



KAITEKI Report 2011

Corporate Social Responsibility

KAITEKI

Report 2011

Corporate Social Responsibility

Editor's Comments

To assist as many stakeholders as possible in understanding the Mitsubishi Chemical Holdings Group's approach to CSR and the CSR activities pursued by the four operational companies (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc. and Mitsubishi Rayon Co., Ltd.), the Group posts this information on its website and updates it annually.

From fiscal 2011, our company is combining information about its conventional CSR activities with that about its initiatives focusing on KAITEKI, the Group's unique CSR concept, and disclosing the information in the form of the KAITEKI Report.

By communicating with a wide range of stakeholders via its website, Mitsubishi Chemical Holdings Corporation will continue its initiatives toward KAITEKI.

About this Report

In fiscal 2010, to disclose information to a greater number of stakeholders, while being kind to the global environment, Mitsubishi Chemical Holdings Corporation abandoned this report's paper version and began website-based publication. We will strive to capitalize on the advantages of the electronic medium to make the report as clear as possible. A PDF version is also available so users can download the full report at one time.

Scope of the report

The report covers the entire Mitsubishi Chemical Holdings Group.

Mitsubishi Rayon became a new member of the Mitsubishi Chemical Holdings Group in April 2010 and has been partly included in the reported coverage since the previous Report. Mitsubishi Rayon data have been retrospectively added to the historical graphs in this Report.

The data shown at the end of this Report were collected under the following principles:

Environmental data : The four core operating companies as single entities and their group companies in Japan

Social data (related to employees) : The four core operating companies as single entities
The Group companies included in the subjects are subsidiaries as defined by the Companies Act. Among them, the subjects are main production subsidiaries. The subjects do not include non-production and production-related subsidiaries within industrial complexes that are not among the four core operating companies. See the CSR report of each company for details.

The Group will disclose data, including overseas data, in the future.

Period covered by the report

Fiscal 2010 (April 2010 - March 2011)*Some fiscal 2011 information is also included.

Report publication date

September 2011: The previous report was published in September 2010.

Inquiries

Public Relations and Investor Relations Office, Mitsubishi Chemical Holdings Corporation
Phone: +81-3-6414-4870 Fax: +81-3-6414-4879

For detailed environmental and other information on core operational companies, please refer to the CSR reports of the respective companies.

CSR report of Mitsubishi Chemical Corporation: http://www.m-kagaku.co.jp/index_en.htm#expect
CSR report of Mitsubishi Tanabe Pharma Corporation: <http://www.mt-pharma.co.jp/e/index.php>
CSR report of Mitsubishi Plastics, Inc.: <http://www.mpi.co.jp/english/>
CSR report of Mitsubishi Rayon Co., Ltd.: <http://www.mrc.co.jp/english/index.html>

Disclaimers

This report includes not only historical and current facts about the Mitsubishi Chemical Holdings Group but also forward-looking statements with respect to social conditions, and the Group's management plans and policies and their results. These statements are based on the most accurate assumptions and judgments in light of the currently available information. Please note that changes in various conditions may cause actual social conditions and results of the Group's business activities to differ materially from those we currently expect.

Message from the President 3

Response to the Great East Japan Earthquake 6

Mitsubishi Chemical Holdings' Social Responsibilities 11

【Special Feature】 Initiatives toward KAITEKI 15

Part 1 KAITEKI Management Initiatives 17

- The Three Axes of KAITEKI Management
- MOS Indexes that Visualize Our Contribution to SUSTAINABILITY
- KAITEKI Project Organization

Part 2 The Process of Creating MOS Indexes 25

Part 3 KAITEKI Products and Technologies 36

- White LED and OLED
Mitsubishi Chemical Corporation

- Remicade, Antibody Drug
Mitsubishi Tanabe Pharma Corporation

- AQSOA, Zeolitic Water Vapor Adsorbent
Mitsubishi Plastics, Inc.

- CLEANSUI Business
Mitsubishi Rayon Co., Ltd.

- The KAITEKI Institute, Inc.
The KAITEKI Institute, Inc.

Initiatives for Reinforcing Corporate Foundation 65

- Corporate Governance
- Internal Control / Risk Management / Compliance
- Initiatives Aimed at Safety and the Environment
- Communication with Shareholders and Investors
- Communication with Customers and Business Partners
- Initiatives Concerning Human Rights and Labor
- Corporate Citizenship Activities

Data 104

Group Information 113

Third-party Opinion 118

Feedback 122

GRI Guidelines Reference Table 124



Special Feature

Initiatives toward **KAITEKI**

▶ Special Feature TOP

- PART 1** ▶ KAITEKI Management Initiatives
- PART 2** ▶ The Process of Creating the MOS Index
- PART 3** ▶ KAITEKI Products and Technologies

▶ Message from the President

We want to be a company that achieves *KAITEKI*, by putting infinite potential of "Good Chemistry" to work.



Yoshimitsu Kobayashi



Our activities

Initiatives for Reinforcing Corporate Foundation

- ▶ Corporate Governance
- ▶ Internal Control / Risk Management / Compliance
- ▶ Initiatives Aimed at Safety and the Environment
- ▶ Communication with Shareholders and Investors
- ▶ Communication with Customers and Business Partners
- ▶ Initiatives Concerning Human Rights and Labor
- ▶ Corporate Citizenship Activities

Response to the
▶ Great East Japan Earthquake

KAITEKI Data

- ▶ Financial Data
- ▶ Environmental Data
- ▶ Social Data

Third-party Opinion

▶ **Mika Takaoka**
Professor
College of Business, Rikkyo University

▶ **Kazutaka Okubo**
Partner of the CSR Promotion Department
Ernst & Young ShinNihon LLC

▶ **Response to Opinions Received**

Shigeru Tsuyuki
Chief SUSTAINABILITY Officer
Senior Managing Executive Officer
Member of the Board
Mitsubishi Chemical Holdings Corporation

Message from the President



The impact of the Great East Japan Earthquake

First and foremost, I would like to reiterate my heartfelt sympathy on behalf of everyone in the Mitsubishi Chemical Holdings (MCHC) Group to the victims of the Great East Japan Earthquake of March 11, 2011. We hope for the earliest possible restoration of the affected area.

Within the MCHC Group, a total of 26 plants and distribution facilities (16 companies) across six prefectures were damaged by the disaster, including Mitsubishi Chemical Corporation's Kashima Plant. Thanks to subsequent efforts across the Group, we managed to restart our ethylene production facilities at the Kashima Plant by the end of June, and have now successfully restored the majority of our operations. I extend my sincerest gratitude to all those from around the world who provided us with their generous support during this time.

We believe that we and other companies in the chemical industry can contribute greatly to restoration and rebuilding Japan by providing basic materials and diverse products and services.

With society at an important turning point, what needs to be done?

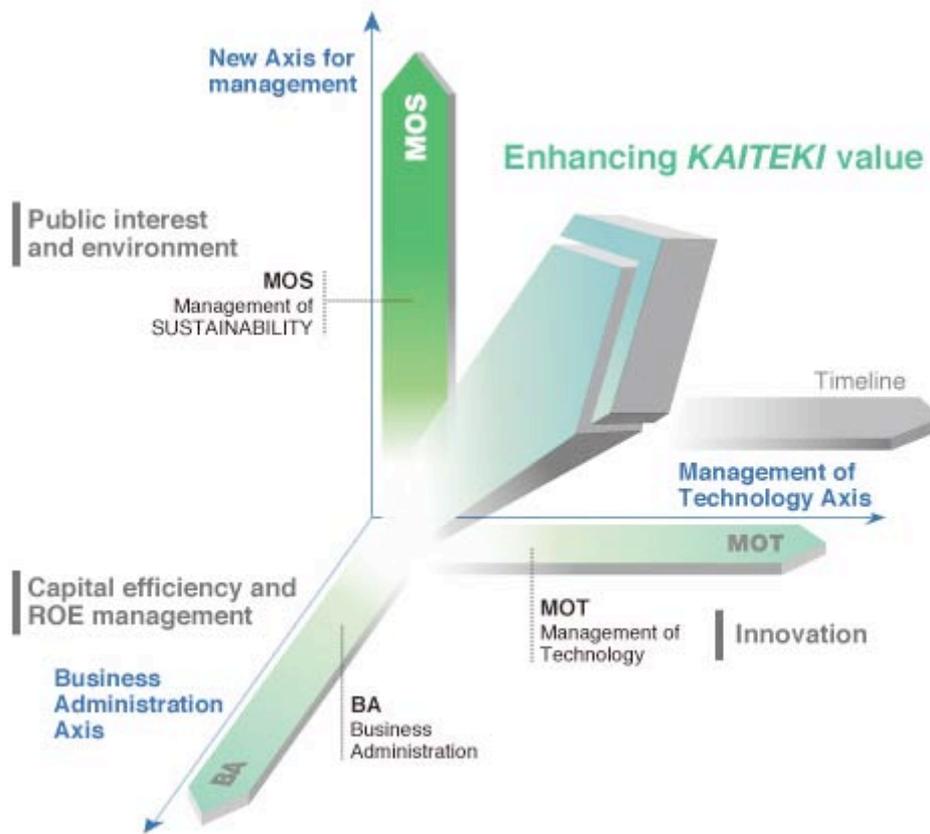
The disaster and the ensuing nuclear crisis have compelled us to change not only our energy policy but also our shared values.

At the same time, we still need to overcome serious challenges such as climate change, the destruction of the environment, the depletion of resources, the uneven distribution of food and water, and threats to biodiversity. In this context, the MCHC Group is examining what it needs to do as a company to ensure sustainable development.

Based on its philosophy "Good Chemistry for Tomorrow – Creating better relationships among people, society, and our planet.," the Group has outlined its aspiration for the year 2025 in *APTSIS 10*, the previous mid-term management plan (FY2008-FY2010), and has adopted three decision criteria for its corporate activities: Sustainability, Health, and Comfort to achieve our aspiration. The Group has been restructuring its operations and executing its growth strategy on the basis of these criteria. During this time, however, speculative trends have caused major damage to the real economy, not least in terms of soaring oil prices and the Lehman Brothers crisis, and the challenge of reducing the environmental impact has become a significant priority.

I recognized the importance of incorporating new value into our management practices to ensure sustainable development.

Thus, I have adopted a four-dimensional approach to management to facilitate this. In addition to the existing Business Administration axis and Management of Technology (MOT) axis, we have incorporated a third axis called the Management of SUSTAINABILITY (MOS) axis for resolving environmental and social challenges. With Time an important fourth axis, the MCHC Group has created the basis for its operations.



