our Procurement & Logistics Division. The guidelines consist of a Basic Procurement Policy, which clearly sets out our position on procurement, and a set of CSR Procurement Standards consisting of six items, namely respect for human rights, compliance with the law and

corporate ethics, safety and health, environmental preservation, information security and product quality and safety.

We are currently in the process of requesting compliance and cooperation from our main suppliers in an effort to get them to agree to the underlying principles and specific contents of our guidelines. We are also conducting surveys to verify and evaluate compliance.

In recognition of the fact that we need to roll out activities such as these to Group companies as well as Mitsubishi Materials, we are currently expanding activities through a number of different channels, including sharing information with procurement managers at Group companies via Materials Group Procurement (MGP) Meetings twice a year.

Raw Material Procurement Initiatives

We accept that, as Mitsubishi Materials procures large volumes of raw materials, in the form of natural resources, from countries the world over, it is of the utmost importance that we undertake initiatives geared towards sustainable development, taking the impact of procurement on producing countries and regions into account and addressing issues such as the environment, human rights and employment issues.

■ CSR Requirements for the Procurement of Materials from Overseas Mines, etc.

We procure the majority of our copper ore, one of the main raw materials used in our Metals Company from overseas mines in which we invest. Whereas we currently procure 62% of our ore in this manner, we are aiming to increase the total to around 75% in the future. Although Mitsubishi Materials is a non-operator that does not operate any mines directly, we still belong to the international framework that is the International Council on Mining and Metals (» P.73) and intend to fulfill all of our associated responsibilities. As part of our activities, we have formulated and brought into effect CSR Investment Standards and CSR Procurement Standards for overseas affiliated mines and ore suppliers.

Metals Company CSR Investment Standards and CSR Procurement Standards

To secure raw materials in the form of ore, we currently invest in four working mines via our Metals Company. We procure roughly 60% of the ore that we use from the relevant mines, with the remaining 40% purchased directly from nonaffiliated mines. Despite having no direct involvement in the running of mines in either case, we still need to monitor activities as part of our supply chain to ensure that mines are operated in the best interests of the environment and the local community. Having developed a set of CSR Investment Standards, to refer to when evaluating mines for the purpose of investment, and a set of CSR Procurement Standards, to

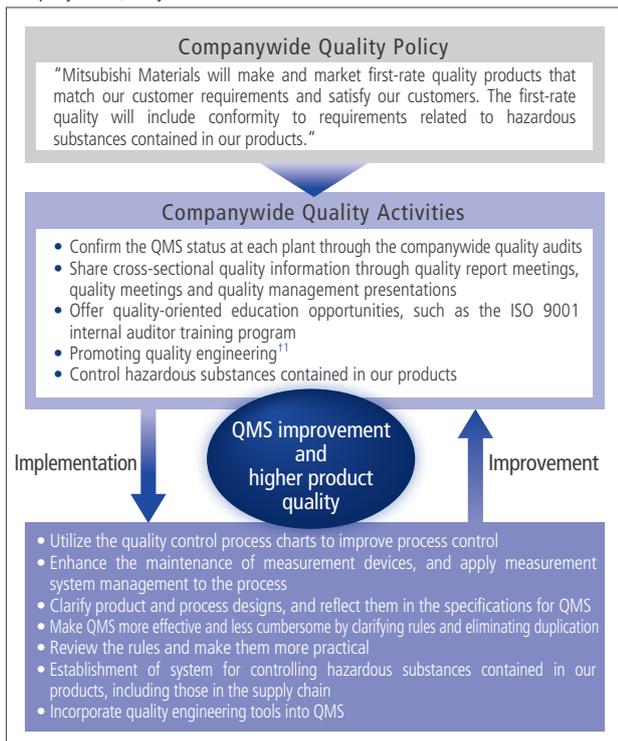
refer to when evaluating nonaffiliated mines, in July 2009, we brought both sets of standards into effect in May 2010. We began by sending out questionnaires to individual mining companies during May and June 2010 and requesting that they return them based on our new standards. We achieved a 100% response rate from both affiliated and nonaffiliated mines. We are currently analyzing responses from individual mines and evaluating levels of CSR, with the intention of enforcing standards in the future through initiatives such as ongoing monitoring and promotional activities targeting mines. » Data Book P.13

Reinforcing Product Quality Management

We continue to implement a range of initiatives aimed at maintaining and improving quality levels on a companywide basis in order to provide our customers with superior quality products that they can use with confidence, from companywide quality audits and training for internal quality auditors to tightening controls on chemical substances contained in our products, all based on our companywide quality policy.

Promoting Companywide Quality Activities

Companywide Quality Activities Flow



Basic Approach to Quality Activities

We are committed to establishing a comprehensive quality assurance system, covering everything from the design and development stages through to manufacturing and shipping, and ensuring that our products are safe and reliable, in accordance with our Code of Conduct. With this in mind, we have set out a companywide quality policy with an emphasis on supplying the highest quality products so as to guarantee customer satisfaction. We also promote companywide quality activities based on the principles of quality control and quality assurance outlined under the ISO 9001 standard for quality management systems (QMS).

Companywide Quality Audits

We conducted a total of 32 companywide quality audits during fiscal 2010 and identified 58 issues in need of improvement. We are currently following up on auditing activities in order to monitor progress and ensure that improvements are made and measures are taken to rectify the relevant issues. We also monitor the state of the control of hazardous substances contained in our products and include discussions regarding problems or issues that could be resolved via quality engineering^{†1} as part of our auditing activities. Our aim is to conduct audits that also take into account considerations such as onsite problems and improvements.

^{†1} **Quality engineering:** Technical methodology proposed by Professor Genichi Taguchi, also referred to as the "Taguchi Method"

Quality Training

We run an ISO 9001 Internal Auditor Training Program aimed providing training for internal quality auditors and improving understanding of ISO 9001 QMS. A total of 729 employees have completed the program to date (as of June 2010).