We refer to the value created through this approach as “KAITEKI value.” My role as CEO is to maximize this value and respond to the demands of the times. To translate our management approach into practical action, we have devised MOS indexes, which visualize and quantify progress in activities based on the MOS axis. The indexes have been introduced as part of our APTSIS 15 mid-term management plan, which came into effect in April 2011.

KAITEKI means a state of true SUSTAINABILITY, and also represents comfort for people, comfort for society, and comfort for the planet as a whole.

Introducing MOS indexes as part of our new mid-term management plan

Under our *APTSIS 15* mid-term management plan – “Grow, Innovate, and Leap Ahead by Orchestrating the Group’s Strengths” – we have set out clear, numerical targets for MOS indexes that are compatible with our financial targets for fiscal 2015.

Target index for sustained improvement of corporate values		
	FY 2012	FY 2015
Financial management indices	Operating income	230 billion yen
	Growth and creation	330 billion yen
	Leaps	70 billion yen
	ROA (income before income taxes)	At least 8%
	Net D/E (debt to equity ratio)	1.0
	Overseas sales ratio	At least 45%
MOS indexes (Major indexes)	Sustainability Index	
	<ul style="list-style-type: none"> Reduce environmental impact by 30% (in Japan) from FY 2005 levels (Reduce GHG by 17%) 	
	Health Index	
	<ul style="list-style-type: none"> Increase index performance derived by the degree of difficulty to treat diseases and the number of patients treated by 30% from FY 2009 levels 	
	Comfort Index	
	<ul style="list-style-type: none"> Increase new product ratio to at least 35% for Performance Product and Health Care 	

As part of MOS indexes, the MCHC Group has also adopted specific targets for initiatives relating to "corporate ethics (compliance)," "safety and the environment," "human rights and labor," "corporate governance," and "disclosure," representing the cornerstones of its corporate activities. The Group is committed to consistently reinforcing and improving the quality of its activities, based on the PDCA (plan, do, check, act) cycle.

Putting *KAITEKI* into practice with our stakeholders

From this year onward, the MCHC Group will be publishing a *KAITEKI* Report in place of its usual CSR Report. The aim of the *KAITEKI* Report is to underline our determination to tackle the challenges we face and to embody the concept of *KAITEKI*. Harnessing our strengths, we will continue to put *KAITEKI* into practice in partnership with our stakeholders.

Response to the Great East Japan Earthquake

We offer our sincerest condolences to an enormous number of people who lost their lives in the Great East Japan Earthquake on March 11, 2011, and our heartfelt sympathies to all those who have been affected. We sincerely hope that the affected area will be able to recover and get back on its feet as soon as possible.

Here at the Mitsubishi Chemical Holdings (MCHC) Group, we set up a task force immediately after the earthquake to ascertain the impact on the MCHC Group, take appropriate action, and quickly determine and provide necessary support. The following is a report on the impact that the earthquake had on our operations and our response, as of June 30, 2011.

[The Impact of the Great East Japan Earthquake]

We were deeply saddened to learn that the recent earthquake claimed the lives of one MCHC Group employee and two family members. Another of our employees is still missing. Several employees and family members were also injured.

Although we were able to safely halt operations at all of our manufacturing facilities without any security issues, the earthquake had a major impact on MCHC Group companies based in the Tohoku and Kanto regions. Buildings and facilities were damaged at 26 manufacturing, research, and distribution sites (16 companies), and also at sales offices and other premises operated by Mitsubishi Tanabe Pharma Corporation and other group companies in the six prefectures that make up the Tohoku region, bringing sales and production activities to a standstill.

Of the MCHC Group's facilities, those in the Kashima area of Ibaraki prefecture sustained the most damage. Production had to be halted at plants operated by Mitsubishi Chemicals Corporation (MCC), the MCC Group and the Mitsubishi Tanabe Pharma Group. MCC was forced to suspend supplies of ethylene and other raw materials in particular. We appreciate that this caused serious concern throughout the supply chain and would like to thank all those involved for their understanding.

The table below outlines the main damage caused by the earthquake and progress with recovery work. As it stands, we have restored normal operations and activities at the vast majority of our sites.

**Damage sustained by the MCHC Group and progress with recovery
(as of July 2011)**

Mitsubishi Chemical Group

Location	Company	Site/Facility	Damage caused by the earthquake	Progress with recovery
Ibaraki Prefecture	MCC	Kashima Plant (East)	Plant completely shut down, water cut off Damage to waterfront facilities	Operations restarted at No.2 ethylene production facility on May 20 Routine repairs postponed until the end of August in order to restart supplying ethylene products Operations and product supplies restarted at No.1 ethylene production facility on June 30, after scheduled routine repairs
		Tsukuba Plant (Ushiku)	Plant completely shut down, water cut off	All utilities restored, operations fully recovered on April 11
	Mitsubishi Chemical Medience Corporation	Kashima Plant (Hasaki)	Utilities temporarily cut off, operations continuing on bare minimum resources	All utilities restored Operations fully restored by early May
Fukushima Prefecture	Nippon Kasei Chemicals Co. Ltd.	Onahama Plant	Operations halted due to power failure, water cut off, and partial damage to facilities	Operations running as normal, with the exception of selected plants in need of repair and ancillary facilities
	API Corporation	Iwaki Plant	Damage to facilities	Operations restarted by the end of May

Mitsubishi Tanabe Pharma Group

Location	Company	Site/Facility	Damage caused by the earthquake	Progress with recovery
Tohoku (six Prefectures)	Mitsubishi Tanabe Pharma Corporation	Facilities overseen by Tohoku Branch	Difficulties continuing normal sales activities	Activities restarted on March 28, dealing mainly with safety management duties at the request of medical institutions, etc. As it stands, activities more or less restored to normal levels
Tochigi Prefecture Ibaraki Prefecture Chiba Prefecture	Mitsubishi Tanabe Pharma Factory, Ltd. MP-Logistics Corporation	Ashikaga Plant Kashima Plant East Japan Distribution Center	Operations temporarily suspended, but no serious damage to buildings or facilities Deliveries suspended due to partial damage to buildings and facilities	Ashikaga Plant, Kashima Plant Operations restarted on April 11 Deliveries restarted on April 11

Mitsubishi Plastics Group

Location	Company	Site/Facility	Damage caused by the earthquake	Progress with recovery
Ibaraki Prefecture	MKV Dream Co. Ltd. (Mitsubishi Plastics Group)	Tsukuba Plant	Manufacturing facilities completely shut down	Operations restarted at selected facilities by the end of March Operations fully restarted by late April
Fukushima Prefecture	Mitsubishi Plastics Inc.	Koriyama Plant	Manufacturing facilities completely shut down	Operations restarted by the end of March

Mitsubishi Rayon Group

Location	Company	Site/Facility	Damage caused by the earthquake	Progress with recovery
Aomori Prefecture	MRC Unitec Co. Ltd.	Head Office	Plant completely shut down Damage to waterfront facilities	Operations partially restarted on March 28, fully restarted on April 18
Fukushima Prefecture	Toeikasei Co. Ltd.	Ono Plant	Plant completely shut down Damage to facilities	Operations partially restarted on April 8, with other operations scheduled to restart over time

[Support for the affected area]

[Donations]

On behalf of the MCHC Group, we donated ¥300 million to the affected area to provide support for those affected by the Great East Japan Earthquake.

Our officers and employees also collected donations and raised a total of approximately ¥50 million, which we donated to people in the affected area via organizations such as the Japanese Red Cross Society and local Community Chest organizations.

[Relief supplies]



Loading relief supplies at Mitsubishi Tanabe Pharma

We have sent pharmaceuticals, plastic wrap, solar powered battery chargers and other relief supplies to the affected area.

[Support for employee volunteer activities]



MCHC Group volunteer activities on the ground

In addition to making donations and sending relief supplies in response to the Great East Japan Earthquake, we believe that we also need to provide ongoing assistance for support activities for the time being. We are therefore providing support for volunteer activities being carried out by MCHC Group employees, to help those in the affected area. Having appealed for volunteers at four MCHC Group companies, and their respective group companies, participants are assisting with activities such as loading supplies for temporary housing throughout July, in conjunction with an NPO based in

Ichinoseki. We will continue to engage in these activities after July, as well, in line with the needs of people on the ground.

[Dealing with electric power shortages]

In response to restricted electric power supplies as a result of the nuclear accident, we made full use of our in-house generation facilities and managed to restrict power on the production floor by 15% and still sustain our business activities without any interruption to production or supplies. MCC meanwhile supplied surplus power generated in-house to Tokyo Electric Power and Tohoku Electric Power.

Making good use of redundant oil-fired boilers to supply power

Commencement of sales of electricity to TEPCO from Kashima-kita Electric Power Corporation (Ibaraki Prefecture) on April 21. Power for (up to) 300,000 homes.

Commencement of sales of electricity to TEPCO from Mitsubishi Chemical Naoetsu Plant (Niigata Prefecture) from mid-June. Power for (up to) 150,000 homes

At our Head Office, we managed to reduce energy use by 25% through means such as switching off lighting, limiting air conditioning, and closing off floors on an alternating basis.

[Ensuring continuous production activities]

We have put in place manuals and procedures at our Head Office and all MCHC Group facilities to ensure that we are able to continue operating in the event that our corporate activities are affected by a major earthquake, as occurred in recent months, or an accident. We also take steps to protect our employees and their families, to maintain our business activities, and to ensure the safety of our plants and facilities (for instance, through automatic shutdown).

Following the recent earthquake, we adopted predetermined measures in accordance with our manuals and acted with the minimum of confusion, such as verifying the safety of our employees and providing assistance to those unable to return home. At many of our facilities in the east of the country, however, communications were down during the initial period after the earthquake. As a result, it took longer to ascertain the situation in some cases.