Promoting Quality Engineering

Quality engineering is a tool designed to enable products to be manufactured with a consistent level of performance and minimal dispersion. We organize awareness, education, showcase and support activities so as to enable as many of our engineers as possible to improve the quality of their work using quality engineering tools. Awareness activities include presentations and are organized as part of procedures such as companywide quality audits. Educational activities revolve around in-house workshops, which focus on the quality engineering technique of parameter design. A total of 222 employees have taken part in such workshops to date (as of June 2010). Since fiscal 2005, we have organized annual quality engineering showcases in order to report and share information on achievements during the year. The Quality Management Department is one of a number of departments that organizes support activities to enable development and manufacturing engineers to use quality engineering techniques to resolve problems and achieve their objectives.



Quality engineering showcase

Topics

MJC Quality Control in Partnership with Suppliers

Precious Metals Division

Items from our MJC jewelry range, which offers outstanding quality at reasonable prices, are manufactured and sold based on a standardized quality control framework that revolves around Mitsubishi Materials but also covers the entire supply chain. In addition to outlining our quality standards to approximately 120 suppliers via our Jewelry Quality Rule Book, we are also working together to reinforce our quality assurance framework so that we only provide our customers with products that meet strict quality targets. Initiatives such as these are made possible thanks to our extensive knowledge of manufacturing.



Our DIAMOND BAR range, which can be rearranged to the wearer's taste

Product Safety

As a manufacturer, we are committed to providing our customers with safe, high quality products. We therefore implement a range of quality and safety initiatives throughout the lifecycle of our products, taking into account preventive measures as well as legal compliance.

■ Tightening Controls on Chemical Substances Contained in Our Products

In order to reliably ensure compliance with the RoHS Directive^{†2} and other environmental regulations, in September 2006 we formulated a set of regulations for the control of hazardous substances contained in our products and started to implement quality activities accordingly. As part of companywide quality audits conducted from fiscal 2008 to 2009, we checked and followed up on action currently in place to control hazardous chemical substances contained in our products and made improvements to our QMS. We have also been working to ensure compliance with REACH Regulations^{†3} enacted by the European Union (EU) on June 1, 2007. Having completed preliminary registration for all applicable substances, we are now in the process of obtaining essential information via our activities with the Substance Information Exchange Forum (SIEF), with the aim of completing registration before the end of the grace period for registration.

†2 Enacted by the European Union (EU) on July 1, 2006, the [RoHS Directive \(The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment\)](#) is a set of regulations restricting the use of specific hazardous substances in electrical and electronic equipment.

†3 [REACH \(Registration, Evaluation, Authorization and Restriction of Chemicals\)](#) Regulation governs the registration, evaluation, authorization and restriction of chemicals manufactured within or imported into the EU.

Product Quality Control and Materials Stewardship

“Materials stewardship” is a new concept that relates to the effective use and all-round management of limited resources, taking into account the entire material cycle from mining raw materials through to designing, manufacturing, supplying, using and disposing of products themselves. Put forward by the ICMM, of which we are a member, materials stewardship is attracting a great deal of attention as an essential new approach to CSR, particularly for global companies that procure resources from overseas mines.

Having realigned business activities at our Metals Company in line with this concept, we intend to establish a renewed awareness of the importance of recycling operations, which complete the material cycle and provide the driving force behind materials stewardship, and step up initiatives aimed at reducing environmental impact and promoting the

■ Impact Assessments at the Development and Prototype Stages

We carry out in-depth research and development reviews (RDR) at four key stages, when exploring R&D themes and also at the market analysis, prototype and commercialization stages. We meticulously examine all of our products from the very beginning, including checking for the use of harmful chemical substances, guaranteeing that the products meet customers’ requirements and ensuring legal compliance, and make sure that product safety is always our top priority during development.

■ Using Material Safety Data Sheets (MSDS)

Providing safety information on our own products is vitally important to ensure product safety further along the supply chain. We therefore attach MSDS to the Mitsubishi Materials products so as to effectively disclose and convey chemical substance information.

■ Safety Measures at the Logistics Stage

We make every effort to guarantee safety when transporting products that require additional safety measures at the logistics stage, such as sulfuric acid. Specific measures include ① avoiding contact with other substances, ② using protective equipment when loading and unloading products, ③ preventing containers from leaking or scattering and ④ providing drivers with MSDS clearly outlining measures in the event of an accident.

Thanks to all of the above initiatives, there was no breach of the law relating to product safety and the provision of products and services during fiscal 2010.

effective use of resources throughout the material cycle in the future.

»» Data Book P.15

Exploration:	Implementing environmental preservation and social contribution activities in mining areas where we are engaged in joint exploration
Ore procurement:	Assessing the environmental and social impact of affiliated mines and ore suppliers
Copper smelting:	Efficiently manufacturing and supplying products without causing pollution
Products:	Providing information on how to use products safely
Disposal:	Preserving resources and reducing consumption of virgin raw materials through recycling

»» PP.37-38

Interaction with Stakeholders

One of the objectives outlined in our CSR Direction is to strengthen communication with stakeholders. As such, we are aiming to improve levels of mutual understanding via a wide range of communication channels.

Our Stakeholders

In the interests of sustainable corporate management, we believe that communicating with our stakeholders is crucial if we are to

reflect their expectations and requirements in our business strategies. Through the process of identifying material issues [» P.23](#) and other such initiatives, our aim is to incorporate stakeholders' perspectives into our management practices to a greater extent than ever before.



Distribution of Economic Value to Stakeholders (Non-consolidated)*

As we continue to generate our operating revenue thanks to the involvement of our many and varied stakeholders, we believe that it is important to fulfill our social responsibilities and adequately distribute some of that revenue amongst our stakeholders. The table on the right breaks down our generated economic value structure for fiscal 2010 on a non-consolidated basis and calculates the distributed economic value to our stakeholders.