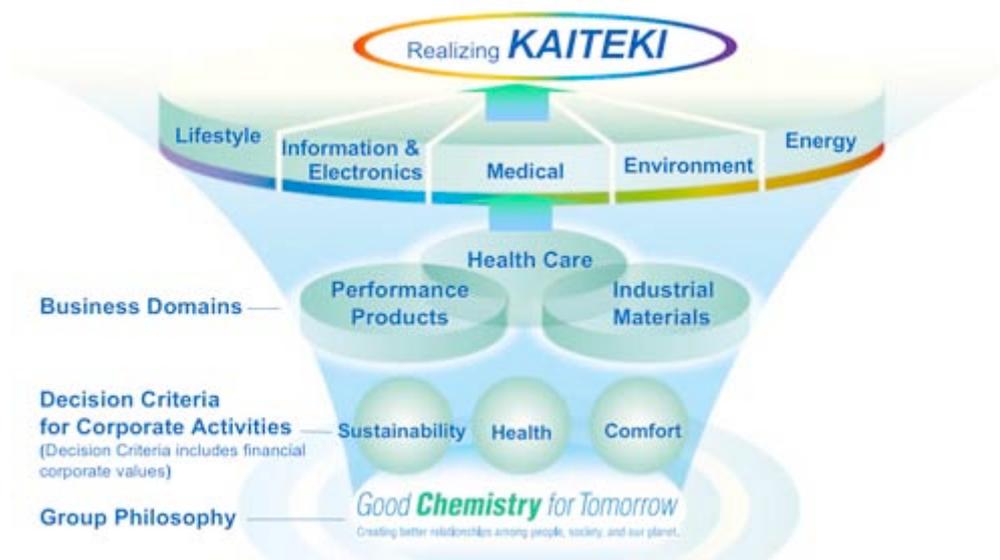
Bearing in mind issues such as these, we are now revising our overall business continuity plan, including efforts to maintain our supply chain, in the event of a serious disaster in the Tokyo area. In the Kashima area, meanwhile, we are investigating damage to waterside infrastructure facilities as a result of the tsunami, and are working on both tangible and intangible improvements based on our experiences from the recent earthquake and tsunami.

Mitsubishi Chemical Holdings' Social Responsibilities

KAITEKI Our Aspiration

The Mitsubishi Chemicals Holdings Group is working towards the goal of realizing *KAITEKI*.

Our aspirations here at the MCHC Group



KAITEKI means a state of true sustainability, and also represents comfort for people, comfort for society, and comfort for the Earth.

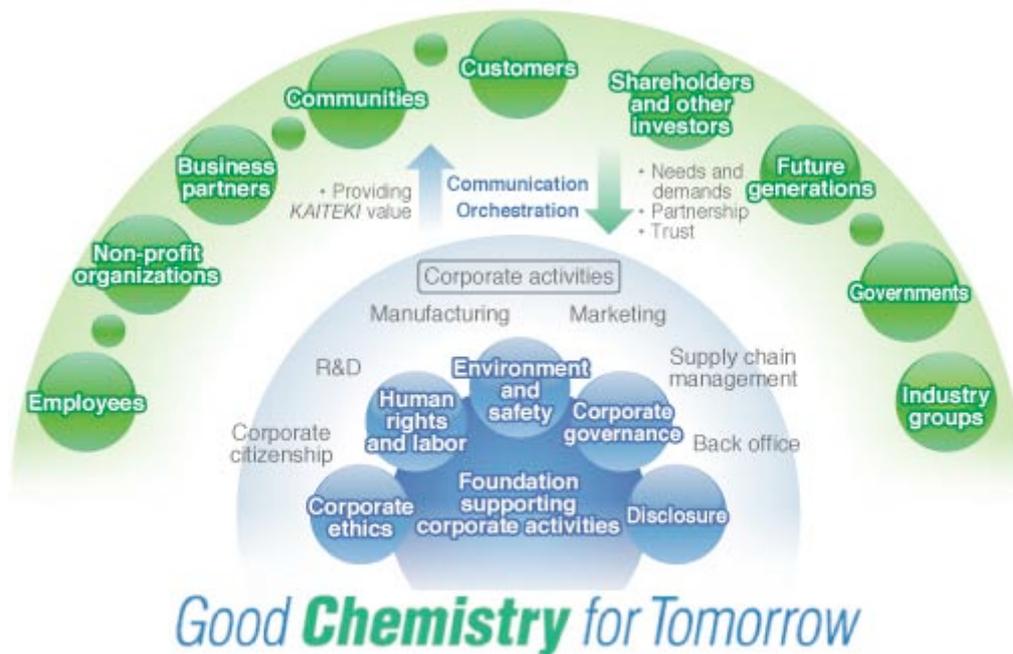
Mitsubishi Chemical Holdings (MCHC) promotes *KAITEKI* as worthy aspiration for companies all over the world in the 21st century.

Basic approach to social responsibilities

Drawing on the three decision criteria of Sustainability, Health, and Comfort, the MCHC Group aims to contribute to the attainment of *KAITEKI*.

In view of the MCHC Group's philosophy "Good Chemistry for Tomorrow – Creating better relationships among people, society, and our planet," we believe that we have a responsibility to put *KAITEKI* into practice, by disseminating the idea of *KAITEKI* value widely across society, through our corporate activities based on the three decision criteria of Sustainability, Health, and Comfort.

To achieve that, we will commit to maintaining and reinforcing basic corporate activities in areas that are essential to enhancing *KAITEKI* value, including corporate governance, safety, the environment, labor and human rights, aiming to contribute to the sustainable development of society.



In May 2006, we also declared our support for [the United Nations Global Compact](#) and the ten principles set out therein, covering areas such as human rights, labour standards, and the environment. Having signed up to the Global Compact, we are committed to conducting corporate activities in accordance with these ten principles.



Through open communication, we are determined to establish an orchestrated relationship with all of MCHC's stakeholders, as the driving force that will enable us to achieve *KAITEKI*.

Basic approach to orchestrating activities with our stakeholders

<p>Shareholders Investors</p>	<p>We make sure that the MCHC Group's corporate activities are open and transparent, and disclose information in an appropriate manner in an effort to improve public understanding of our corporate activities.</p>
<p>Customers Business partners</p>	<p>We hope to build relationships of trust by communicating with our customers and business partners, all the while deepening partnerships and working hand in hand to achieve <i>KAITEKI</i> in our society.</p>
<p>Employees</p>	<p>We respect the dignity and rights of diverse individuals and strive to create a pleasant and rewarding working environment for everyone.</p>
<p>Local communities and society</p>	<p>We deepen our understanding of cultures and customs in other countries and regions where we operate and contribute to society through our business activities. We also act as good corporate citizens in responding to the requests and expectations of society and the public to help achieve <i>KAITEKI</i>.</p>

The UN Global Compact's ten principles

The UN Global Compact's ten principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Special Feature Initiatives toward *KAITEKI*



Part 1

KAITEKI Management Initiatives

Mitsubishi Chemical Holdings Group is promoting *KAITEKI* Management, with the aim of enhancing economic value, advancing technology management, and achieving SUSTAINABILITY for people, society, and the planet.

- ▶ **The Three Axes of *KAITEKI* Management**
- ▶ **MOS Indexes that Visualize Our Contribution to SUSTAINABILITY**
- ▶ ***KAITEKI* Project Organization**

Part 2

The Process of Creating MOS Indexes



This section presents the steps that led to the Group coming together to create MOS indexes as a way of visualizing contributions to corporate and social sustainability.

Part 3

KAITEKI Products and Technologies

Mitsubishi Chemical Holdings Group is promoting a project to increase *KAITEKI* value based on all four axes: Business Administration, MOT, MOS and timeline.



Putting white LED and organic EL into practical use as light sources of the future



Mitsubishi Chemical Corporation: White LED and OLED



Pharmaceutical products aimed at the health and smiles of patients suffering from illness



Mitsubishi Tanabe Pharma Corporation: Remicade Antibody Drug



AQSOA: A zeolitic water vapor adsorbent that makes effective use of waste heat to help reduce exhaust gas



Mitsubishi Plastics, Inc.: Zeolitic Water Vapor Adsorbent



Making the world's water safe and comfortable with water purifier businesses that use hollow fiber membranes



Mitsubishi Rayon Co., Ltd.: CLEANSUI Business in the Aqua Business Bloc



A network-type think tank and research institute that studies *KAITEKI* from a long-term perspective and reflects the results in businesses



The KAITEKI Institute, Inc.: Think tank and Research institute

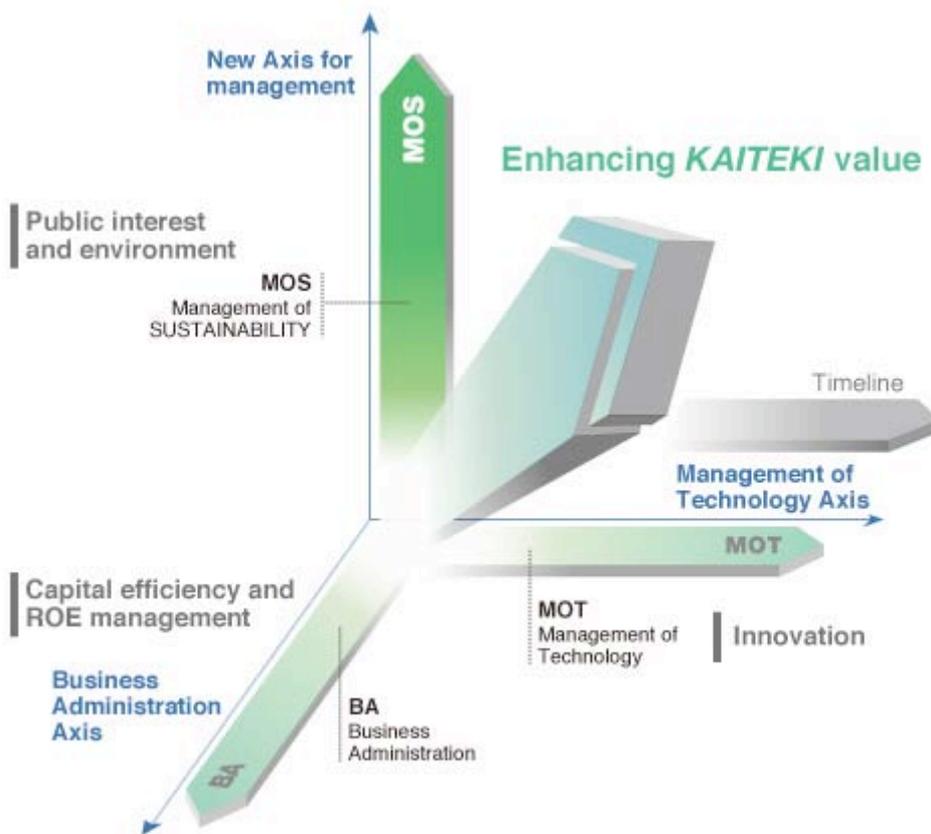
Part 1: KAITEKI Management Initiatives

The Three Axes of KAITEKI Management

Promoting KAITEKI Management, with the aim of enhancing economic value, advancing technology management, and achieving SUSTAINABILITY for people, society, and the planet

KAITEKI Management at Mitsubishi Chemical Holdings

Mitsubishi Chemical Holdings (MCHC) manages the MCHC Group based on three axes: one axis aimed at enhancing earnings and other forms of economic value, one axis aimed at advancing technology management, and one axis aimed at achieving sustainability for people, society, and the planet. MCHC calls this approach "KAITEKI Management."