After subtracting ¥678 billion in operating costs, including payments made to suppliers, from our total revenue, economic value came to ¥8.3 billion. Personnel costs, which includes statutory welfare expenses and represents the portion of revenue distributed to our employees, came to ¥39.9 billion, with obligations relating to unfunded lump-sum severance payments plan and funded defined benefit pensions plan totaling ¥32.3 billion and ¥40.1 billion respectively. ¥36.7 billion of this total was paid out of pension assets in the form of outside funds (coverage: 50.6%). A further ¥25 billion was registered as expenses in the form of accrued retirement benefits, with the remaining ¥10.6 billion classed as unrecognized benefit obligations. We plan to amortize all unrecognized benefit obligations over the next ten years.

We distributed a total of ¥7.5 billion to creditors in the form of interest on borrowings. We paid ¥6.5 billion to the government, including income tax and other taxes and public dues liable as expenses.

Tax credits meanwhile came to ¥0.4 billion. We gave back a total of ¥0.1 billion to the community in the form of social contribution activities, including donations, the public lending of our facilities (to support community infrastructure) and the provision of employees' services.

Revenues	Stakeholder	(million yen)	Basis
	Customers and suppliers	686,394	Net sales, non-operating income, extraordinary income
Payments	Customers and suppliers	(million yen)	Basis
	Suppliers associated with operating costs, etc.	678,057	Cost of sales and selling, general and administrative expenses, with the exception of personnel costs, tax and public charges and donations
	Employees	39,950	Personnel costs
	Shareholders	—	Cash dividends paid
	Creditors	7,559	Interest expense
	Government	6,523	Income tax and other taxes and public charges liable as expenses on income statement
	Community	185	Donations, etc. †
	Retained earnings	-45,883	Net income minus cash dividends paid

† Calculated based on the value of items such as donated goods, public lending of our facilities and the provision of employees' services as well as cash donations, as specified by Nippon Keidanren.

Our Stakeholders

Stakeholders		Principal means of communication
Customers	With such a wide range of customers using our products and services, we place top priority on improving customer satisfaction in every aspect of our business activities. We manufacture products with an emphasis on customers' needs and opinions and make every effort to develop and refine our products and services so they are of the highest quality.	<ul style="list-style-type: none"> • Promotion and provision of products and services • Customer Service, Telephone Technical Support • Information on product safety and environmental features • Sharing opinions at exhibitions and other events
Shareholders and Investors	We work hand in hand with our shareholders and investors as important partners. In addition to making every effort to enhance corporate value and adequately disclose information in a timely manner, we actively incorporate our shareholders and investors' opinions into our management practices. (Number of shareholders as of the end of March 2010: 165,064)	<ul style="list-style-type: none"> • General Meeting of Shareholders, Executive Information Meetings • Earnings announcements, presentations for investors • Sharing opinions with Social Responsibility Investment (SRI) research organizations • Online and IR tools (shareholder newsletters, annual reports, etc.)
Employees	As the people who actually carry out CSR activities, our employees represent our most important management resource. We engage in human resource development and make every effort to create workplaces that are safe, pleasant and rewarding, based on the belief that enhancing the human resource value of individual employees will enable us to enhance our corporate value. (Number of employees as of the end of March 2010: 4,730 (Group employees: 21,641))	<ul style="list-style-type: none"> • Gathering opinions via questionnaires and surveys • Self-statement system • Internal Contact Office, hotlines • Labor conferences • Stakeholder Meetings • Group newsletters (• President's column, etc.)
Suppliers	We work in partnership with a great many suppliers so as to enable us to procure raw materials and other resources from other countries all over the world. We share our philosophy and policies with our suppliers, in an effort to promote fair trade and maintain stable supplies of socially and environmentally conscious products, and work together to mutually enhance corporate value.	<ul style="list-style-type: none"> • Major transactions • Sharing opinions via meetings with suppliers • Cooperation in relation to promoting company policy (CSR Procurement Guidelines, etc.) • Cooperation in relation to promoting logistical efficiency, modal shift and recycling
Local Communities	We are closely involved in the local community at each of our premises the world over and make every effort to actively maintain communication and build up trusting relationships with local residents. We try to contribute to the sustainable development of the community as a whole, not least by creating local jobs and protecting the environment.	<ul style="list-style-type: none"> • Sharing opinions via meetings with local residents • Community oriented social contribution activities
Government	In addition to responding to and ensuring compliance with legislation, our operations bring us into contact with the local government at each of our premises through activities such as using public resources and services, cooperating with official policies and sharing opinions. We aim to maintain healthy, friendly relations with the authorities in order to ensure the stability of our business activities and to fulfill our responsibilities as a corporate citizen.	<ul style="list-style-type: none"> • Participation in national projects through the provision of technology, etc. • Participation in environmental measures such as eco-town projects • Panels and study groups with ministries and government agencies
NGOs - NPOs	We believe that it is important to engage in dialogue with a range of NGOs and NPOs the world over to ascertain what is required of us as part of our business activities at individual premises around the world. We aim to coordinate and communicate with NGOs and NPOs in various different fields, both at home and overseas, in order to improve the quality of our social and environmental activities.	<ul style="list-style-type: none"> • Providing support, sharing opinions and cooperating with NPO activities • Cooperation with NGOs via the International Council on Mining and Metals (ICMM)
Environment	As a comprehensive materials manufacturer, we clearly have a responsibility to preserve and minimize our impact on the environment. We make every effort to reduce environmental impact as a result of our business activities and to promote resource recycling in an effort to help create a sustainable society for future generations.	<ul style="list-style-type: none"> • Cooperation in relation to preventing global warming, via the Asia-Pacific Partnership on Clean Development and Climate (APP), etc. • Participation in activities aimed at reducing environmental impact, via Nippon Keidanren, ICMM, etc.

† Our CSR Reports have a key role to play as tools for communication with all of our stakeholders.

With Our Shareholders and Investors

We make every effort to implement timely and appropriate disclosure by means such as General Meetings of Shareholders, various presentation meetings and other IR tools so that our shareholders and investors can have a deeper understanding of our business and monitor our management activities with confidence.