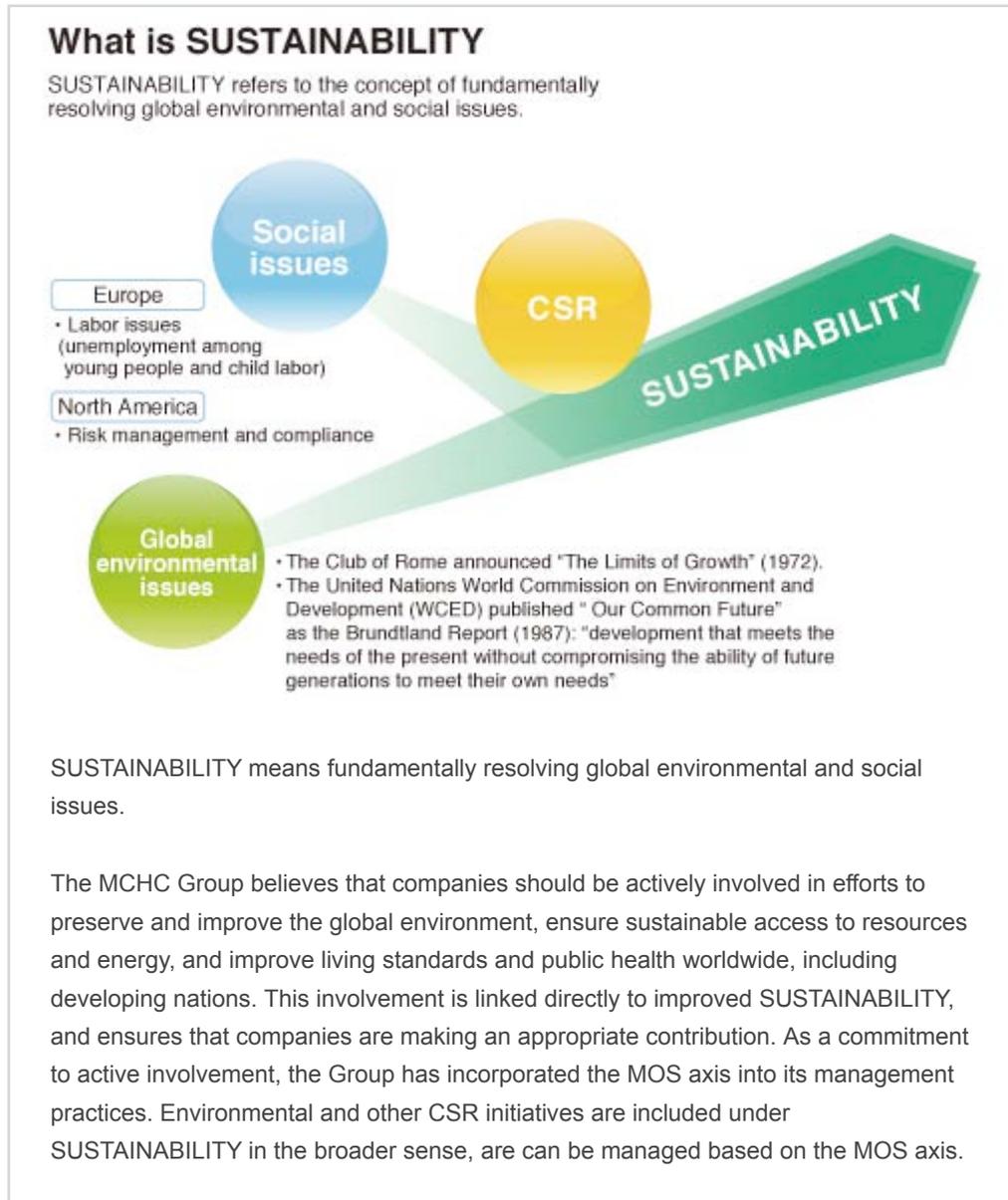


The first axis is aimed at enhancing economic value by pursuing capital efficiency and shareholder value, and making management decisions based on the improvement of financial statements. We call it the "Business Administration axis." Although the fundamental objective of every company is to increase economic value, that approach in some cases runs the risk of encouraging short-term or self-serving thinking.

The second axis is based on the concept of Management of Technology (MOT) and is aimed at balancing corporate activities with science and technology, while achieving innovation to enable the sustainable development of society. We call this the "Technology Management axis" or "MOT axis." Innovation is an essential component of any technology-oriented company. By aligning the direction of innovation with the company's management strategy, we intend to translate that focus on technology into results that effectively create economic value.

Incorporating a Management of SUSTAINABILITY (MOS) axis

In addition to the two axes that most companies use as their main decision criteria, the MCHC approach to Group management is embodied in the Management of SUSTAINABILITY (MOS) Axis. This is the third axis, and aims to achieve sustainability for people, society, and the global environment.



SUSTAINABILITY means fundamentally resolving global environmental and social issues.

The MCHC Group believes that companies should be actively involved in efforts to preserve and improve the global environment, ensure sustainable access to resources and energy, and improve living standards and public health worldwide, including developing nations. This involvement is linked directly to improved SUSTAINABILITY, and ensures that companies are making an appropriate contribution. As a commitment to active involvement, the Group has incorporated the MOS axis into its management practices. Environmental and other CSR initiatives are included under SUSTAINABILITY in the broader sense, are can be managed based on the MOS axis.

Through *KAITEKI* Management, based on striking a balance between these three management axes (Business Administration, MOT and MOS), and by effectively identifying and estimating current or future trends, here at MCHC we are determined to enhance our corporate value, in other words, our *KAITEKI* value.

Part 1 : *KAITEKI* Management Initiatives

MOS Indexes that Visualize Our Contribution to SUSTAINABILITY

Visualizing and quantifying progress with our original Management of SUSTAINABILITY axis

Devising MOS indexes to visualize and quantify the progress of management of SUSTAINABILITY

To achieve *KAITEKI*, the Mitsubishi Chemical Holdings (MCHC) Group acts based on its decision criteria, Sustainability, Health, and Comfort.

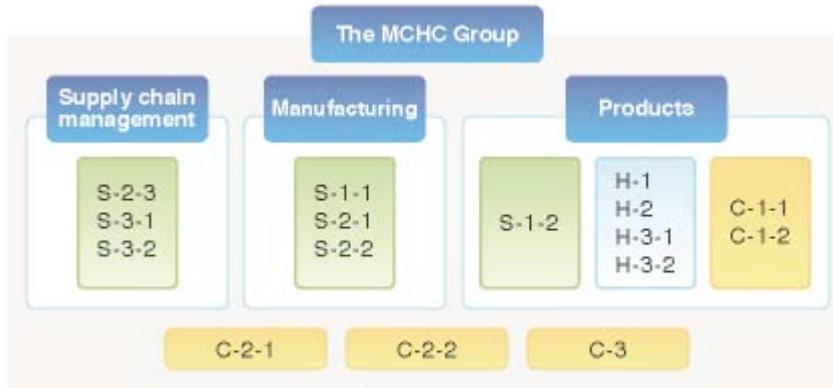
The MCHC Group has devoted considerable effort to devising a way to monitor the progress and results of its corporate activities and to quantify the contribution these activities make to the Group's new Management of SUSTAINABILITY (MOS) axis.

This is how we incubate MOS indexes.

MOS Indexes

Sustainability Index	S-1: Contribution to reduce environmental impact through products and services
	S-1-1: Reduce environment impact by 30% from 2005 levels
	S-1-2: Generate reduction of CO ₂ emissions through products
	S-2: Practice energy saving & reduction of depletion resources
	S-2-1: Procure reusable materials equivalent to 6,000 t/y of crude oil
	S-2-2: Suppress rare metal uses by 800 t/y through improving process and innovative products
	S-2-3: Generate resources and energy savings of ¥13 billion
	S-3: Contribution to reduce environmental impact through supply chain management
	S-3-1: Achieve 80% inspection rate on toxic substance in purchased items
	S-3-2: Achieve 90% purchasing of raw materials and packaging according to CSR guideline
Health Index	H-1: Contribution to medical treatment
	H-1: Increase index performance derived by the degree of difficulty to treat diseases and the number of administered patients by 30%
	H-2: Contribution to improvements of QOL
	H-2: Increase contribution to QOL improvements by 40%
	H-3: Contribution to early detection and prevention of diseases
	H-3-1: Increase index of vaccine treatment by 40% H-3-2: Increase number of diagnostic testing by 17%
Comfort Index	C-1: Deliver products (development and manufacturing) for comfortable lifestyle
	C-1-1: Increase sales of comfort-oriented products by ¥600 billion.
	C-1-2: Increase new product ratio from 16% to 35%
	C-2: Improve stakeholder satisfaction
	C-2-1: Improve third party corporate assessments
	C-2-2: Improve employee-related indices
	C-3: Recognition of corporate trust
	<ul style="list-style-type: none"> • Halve the number of troubles and accidents • Halve the work-time-lost injury rate • Complete confirmation of product safety according to GPS for 70% of the products.
Objective to be achieved	Achieve zero occurrence of material accidents and compliance violations

Monitor progress and manage PDCA cycles



In devising MOS indexes, we selected factors that are of particular importance and relevance to the overall MCHC Group, and that help to enhance corporate value. The indexes consist of nine factors, made up of three factors apiece to measure our contribution to Sustainability, Health, and Comfort, and sub-criteria under each heading.

Unlike clear-cutting financial indexes, visualizing and quantifying the progress and results of MOS represented a significant challenge. We believe that these challenges inspire our stakeholders to share the *KAITEKI* ideal.