Through General Meetings of Shareholders and Executive Information Meetings

■ General Meetings of Shareholders

We see the annual General Meeting of Shareholders not only as an opportunity for our shareholders to resolve important matters affecting the operation of the Company, but also as a precious opportunity for the management to directly speak with shareholders. Therefore, we send out notice of convocation of the annual General Meeting of Shareholders earlier than legally required so that our shareholders may have sufficient time to consider the matters to be reported and resolved in prior. Such notice is also available at our Web site for ease of access.

On the day of the annual General Meeting of Shareholders, we use slides and narration in our presentations to ensure that our shareholders leave the meeting with a solid understanding of the content put forward. Seeking to reflect the opinions of shareholders in the resolutions more accurately, we have offered several alternatives for those who are unable to attend the meeting in person. In addition to the existing voting systems in writing and through the Internet, since the annual General Meeting of Shareholders held in June 2007, shareholders not in attendance may exercise their voting rights online via mobile phones and foreign institutional investors may participate via an electronic voting right platform. Having introduced color business reports for the annual General Meeting of Shareholders held in June 2008, we continue to include photos, graphs and other illustrations in an effort to make the contents easier for our shareholders to understand.

We are committed to maintaining even closer communication with our shareholders through the annual General Meetings of Shareholders in the future.

■ Executive Information Meetings

Since fiscal 2004, we have invited shareholders to stay after the General Meeting of Shareholders for an executive information meeting—essentially, an opportunity to hear about our business activities in more detail.

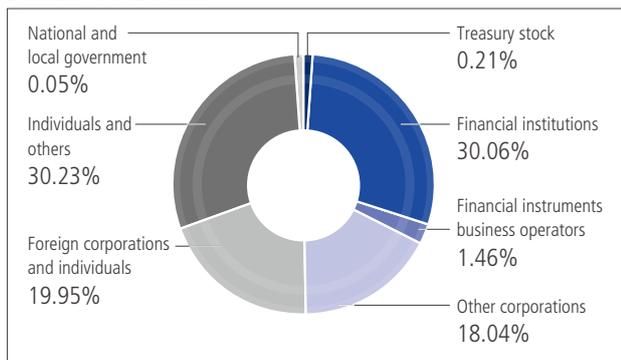
At the Executive Information Meeting in June 2010, senior management staff gave a presentation outlining our operations and examining topics such as current conditions and business strategies for the future so as to help our shareholders develop a better understanding of our business activities. In an effort to enhance dialogue with our shareholders, we also used the meeting as a forum to enable attending shareholders to talk freely and openly to senior management and other business managers whilst looking at our products and display panels.

In addition to making every effort to improve shareholders' understanding of the company through dialogue, we also regard such meetings as an invaluable opportunity for senior management to listen to shareholders' concerns and opinions. As such, we will continue to focus on improving communication with our shareholders in the future.



Display panels and products at the executive information meeting

Distribution of Shareholders



A presentation at this year's executive information meeting (Senior Executive Officer Akio Hamaji)

Through Various Information Meetings

We organize earnings information meetings for institutional investors and securities analysts to coincide with our quarterly earnings announcements. In addition to providing a breakdown of our earnings and explanations regarding matters such as management policy, we also accept questions and comments from participants so as to reflect their views in our IR activities via channels such as feedback to management. We also organize facility tours on an ongoing basis, to enable investors to see our domestic and overseas plants for themselves and gain a more in-depth understanding of our operations, and arrange interviews with institutional investors and securities analysts at home and abroad. As exercises in active communication, such interviews enable us to clarify operating strategies and other aspects of our business and engage in constructive exchanges of opinions.

In fiscal 2010 we introduced the practice of holding nationwide corporate information meetings for individual investors, which are organized in conjunction with securities companies for the benefit of our individual investors. We intend to maintain an active IR schedule and uphold adequate information disclosure practices in the future so as to ensure that investors have a thorough understanding of the activities that make us who we are.



A corporate information meeting for individual investors

IR Activities in Fiscal 2010

Description	Number of times during fiscal 2010
Interviews with institutional investors	194
Overseas IR visits (Europe, USA, Asia)	59
Facility tours for institutional investors	4
Earnings information meetings for institutional investors	4
Corporate information meetings for individual investors	6

Through IR Tools

Mitsubishi Materials maintains an IR page on its Japanese Web site and uploads pertinent corporate information, such as fiscal results, news releases and information meeting materials, on a timely basis.

We are committed to adequately disclosing information for non-Japanese investors, particularly those abroad, by posting content such as fiscal results and English versions of our annual reports on our English website.

To elicit an accurate perception of the current status of the Mitsubishi Materials Group, we will continue to utilize IR tools with optimum disclosure potential. [»»WEB](#)



Our annual report



Our Material Tsushin publication for shareholders

Inclusion in Socially Responsible Investment (SRI) Index



Mitsubishi Materials has been selected for inclusion in DJSI Asia Pacific, the Asia Pacific section of the Dow Jones Sustainability Indexes (DJSI), from a total of 600 of the largest companies in the Asia Pacific region.



Mitsubishi Materials has been selected for inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI), Japan's first socially responsible share index, consisting of the top 150 listed domestic companies in terms of their social credentials, as chosen by Morningstar.

Communication with Customers

Building relationships with our customers as well as specific companies and individuals is one of the most important aspects of our activities. In addition to continually improving the quality of the products we supply to our customers, we are committed to improving customer satisfaction on a comprehensive basis, through initiatives such as establishing a Machining Technology Center in the Omiya area in order to provide adequate technical support and the very latest solutions.

Adequate Disclosure of Product Information and Communication

In addition to coordinating information on our wide range of products and publishing it in an easy to understand format via media such as our website and product leaflets, our Corporate Marketing Department also serves as an essential one-stop point of call for two-way communication with our customers, dealing with customer inquiries and passing on questions, suggestions and requests to the relevant department so that they can provide the necessary information or deal with the matter quickly.