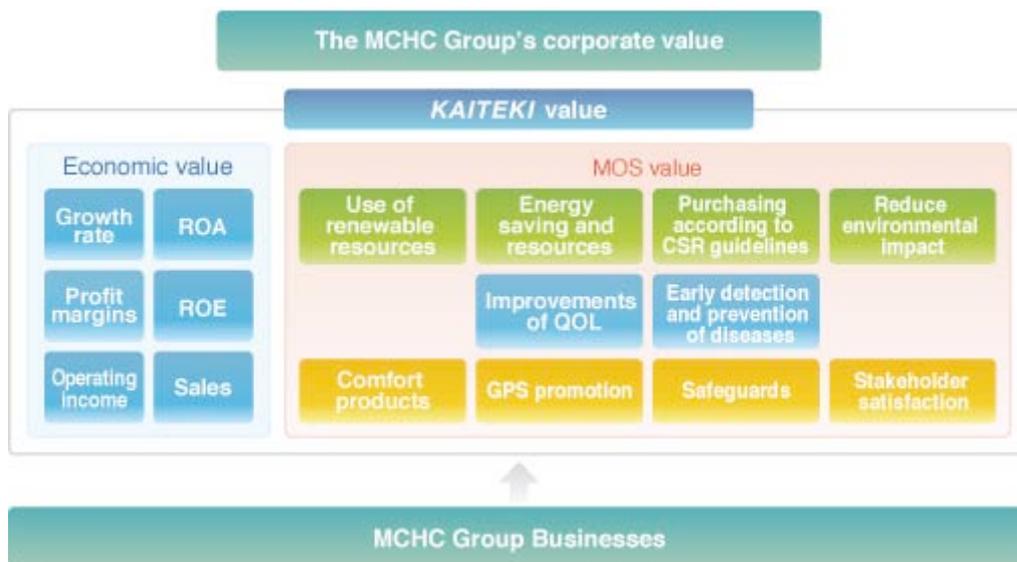
Using MOS indexes as an indicator of corporate value

The MCHC Group has included the MOS indexes in the management targets under its *APTS/IS 15* medium-term management plan, which came into effect in April 2011 and runs until March 2016. The aim is to measure the progress of *KAITEKI* management via the new MOS axis as well as the Business Administration axis and Technology Management axis.

The MOS indexes will serve as an indicator of the MCHC Group's corporate value, alongside financial indexes such as sales, operating income, and return on assets (ROA).

MCHC is determined to develop MOS indexes as a global standard indicator of corporate value, originating from Japan.

The MCHC Group's corporate value

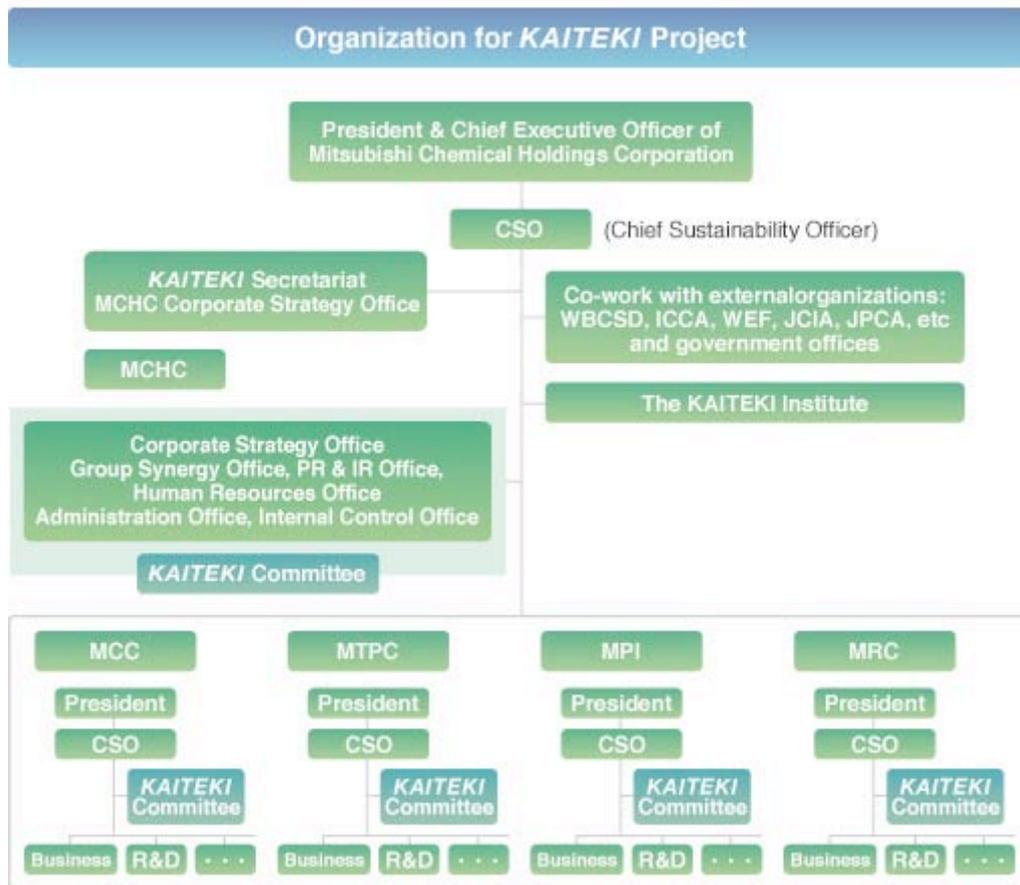


Part 1 : KAITEKI Management Initiatives

KAITEKI Project Organization

Launching KAITEKI Project

In April 2011, the Mitsubishi Chemical Holdings (MCHC) Group launched KAITEKI Project, with the aim of embodying KAITEKI under the leadership of the President of MCHC.



The aim of KAITEKI Project is to raise awareness of KAITEKI and consequently to achieve KAITEKI through Group-wide KAITEKI activities. Specific initiatives via KAITEKI Project include implementing the plan, do, check, act (PDCA) cycle in line with MOS indexes, operating corporate activities based on three decision criteria to promote KAITEKI, and bolstering existing initiatives as part of the transition to KAITEKI Management (including CSR).

Within the project, KAITEKI Committees have been set up to promote KAITEKI activities at MCHC and four of its operating companies. Most of the activities and meetings organized by the operating companies will in the future be coordinated to tie in with KAITEKI Committee's activities.

Part 2: The Process of Creating MOS Indexes

Devising original indexes to visualize and quantify the contribution to corporate and social responsibility

Mitsubishi Chemical Holdings (MCHC) believes that chemistry is a key technology to resolving many of the challenges that society confronts, and to achieving *KAITEKI*.

As a global chemicals company, MCHC has been thinking about the role of chemistry, and about its long-term aspirations and goals. One of the outcomes of that process was the Management of SUSTAINABILITY (MOS) indexes, a specific means of visualizing and quantifying MCHC's continuing progress towards *KAITEKI*.

The following section describes the process leading to the introduction of the MOS indexes, the first step to putting *KAITEKI* into practice.

October 3, 2005

- Established Mitsubishi Chemical Holdings Corporation (MCHC)
- Established a basic philosophy for the entire MCHC Group: "Good Chemistry for Tomorrow – Creating better relationships among people, society, and our planet"

October 2005

- Started to look into Project (PJ) 10/20, proposed by Yoshimitsu Kobayashi (current MCHC President), which envisages society and the role of chemistry and MCHC in 2015 (10 years later) and in 2025 (20 years later)
- Proceeded with discussions and detailed studies, focusing on the year 2025

March 2006

- A one-year project starting in April 2006 was officially approved by the MCHC Management Committee. Agreed that the results of the project would be positioned as the basis for the direction of the MCHC Group's corporate activities.

April 2006

- PJ 10/20 officially launched

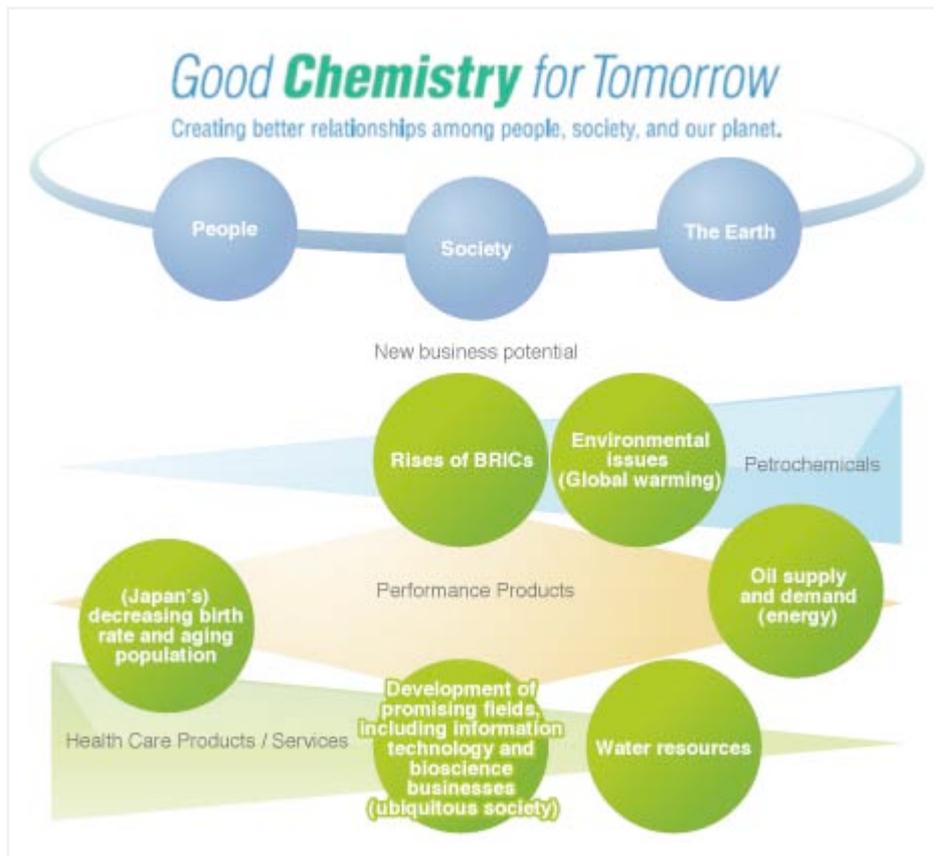
Outputs of PJ 10/20



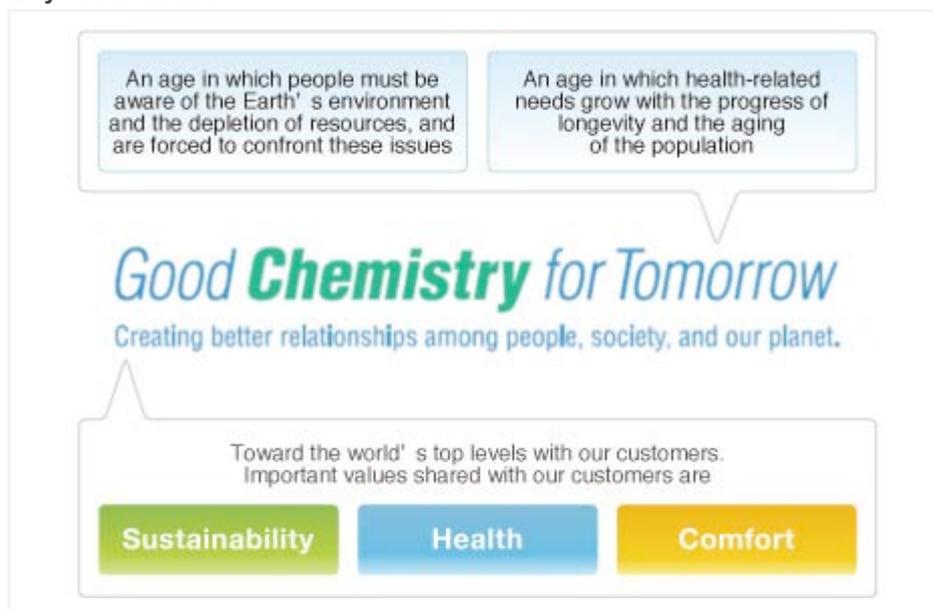
Long-term trend in social environment



Trend discussions



The philosophy of Mitsubishi Chemical Holdings Corporation and its aspirations 20 years from now



March 2007

- PJ 10/20 completed

Project results

- When considering what the society would be like in 2025, discussed what role Chemistry should play. Through this, MCHC's aspiration in 2025, as well as what MCHC should be in 2015, were determined. Our present status was confirmed, and proposals for roadmaps to the goal were made.
- Then, to respond to the paradigm shift in the next 20 years, the three keywords of Sustainability, Health and Comfort were selected as our important direction. This was proposed as MCHC's corporate direction.

April 2007

- Yoshimitsu Kobayashi assumes position as MCHC President & Chief Executive Officer

April 2007

- MCHC Management Committee approves PJ 10/20 proposal
 - MCHC is determined to be "a global leading company based on the infinite potentials of Good Chemistry" as the aspiration for 2025.
 - To achieve this, the three keywords of Sustainability, Health, and Comfort were settled on as the corporate direction.

May 2007

- Publicly announced the results of PJ 10/20 and explained the thinking behind our next mid-term management plan (fiscal 2008 onwards) at the Analyst Meeting

May 2008

- Unveiled *APTSIS 10* mid-term management plan (April 2008 – March 2010)
 - Clarified our aspirations for 2025 and accompanying goals for 2015
 - Defined sustainability, health, and comfort as our three decision criteria for corporate activities, as outlined previously in our Direction of Corporate Activities
 - Management targets for the year ending March 2010: Operating income of at least ¥190 billion, ROA of at least 6%, and a reduction in CO2 emissions (basic unit) of at least 20%

Achievements to date and subsequent priorities

Achievements up to this point

Defined criteria for our corporate activities and clarified our aspirations for 2025 and goals for 2015

Subsequent priorities

Despite setting out Sustainability, Health, and Comfort as the decision criteria for our corporate activities in order to achieve our aspirations, at this point, we were still uncertain as to how best to verify that we were taking the right direction.

June 2008

- Launched a prototype of the *KAITEKI* Project, with the aim of helping to resolve global challenges such as climate change and resource depletion
- Made a commitment as part of the project based on:
 - rather than focusing solely on short-term profits,
 - the incorporation of environmental and social sustainability into business activities as a new dimension, and
 - taking into account the global environment with a medium- to long-term perspective.

Trends during the summer of 2008

- Soaring oil and other resource prices due to speculative investment
- Financial instability triggered by the Lehman Brothers crisis (September)

Global trends

Soaring oil and other resource prices over the summer prompted concerns about the potential impact on economic activity. This was compounded by the global financial crisis, triggered by the collapse of Lehman Brothers in September. While serious concerns already existed about the over-reliance on financial markets, not least because of the issue of subprime loans, speculative investment also began to have a major impact on the real economy.

A new management axis

- Considering the juxtaposition of financial markets concerns with environmental issues, the MCHC Group continued to debate the future. The result led a growing realization that a new management axis was needed; one that would maintain sustainable corporate development while also accommodating increasingly diverse values and helping to resolve environmental issues.
- Recognizing that this new management axis for the future would need to consider public interest and the environment, and would be based on SUSTAINABILITY.

April 2009

- Established The *KAITEKI* Institute Inc. (think tank and research institute)
- Growing recognition of *KAITEKI* as a major direction for MCHC

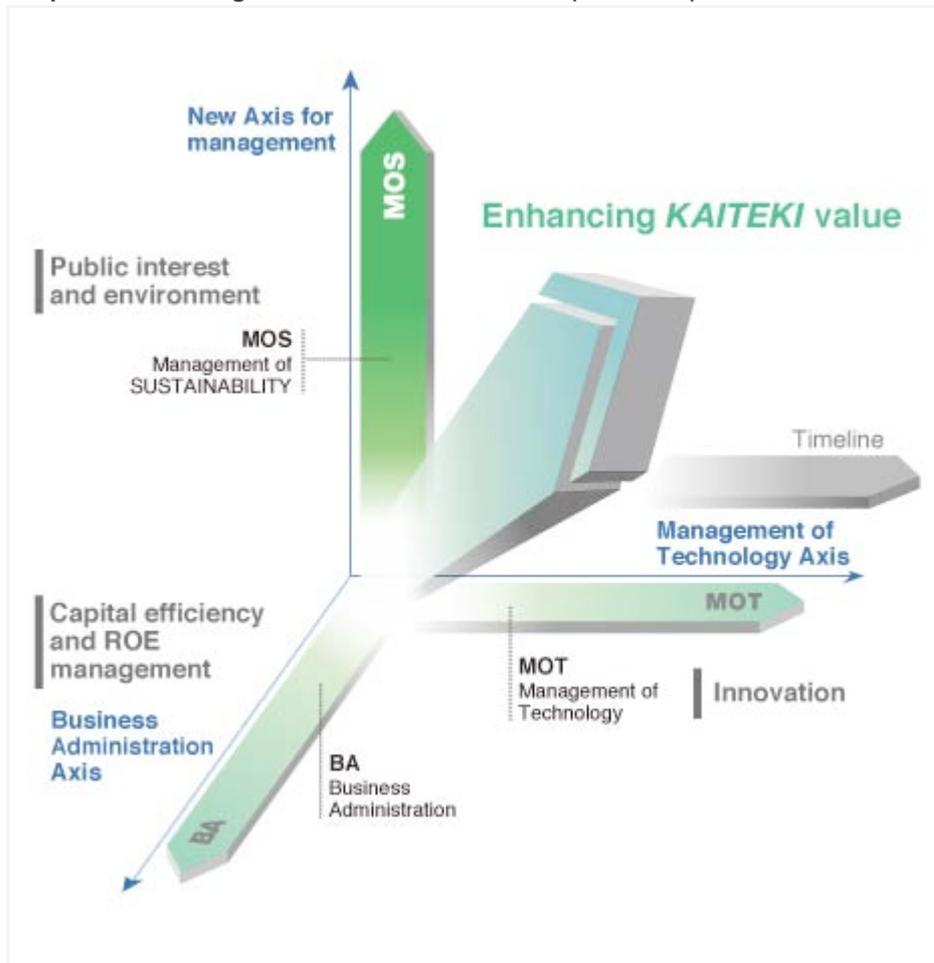
November 2009

- Concept of Management of SUSTAINABILITY (MOS) presented publicly for the first time on a Management of Technology (MOT) Conference

Management of SUSTAINABILITY (MOS)

MOS represents the ideas that underlie a new management axis, and is based on the concept that corporate activities have an important role to play in processes such as protecting the environment, preserving natural resources, and improving living standards and public health worldwide, both directly and indirectly.

Proposal for "Management of SUSTAINABILITY" (MOS Axis)



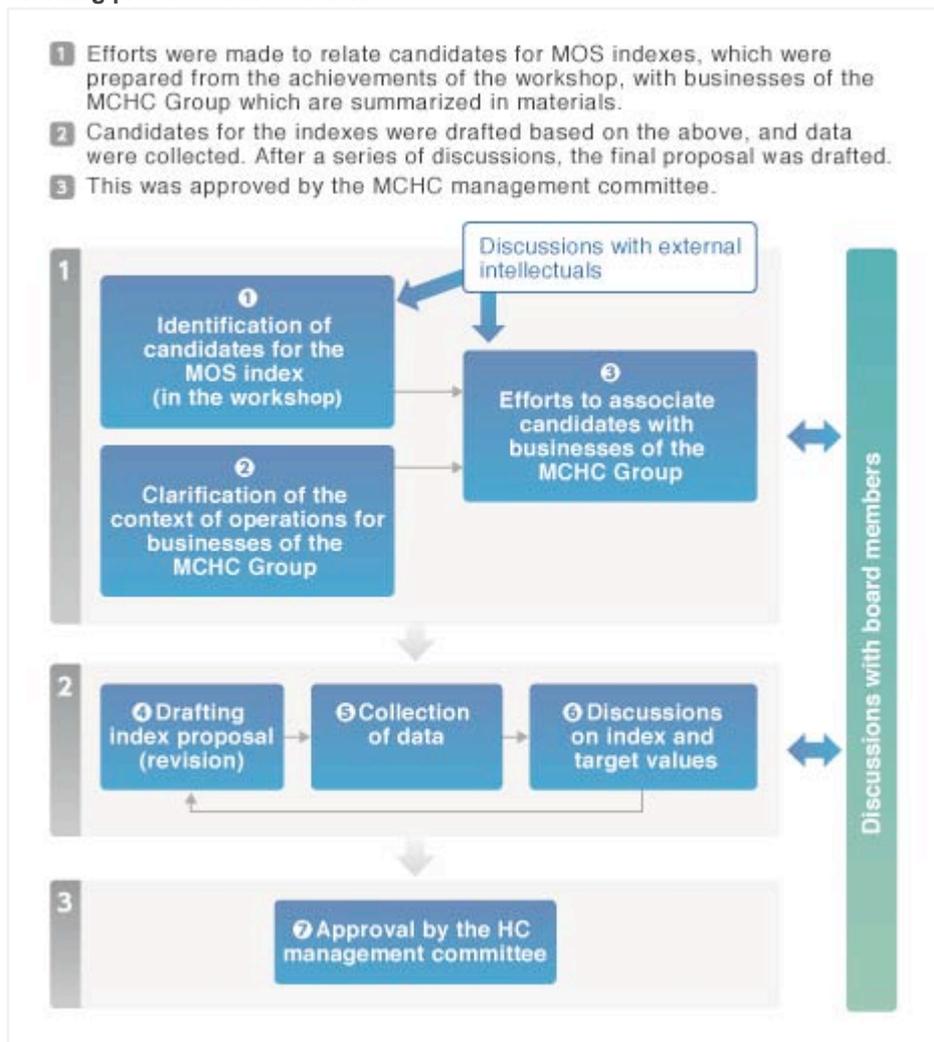
January 25, 2010
(KAITEKI anniversary)