In an effort to promote sales, we try to ensure that we always provide accurate information on our products and business activities as part of our marketing communication activities, in accordance with our Code of Conduct, and take great care to avoid misleading our customers or consumers in any way.



Our product information website

■ Promoting Activities as Exhibitions

We engage in activities at exhibitions in order to create opportunities to get out and meet our customers in person, so that we can introduce as many people as possible to the wide range of products offered by ourselves and our Group companies. We also use questionnaires completed by customers at such events to give us access to invaluable feedback and enable us to pinpoint customers' needs at an early stage. In addition to increasing sales and helping to improve the quality of our products and services, we aim to incorporate such information into our product development and business activities for the future.



Engaging in activities at an exhibition

■ Technical Support via our Machining Technology Center

The Carbide and Tools Division at our Advanced Materials and Tools Company has established a Machining Technology Center in the Omiya area in an effort to provide customers with adequate technical support and the very latest solutions in the field of metalworking, which has continued to undergo a process of diversification in recent years. The aim is to improve levels of customer satisfaction by organizing machine tool demonstrations and making the most of facilities such as presentation rooms with enhanced audiovisual equipment.



Machining Technology Center

Customer Satisfaction and Quality as the Basis for our Precious Metals Operations

Our Precious Metals Division, which comes into direct contact with our customers as one of our few BtoC (business-to-consumer) lines of business, has always placed top priority on improving levels of customer satisfaction ever since we started business. This approach is greatly appreciated by our customers. Despite a sudden drop off in demand in the domestic jewelry market due to a downturn in consumer spending, our precious metal operations have nonetheless remained a growing presence. MJC Jewelry Fair and our jewelry mail and telephone order services, proving particularly popular thanks to the high quality and reasonable prices of our products, became one of the largest scale businesses in the country.

We are currently restructuring operations from a fresh perspective in an effort to continually repay the trust that our customers have placed in us. In terms of quality in particular, we are focusing on quality control initiatives throughout the supply chain. [» P.65](#)

■ Efforts to Improve Customer Satisfaction

We commission independent expert inspectors to survey standards of customer service and manners amongst sales assistances and telephone operators and continue to take steps to improve levels of customer service. We have also introduced a qualification scheme to improve the specialist product knowledge of sales assistants and are working to improve consulting capabilities.

We will continue to reinforce our customer-first philosophy and step up day-to-day initiatives in the future so as to establish ourselves as an even stronger, more trustworthy brand and enable more customers to feel closer to us as a company.

Topics

Inviting Customers on a Naoshima Eco-Town Tour ■ Precious Metals Division

Following on from our Eco Membership Campaign in 2008, in April 2010 we offered customers who have signed up to our MY GOLD PLAN (gold and platinum accumulation plan) the chance to win a place on a Naoshima Eco-Town Tour.

The aim of this promotion was to commemorate the 20th anniversary of the MY GOLD PLAN and to say thank you to all of its members. We drew out ten pairs of names and invited the 20 chosen customers to visit Naoshima, the first island to be granted Eco-Town certification, and go on a tour of our Naoshima Smelter and Refinery and other facilities.



Naoshima Eco-Town

Communication with the Community

As a leading global company with offices all over the world, we will continue to implement initiatives "For People, Society and the Earth" in the future, including participating in international conferences, engaging in social contribution activities and communicating with local communities.

The Mitsubishi Materials Group's Social Contribution and Communication Activities

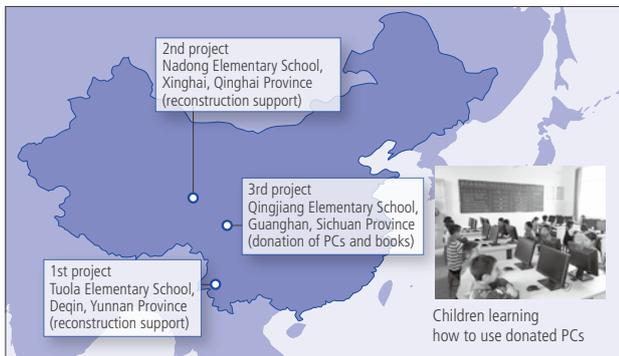
■ Providing Educational Support through Project Hope (China)

We have been involved in Project Hope (China), a national project with private sector backing, via our Shanghai Representative Office since 2005. To date, we have provided support to help rebuild two aging elementary schoolhouses, first Tuola Elementary School (Deqin, Yunnan Province) then Nadong Elementary School (Xinghai, Qinghai Province).

For our third project, we donated 21 PCs and 3,500 books to Qingjiang Elementary School (Guanghan, Sichuan Province), which is located in the area affected by the major earthquake that hit Sichuan Province in May 2008.

We will make steady contributions to Chinese society and support children on whom the country's future depends.

Schools Supported by Mitsubishi Materials



■ Exhibiting at Eco-Products 2009

Following on from the previous year, we once again took part in Eco-Products 2009 in December 2009. With assistance from related departments and Group companies, we put on an exhibit based on the concept "Mitsubishi Materials – Right at the Heart of Recycling." The event provided an excellent opportunity to showcase recycling operations at our cement plants, our nonferrous metal recycling activities and our efforts to reduce CO₂ emissions and to tell people about the Mitsubishi Materials Group's environmentally friendly products and environmental initiatives. We will continue to focus on awareness activities and reinforce communication with our stakeholders in an effort to emphasize the importance of recycling in the future.



The Mitsubishi Materials booth

■ Taking Part in Cultural and Historical Community Activities

Mitsubishi Materials subsidiary Golden Sado Co., Ltd. has been contributing to the tourist industry ever since the closure of Sado Mine, in an effort to create local jobs and revitalize the local community. We help organize events that are aimed at preserving the history and culture of Sado, such as the Kozan Festival and the Yoi-no-Mai dance, every year, with many employees from Golden Sado also taking part as volunteers.



Kozan Festival, which we help run every year

» P.73

■ Organizing Tours of Our Model Workplace for Disabled Employment

Positioned as a model workplace for disabled employment, we implement a range of initiatives aimed at creating a rewarding working environment and stable employment at our Human Resources Development Center (Saitama prefecture), including assigning job coaches and running schemes whereby disabled members of staff are able to suggest improvements, challenge themselves and work towards targets. As our activities have attracted more and more attention in recent years, we get a lot of visitors from outside the company, which enables us to share information with one another to help improve activities even further.



Showing round visitors

■ Activities at Our Geothermal & Electric Power Center

As part of our operations in the field of geothermal power, which is attracting a lot of attention as a natural source of energy, we currently operate two geothermal power plants, in Ohnuma and Sumikawa in Akita prefecture. We are working to build trusting relationships with members of the local community through initiatives such as continually monitoring nearby hot springs and regularly verifying that our geothermal operations are not having any impact on the area via a Hot Spring Impact Assessment Committee comprised of independent experts.

We also engage in a range of communication activities, including submitting recommendations and publishing information via the Japan Geothermal Developers' Council in an effort to improve people's awareness and understanding of geothermal power.



An information meeting for local residents

Activities via the International Council on Mining and Metals (ICMM)

Made up of leading mining and smelting companies from around the world, the International Council on Mining and Metals (ICMM) is an international consultative organization that engages in a wide range of activities in areas such as the environment, health, safety and human rights and promotes CSR within the mining and smelting industry as a whole. The ICMM also advocates a set of ten principles for sustainable development.

In 2009, the ICMM carried out a strategic review and assessment of its activities to date, with the aim of setting out a new direction and vision for the organization as well as new targets and objectives, and formulated a strategy and action plan running from 2010 to 2012 based on its findings.

In terms of specifics, the ICMM has launched projects to tackle climate change and mercury-related issues and has started to look into an action plan for the mining and smelting industry. Member companies are required to carry out business activities in accordance with the ICMM's ten principles and disclose information in the form of a CSR report, complete with an external independent assurance. Through internal activities such as working out the details of the relevant assurance procedure, the ICMM is continuing to step up efforts to increase the transparency of member companies' business activities and ensure responsible reporting.

»» WEB »» Data Book P.6

Activities via the Asia-Pacific Partnership on Clean Development and Climate (APP)

■ Industry Initiatives Targeting Overseas Activities

The Asia-Pacific Partnership on Clean Development and Climate (APP) is a joint public-private sector body whose aim is to promote and encourage the use of technology to reduce greenhouse gas emissions, primarily through cross-border cooperation in each industry based on a "sectoral" approach. The APP currently consists of governments and industry representatives from seven countries in total, namely Australia, Canada, China, India, South

Korea, Japan and the United States. The APP's Cement Task Force, which includes members from the Japanese Ministry of Economy, Trade and Industry and the Japan Cement Association, has so far filed progress reports on ten projects aimed at reducing pollutant and greenhouse gas emissions. In March 2010, the Cement Task Force met for the eighth time in Vancouver, Canada, providing an opportunity for a lively exchange of opinions.

Recognition for the Mitsubishi Materials Group's Activities

Main Awards and Commendations from Outside Organizations in Fiscal 2010

Recipient	Awarding body or organization	Details	
Mitsubishi Materials Corp.	Securities Analysts Association of Japan	Award of Excellence in Corporate Disclosure	Outstanding improvements in the field of disclosure
	Aomori Plant	Ministry of Health, Labour and Welfare	Minister's Award for Excellence
	Akashi Plant	Japan Small Cutting Tools' Association	Environmental Grand Prize
Hosokura Metal Mining Co., Ltd.	Ministry of Land, Infrastructure, Transport and Tourism, Maritime Bureau	Eco-Ship Modal Shift Award for Excellence	Promoting efficient shipping and reduced environmental impact
Mitsubishi Cement Corp.	San Pedro Bay Ports Clean Air Action Plan	Air Quality Award	Facility planning aimed at reducing airborne pollutants
Yantai Mitsubishi Cement Co., Ltd.	Shandong Provincial Environmental Protection Bureau (China)	Shandong Province Environmentally Friendly Company	Legal compliance and contribution to the preservation of the local environmental

Sado Gold Mine Placed on Tentative List of World Heritage Sites

In February 2010, four areas – Ohdate, Ainoyama-Takato, Kitazawa and Toji – were deemed to be national historical sites containing traces of gold and silver mining operations, from ore dressing through to smelting, and were added to the list of officially designated historical sites alongside previously registered sites such as Dohyu-no-wareto Outcrop and the quarry remains along the Fukiage Seacost.

It had previously been suggested that the best way to register the

remains of the Sado Gold and Silver Mine as a world heritage site would be to expand the site and combine it with Iwami Silver Mine, which is already registered as a UNESCO world heritage site. In June 2010 however, the Special Commission on World Cultural Heritage of the Council for Cultural Affairs determined that the mine has "outstanding universal value" on its own and that it would work towards registering the mine as a world heritage site under the title Sado Gold and Silver Mine.

Topic

4

Comments Regarding Initiatives as an ICMM Member Company

Capitalizing on the benefits of ICMM membership to engage in international CSR activities

Mizue Unno: The issue of how to go about procuring resources is a real cause for concern for Japan. With the world in a state of turmoil at the moment, countries across the board are starting to engage in global resource development, making concerns regarding procurement all the more serious. I think that we need to look at the bigger picture with regard to resource development and act on a global scale. I also understand that overseas mines in which the company invests are primarily managed by the majority investor. Assuming that the level of involvement varies depending on the level of investment, I would like the company to disclose details of mines in which it has at least a 20% investment or provide a report based on some sort of systematic policy.