- APTSIS 15 Basic Strategy below, approved by the MCHC Management Committee
 - Specified KAITEKI as the MCHC Group's goal
 - Set out the MOS indexes, to measure progress with Management of SUSTAINABILITY and to act as an indicator of MCHC's corporate value, alongside existing financial indexes
 - Made the decision to set numerical targets for both indexes for 2015

January 25, 2010 onwards

- Finalized factors for MOS indexes and began the process of devising numerical targets

Working process of MOS indexes



Determination of key indexes

- Detailed examination of the context of operations for all 69 business units of the MCHC Group
- Examination of the status of indirect departments, including procurement and human resources
- Clarification of the relationship with index candidates, and simulation
- Discussions with external intellectuals
- Discussions with board members

June 2010

- Publicly announced the basic thinking behind our *APTSIS 15* mid-term management plan (fiscal 2011 onwards) at the Analyst Meeting
 - Defined *KAITEKI* and publicly redefined our aspirations to become a company that achieves *KAITEKI* by 2025
 - Set out the concept that MCHC's corporate value is a combination of its economic corporate value and MOS value

What is *KAITEKI*



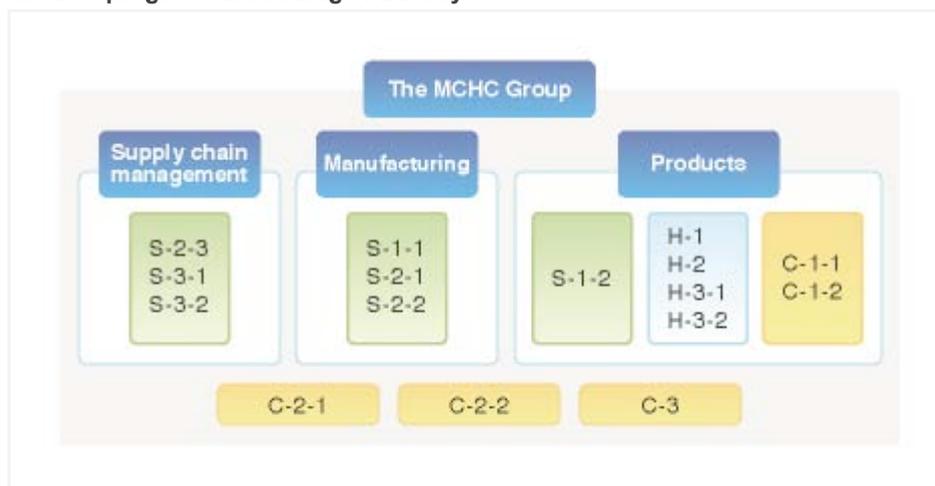
December
2010

- Confirmed items of MOS indexes and decided to incorporate those indexes into management targets
 - Introduced items as MOS indexes based on criteria that are of particular importance to MCHC and that are able to be monitored, as a result of careful deliberation about a year
 - Set out three items apiece for sustainability, health, and comfort, making a total of nine, and incorporated fiscal 2015 targets into management targets
 - Set out plans to monitor progress and implement the PDCA (plan, do, check, act) cycle, with financial indexes and progress to be released to the public

Sustainability Index	S-1: Contribution to reduce environmental impact through products and services
	S-1-1: Reduce environment impact by 30% from 2005 levels
	S-1-2: Generate reduction of CO ₂ emissions through products
	S-2: Practice energy saving & reduction of depletion resources
	S-2-1: Procure reusable materials equivalent to 6,000 t/y of crude oil
	S-2-2: Suppress rare metal uses by 800 t/y through improving process and innovative products
	S-2-3: Generate resources and energy savings of ¥13 billion
	S-3: Contribution to reduce environmental impact through supply chain management
	S-3-1: Achieve 80% inspection rate on toxic substance in purchased items
	S-3-2: Achieve 90% purchasing of raw materials and packaging according to CSR guideline
Health Index	H-1: Contribution to medical treatment
	H-1: Increase index performance derived by the degree of difficulty to treat diseases and the number of administered patients by 30%
	H-2: Contribution to improvements of QOL
	H-2: Increase contribution to QOL improvements by 40%
	H-3: Contribution to early detection and prevention of diseases
	H-3-1: Increase index of vaccine treatment by 40%
H-3-2: Increase number of diagnostic testing by 17%	
Comfort Index	C-1: Deliver products (development and manufacturing) for comfortable lifestyle
	C-1-1: Increase sales of comfort-oriented products by ¥600 billion.
	C-1-2: Increase new product ratio from 16% to 35%
	C-2: Improve stakeholder satisfaction
	C-2-1: Improve third party corporate assessments
	C-2-2: Improve employee-related indices
	C-3: Recognition of corporate trust
<ul style="list-style-type: none"> • Halve the number of troubles and accidents • Halve the work-time-lost injury rate • Complete confirmation of product safety according to GPS for 70% of the products. 	
Objective to be achieved	Achieve zero occurrence of material accidents and compliance violations

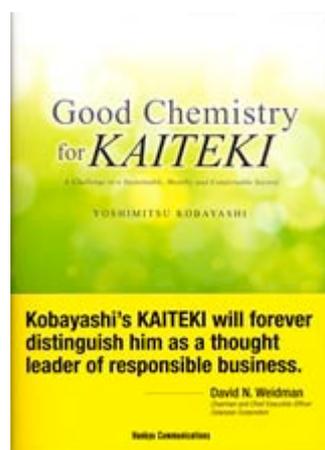
Sustainability index

Monitor progress and manage PDCA cycles



December 8,
2010

- Held an Analyst Meeting to explain our new *APTSIS 15* mid-term management plan
 - Provided an additional explanation on the introduction of the MOS axis as a new management axis, and made plans to promote *KAITEKI* management as a four-dimensional approach to management, including Time as a fourth axis alongside the existing BA and MOT management axes
 - Set out a direction based on *KAITEKI* value, indicating a balance between BA axis, MOT axis, and MOS axis as a vector (Aiming to enhance *KAITEKI* value to achieve *KAITEKI*)
- Good Chemistry for *KAITEKI*: A Challenge to a Sustainable, Healthy and Comfortable Society (ed. Yoshimitsu Kobayashi) published



APTSIS 15 Management Targets (year ending March 2015)

Financial indexes:

Operating income of ¥400 billion, ROA of at least 8%, net debt-to-equity ratio of 1.0, overseas sales ratio of at least 45%

MOS indexes:

Example Sustainability index targets

A 30% reduction in environmental impact (domestic) and a 17% reduction in greenhouse gases compared to fiscal 2005

Example Health index targets

A 30% increase in contribution to the treatment of diseases (based on the difficulty of treatment and the number of patients undergoing treatment) compared to fiscal 2009

Example Comfort index targets

Ratio of new products in performance product and health care sectors of at least 35%

**January 17,
2011**

- The first meeting of the Inaugural *APTSIS 15* with MOS index Presentation Conference for operating companies

The evolution of MOS indexes

The MCHC Group aspires to create an environment in which all of its corporate activities are linked to *KAITEKI* value

- Planning ways to promote *KAITEKI* value, through MOS index presentations, etc.
- Instructing operating companies to start the specific work linking existing activities (responsible care, corporate citizenship, etc.) to MOS indexes
- Approving items unique to individual operating companies, in addition to the nine basic factors

The above describes the development of MOS indexes as a means of visualizing the progress of Management of SUSTAINABILITY to share it with not only every member of the MCHC Group but also every stakeholder.

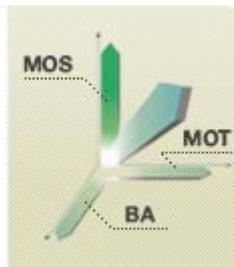
The indexes remain a work in progress. Nonetheless, it is a starting point, MCHC that encourages individual the Group employees to think about how to incorporate *KAITEKI* into their own activities and act accordingly. The MOS indexes will then continue to evolve.

The MCHC Group is determined to develop new ideas and work in partnership with its stakeholders in order to achieve *KAITEKI*.

Part 3: KAITEKI Products and Technologies

Putting white LED and OLED into practical use as light sources of the future

Mitsubishi Chemical Corporation: White LED and OLED



Viewpoint : MOS

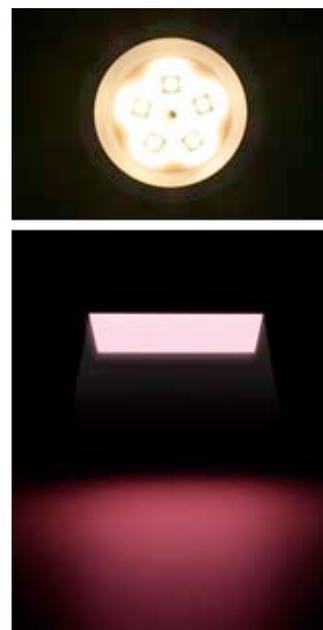
White LED and OLED illuminating the future

In the trend toward sustainability, lighting is no exception. Incandescent bulbs and fluorescent light tubes have long been the two major products in the world of lighting. Recent years the light emitting diode (LED) and organic light-emitting diode (OLED) have appeared. These new light sources are spreading rapidly due to their low energy consumption, long life span and superior performance.

White LED lights consume just one-eighth the electricity of incandescent bulbs, while the life span of the former is about 40 times longer. Another benefit of these new lights is that, unlike fluorescent light tubes, they contain no mercury, a harmful substance. OLED is also an environmentally friendly light source but has unique characteristics that are very different from LEDs. A thin and lightweight OLED panel emits light from the surface, while also boasting high energy-saving properties. Taking advantage of these features, OLED is expected to offer endless possibilities for panel lighting systems.