Masahiro Miyazaki: I think that it is extremely impressive that the company has joined the ICMM and established CSR Investment Standards and CSR Procurement Standards. I'm sure you have already experienced this first hand, but overseas mines pose a number of issues in terms of CSR, so I hope that the company will continue to adopt a proactive approach to such issues in the future.

Takashi Yoshida: Membership of an overseas organization such as the ICMM is becoming an increasingly valuable asset. There are various ways in which the company could benefit from a strategic management standpoint too, by assigning young members of staff to the ICMM so that they can experience international debate or even proposing international standards on behalf of the company. I would like to see other in-house companies as well as the Metals Company actively engaging in activities along those lines.



Response to Comments

ANSWER



Mamoru Minami
General Manager
Company Social Responsibility Department,
Planning & Administration Department
Metals Company, Mitsubishi Materials
Corporation

We currently invest in four overseas mines and have a minority stake in each, meaning that we do not get directly involved in the management of individual mines. We nonetheless monitor affiliated mines from a shareholder's perspective to make sure they are managed in the best interests of the environment and the local community. Although minority investment is not without its limitations, we are still able to sign agreements with other concerned parties in the case of joint ventures, ensuring that we have a say via channels such as committee and board meetings. In addition to bringing our CSR Investment Standards and CSR Procurement Standards into effect in the future, we recognize that we have a great deal of responsibility within the supply chain and are determined to step up initiatives even further and disclose as much information as possible.

Comments regarding subjects other than the four designated topics included the following.

Takashi Yoshida: Despite plans to gradually extend the CSR Report's coverage from Mitsubishi Materials to include consolidated Group companies, I think that the company is falling behind other companies in this respect. Also, would it be possible to disclose segment-specific information in such a way as to tie in with the company's financial statements?

Masahiro Miyazaki: In some respects, I get the impression that the company's Corporate Philosophy "For People, Society and the Earth" is focused more on corporate logic rather than actually getting through to individual areas of business. Couldn't the company be a bit more creative in terms of displaying content, such as in the Metals Company Supplementary Data Book for instance?

Independent Assurance Report



Independent Assurance Report

To the President and Chief Executive Officer of Mitsubishi Materials Corporation

Purpose and Scope

We were engaged by Mitsubishi Materials Corporation (the "Company") to provide limited assurance on its CSR Report 2010 (the "Report") and Corporate Social Responsibility Report 2010: Metals Company Supplementary Data Book (the "Data Book") for the fiscal year ended March 31, 2010. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the environmental, social and economic performance indicators marked with an asterisk * for the period from April 1, 2009 to March 31, 2010 included in the Report and the Data Book (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria;
- the Company's self-declaration on the Global Reporting Initiative ("the GRI") application level conforms to the application level criteria stipulated by the GRI;
- the Company's policies are aligned to the International Council on Mining and Metals ("ICMM")'s 10 Sustainable Development ("SD") Principles as described on page 21 of the Report;
- the Company has identified and prioritized its material issues as described on page 23 of the Report;
- the Company has approached and managed its material issues as described on page 24 of the Report.

The content of the Report and the Data Book is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report and the Data Book. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the GRI. We used these criteria to evaluate the Indicators. For the GRI application level, we used the criteria stipulated by the GRI.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines of Sustainability Information Assurance' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

The limited assurance engagement on the Report and the Data Book consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report and the Data Book, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and the Data Book.
- With respect to the Indicators,
 - ▶ reviews of the Company's reporting criteria,
 - ▶ obtaining an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level,
 - ▶ analytical reviews of the Indicators aggregated at corporate level,
 - ▶ examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators,
 - ▶ visit to the Company's Naoshima Smelter and Refinery, and
 - ▶ evaluating the overall statement in which the Indicators are expressed.
- Evaluating the Company's self-declared GRI application level against the application level criteria.
- An assessment of the alignment of the Company's policies to ICMM's 10 SD Principles through documentation reviews and interviews.
- Interviews and documentation reviews of the Company's process of identifying and prioritizing its material issues.
- Interviews and documentation reviews of the Company's approach to and management of its material issues.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the Report and the Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report and the Data Book;
- the Company's self-declaration on the GRI application level does not conform to the application level criteria;
- the Company's policies are not aligned to the ICMM's 10 SD Principles as described on page 21 of the Report;
- the Company has not identified and prioritized its material issues as described on page 23 of the Report; and
- the Company has not approached and managed its material issues as described on page 24 of the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
December 22, 2010

With such a wide range of operations, from cement, metals, and advanced materials and tools to electronic materials and components, the Mitsubishi Materials Group's CSR activities vary according to each line of business. It nonetheless makes every effort to explain its activities in an easy to understand manner. Even so, the scope of quantitative data is essentially limited to Mitsubishi Materials on a nonconsolidated basis. As a rule, I would say that disclosing quantitative data covering the same scope as the Group's consolidated financial statements would be a more effective way of clearly communicating the results of the Group's CSR activities to the reader. One possible option would be to start by disclosing groupwide figures for greenhouse gas emissions, which is listed as one of the Group's "material issues," and then gradually extend the scope of groupwide disclosure to include other data.

In order to ensure the reliability of quantitative data meanwhile, the Group has produced a manual explaining how to calculate environmental performance data, which is used to compile data and reports at individual premises. From the standpoint of internal controls in relation to disclosed data however, I believe that there is room for improvement at the Group's headquarters in terms of the ability to check environmental performance data submitted by individual premises.



Shinichiro Akasaka
KPMG AZSA Sustainability Co., Ltd.

Application level with the GRI Sustainability Reporting Guidelines (Version 3.0)

The Global Reporting Initiative (GRI) is a non-governmental organization (NGO) tasked with formulating international guidelines for sustainability reporting. The GRI Sustainability Reporting Guidelines encourage the inclusion of a declaration so that readers can easily see the extent to which the report applies with the relevant guidelines. In conjunction with the Metals Company Supplementary Data Book, which is available on our website, our 2010 Corporate Social Responsibility Report achieves Level A+ application as specified in the GRI guidelines.



Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility	Same as requirements for Level B	Respond on each core G3 and Sector Supplement [†] indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission
G3 Management Approach Disclosures	Not Required	Management approach disclosures for each indicator category			Management approach disclosed for each indicator category	
G3 Performance Indicators & Sector Supplement Performance Indicators						
		Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured

A comparative table based on the GRI Guidelines is available via the CSR section of our website. [»»» WEB](#)

[†] Sector supplement in final version

Third-Party Assessment of the Mitsubishi Materials CSR Report 2010

As part of the process of formulating its next Medium-Term Management Plan, Mitsubishi Materials is clearly determined to incorporate CSR into efforts to improve its financial standing and reinforce growth potential on a fundamental level.

Given that the company's business strategy is focused on active expansion into emerging countries, it will need to incorporate CSR into its business activities in line with social issues in such countries. With the environment, and recycling in particular, set to become an increasingly important area of business in the future, having a sustainable growth strategy that takes into account social and environmental factors will be crucial in terms of maintaining a competitive edge. We hope that Mitsubishi Materials will take such considerations on board, both internally and externally, based on a clear understanding of the opportunities and risks posed by CSR.

Stakeholder Communication

As the company held a Stakeholder Meeting with outside experts for the first time this year, we hope that the relevant external feedback will help to change perceptions within the company and contribute to business development. ISO 26000, the international standard for CSR that is due to be issued by the end of 2010, also places an emphasis on engagement with stakeholders, underlining the importance of maintaining an open approach as a company.

During the meeting, lots of comments were put forward regarding expectations for the future of Mitsubishi Materials as a whole.

- As a material manufacturer, the company should consult a range of stakeholders, including the national government and consumers, and play a leading role in the community in terms of helping to resolve environmental issues.
- Actively communicating and "visualizing" the company's wide range of activities in the field of environmental preservation would encourage people to trust the company.

In the eyes of the public, companies need to do more than merely fulfill their responsibilities as individual entities. They also need to make an effort to contribute to a sustainable society from a long-term perspective. We would encourage Mitsubishi Materials to regard CSR activities that extend beyond the realms of conventional corporate activity, including industry-wide initiatives via organization such as the ICMM and collaboration with various different stakeholders, as a prime opportunity to achieve this and to contribute to the future development of the company.

It will also be important to expand dialogue with stakeholders involved in other aspects of the company's operations in the future, talking specifically to representatives from overseas sites and leading organizations as well as experts.

Recycling Operations

Mitsubishi Materials is already working on the commercialization of a range of recycling activities and is steadily incorporating such activities into its core materials operations. Amidst increasing pressure

on demand for resources around the world, efforts such as these are becoming increasingly necessary and will help improve the company's standing in terms of CSR.

Rather than merely reporting details of such activities, we feel that the company needs to come up with an integrated index to visualize the results of its activities from a business standpoint and demonstrate the importance of such activities within the context of its overall operations.

Renewable Energy

Although renewable energy initiatives are of great importance, the results don't tend to be immediately apparent, much like recycling. Nevertheless, it would be helpful if the company could review its long-term targets and levels of achievement in the future.

Biodiversity

The focus of biodiversity is undergoing a transition, from merely protecting the natural environment and restoring damaged areas to sustainably obtaining and using natural resources in the best interests of the entire human race. Although this poses serious risks from the point of view of a materials manufacturer, with possibilities such as offsetting and surcharge schemes on the table, the company's accumulated efforts to preserve the environment could end up becoming a real source of strength. It will be essential to keep an eye on global trends in the future.

Supply Chain

As part of the process of bringing the CSR Investment Standards and CSR Procurement Standards formulated last year by the Metals Company into effect, activities at overseas mines are being monitored via questionnaires. The next step should be to verify actual CSR management practices and determine how CSR is implemented. Communication with suppliers is also one of the requirements under ISO 26000.

As the major overseas resource companies subject to the relevant standards are no doubt already working on environmental and social measures at the request of their various stakeholders, Mitsubishi Materials' monitoring activities could provide an opportunity to learn more about levels of sustainability the world over. Such knowledge would definitely be useful in terms of rolling out the company's global business strategy in the future.



Mizue Unno,

So-Tech Consulting Inc.

Profile

After a period working for a management consulting firm, Mizue Unno established So-Tech Consulting in 1996.

She uses her unique analytical expertise to offer management solutions and proposals in the fields of CSR and the environment and provide practical support for Japanese companies engaging in CSR activities.

Response to the Third Party Assessment

We have been including third-party assessments in our Corporate Social Responsibility Reports since the 2007 edition and have continued to work on improving both our reports and CSR activities. Starting with the 2010 edition, we have also introduced the practice of obtaining an external independent assurance in an effort to further enhance the content and reliability of our reports.

In addition to the third-party assessment provided by Mizue Unno, we also received invaluable comments and suggestions during the Stakeholder Meeting that we organized in February 2010. As high profile issues from the standpoint of global sustainability, we believe that it is important to tackle renewable energy, biodiversity and supply chain management from a long-term perspective. As such, we are determined to keep a close eye on trends in public demand and continually refine our activities in the future, whilst at the same time continuing to report on our progress.

Having obtained an external independent assurance for the first time this year, activities such as the site visit at the Naoshima Smelter and Refinery and inspections at our headquarters have helped to underline the fact that adequately maintaining and analyzing environmental data will enable us to minimize a wide range of risks. Given that we need to improve the quality of quantitative data disclosed in the future and broaden the scope of such data, we are planning to extend disclosure to include Group companies in phases, starting with particularly important data such as greenhouse gas emissions.



Makoto Miki

Managing Director and Director Responsible for CSR

Profile

June 2006 Senior Executive Officer and General Manager, Human Resources Division

June 2009 Managing Director (current position)

June 2010 Director Responsible for CSR and Vice Chairman, CSR Committee (current position)

 **MITSUBISHI MATERIALS CORPORATION**

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