To make these new lights widespread next-generation light sources, Mitsubishi Chemical Corporation (MCC) has been promoting associated businesses by applying its material technologies cultivated over many years of experience. For white LED, MCC has developed a new technology with phosphors and LED chips, two of its main components. For OLED, the company has developed dye-designing technology, a new luminescence material and a new manufacturing process.

Lighting is essential infrastructure in society because it allows people to utilize larger areas for longer times. It contributes to our spiritual wealth too. MCC continues its efforts to make this infrastructure more comfortable for all of us.

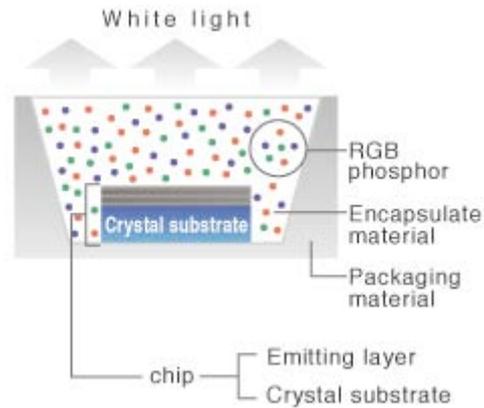


White LED (top) and OLED (bottom) as the next-generation lights (Photos: Toshio Kaneko)

Technological innovations for creating light closer to natural light

White LED has four main components: an LED chip (with a layer from which light is emitted), phosphors (absorbing the light from the emitting layer and producing a variety of colors), encapsulant (encapsulating the LED chip and dispersing/holding the phosphors) and packaging material.

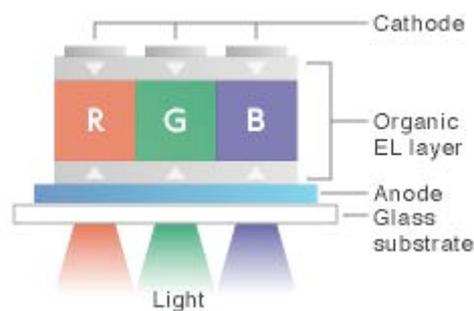
Conventional white LED creates white light by combining yellow phosphors with blue light, but the white color created in this way differs from that of natural light. MCC therefore developed high-performance red and green phosphors for LED and began commercial production of them in 2006. By combining these new phosphors with a blue LED chip, the company succeeded in creating white light with a rich shade, much closer to natural light.



White LED structure

MCC has also combined a violet LED chip with red, green and blue (RGB) phosphors and succeeded in creating light with color rendering (naturalness) among the highest in the world. The company named this light **VxRGB** and is taking steps to popularize it globally. In 2008, MCC also developed high-quality gallium nitride (GaN) substrate. Using this substrate instead of sapphire substrate which is conventionally used for LED, the company created an LED chip with higher output power. **VxRGB** penetration also required an encapsulant and packaging material that could endure intense violet light and produce white light efficiently. In 2009, MCC developed new materials optimized for these two components.

OLEDs have mainly been employed in cell phone and smartphone displays. In recent years, it has also attracted attention in the field of lighting as a new-style, next-generation light offering surface emission, which is unique to OLED. Issues to overcome for putting OLED into practical use include raising its brightness level, reducing cost and expanding planar dimensions.



Light emission principle and colors of organic electroluminescence

Jointly with Pioneer Corporation, MCC took the first step toward practical use of the wet process of deposition¹, which paves the way for larger planar dimensions and lower costs related to OLED.

¹ The wet process of deposition is a method of manufacturing OLED panels that was put into practical use in May 2011. While the conventional method of manufacturing these panels applies vapor deposition in a vacuum environment, the new wet process of deposition does not require a vacuum environment.

Collaborating with various partners toward the global market

In 2009 MCC began full-scale promotion of its white LED light business. The company has established an efficient business model, in which it manufactures and sells core materials while lighting equipment is outsourced to its external partner. MCC has also used the worldwide sales network and brand name of its subsidiary, Verbatim Limited., and begun selling LED bulbs for household use in Europe in October 2010, the United States and Australia in February 2011 and Japan in July 2011.

MCC exhibited its OLED panel under the brand name **VELVE** at Salone Internazionale del Mobile, an interior design festival held in Milan (in Italy) in April 2011. The panel drew keen attention from event visitors.

In producing the **VELVE** panel, MCC applied the wet process of deposition for manufacturing one of the organic electroluminescence layers. This permitted the large planar dimension of 14 cm x 14 cm, among the world's largest, light efficiency of 28 lm/W (lumens per watt), and a brightness level of 1000 cd (candela)/m². The company began shipping sample kits in April 2011 and selling modules in July 2011.



Verbatim brand LED bulbs



Image of the MCC booth at Salone Internazionale del Mobile





Pursuing lights with higher level of KAITEKI by exploiting our high technological capabilities



LED lights at KAITEKI CAFE

Brightening dark places is not only the objective of lighting. Lighting involves a host of elements for realizing KAITEKI. Factors such as where to illuminate and how to brighten an area, the appropriate light for the mood of the given place or object (color temperature and color rendering), appropriate range, intensity and method of illumination, and what energy to use all need to be considered. KAITEKI CAFE, opened on the 1st floor of MCHC's head office, uses

high-color-rendering VxRGB lights, which beautifully illuminate both the food and people's skin.

MCC will continue to pursue lighting with a higher level of KAITEKI by capitalizing on its high technical capabilities and expertise in both white LED and OLED.

KAITEKI Creator



Takao Okugawa
Chief Operation Officer,
Information and
Electronics Division.
Executive Officer
Mitsubishi Chemical
Corporation

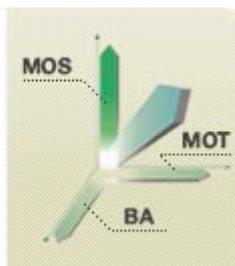
Suggesting KAITEKI lighting that lets users apply their favorite lighting to imbue their spaces with a certain mood

Mitsubishi Chemical Holdings Corporation (MCHC) engages in businesses for the two light sources supporting next-generation lighting—white LED and OLED—by covering a broad range of segments from materials to finished products. GaN single crystal is a promising material with high-brightness, high color-rendering LED lights, but the cost outweighed the benefits. MCHC has overcome issues surrounding this material by calling on its unique technology, the ammonothermal method, and is preparing to begin commercial production of GaN single crystals in 2012. The OLED lighting has also been going well both in the development of a wet process and in material development. We also plan to continue proposing stress-free lighting with a high level of KAITEKI.

Part 3: KAITEKI Products and Technologies

Provides distinctive pharmaceuticals for the health and smiles of patients suffering from intractable diseases

Mitsubishi Tanabe Pharma Corporation: Remicade, Antibody Drug



▶ Viewpoint : MOS

Providing society with information on the proper use of drugs

Many medical needs have yet to be met since there are no known effective medicines or treatment methods. These are called unmet medical needs. Action is underway around the world in an attempt to satisfy these needs. Antibody drugs have drawn attention in recent years as a pharmaceuticals that can fulfill these unmet medical needs.

Remicade (generic name: infliximab) is an antibody drug that has been on the market in Japan since 2002 by Mitsubishi Tanabe Pharma Corporation. This drug is more effective than conventional products for treating intractable autoimmune diseases such as rheumatoid arthritis, Crohn's disease, and psoriasis. Use of **Remicade** for treating rheumatoid arthritis induces and maintains remission, a state in which symptoms are effectively absent, and can potentially achieve drug-free remission in which no therapeutic drugs are needed.

Mitsubishi Tanabe Pharma Corporation helps patients improve their quality of life (QOL) by promoting proper use of **Remicade** to ensure efficacy. In recent years the company established dedicated health support websites for individual diseases. These provide easy-to-understand information about symptoms, diagnoses, treatment methods, etc. of diseases to help patients suffering from them. Crohn Frontier, the website for patients with Crohn's disease, won an award for excellence in the specified diseases category in the 2009 Best Disease Education Website Awards. This program was established by QLife, Inc., one of Japan's largest companies providing information on medical care and hospitals.



Crohn Frontier, the website for patients with Crohn's disease

An antibody drug made by biotechnology

Many conventional drugs are synthetic compounds made through organic syntheses. On the other hand, **Remicade** is an antibody drug made by applying biotechnology.

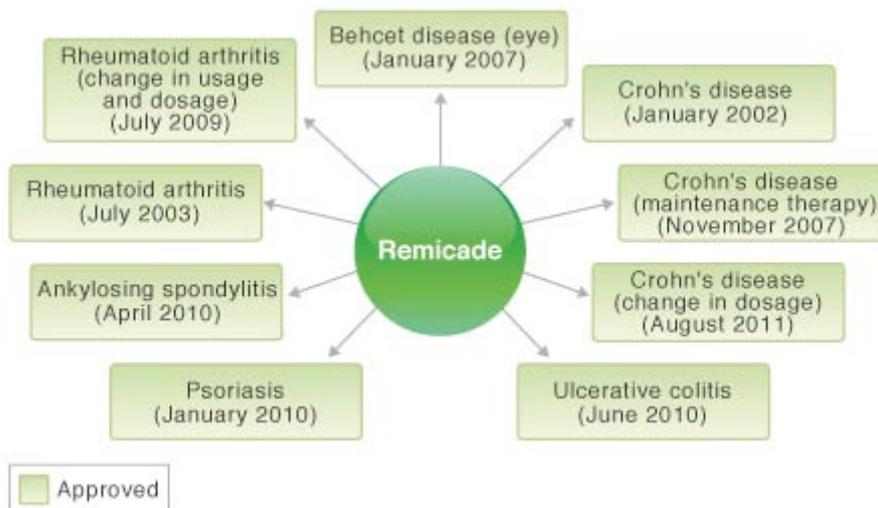
An antibody is a type of protein generated in the human body. Antibodies are bound only with targeted antigens. Made by using this antibody mechanism, an antibody drug works on a disease selectively, providing high efficiency with a few side effect.



Remicade for I.V. Infusion 100

Remicade has diverse indications for autoimmune diseases. Mitsubishi Tanabe Pharma Corporation has been aggressively promoting lifecycle management of **Remicade** to maximize the product value by expanding its indications. Beginning with the approval for Crohn's disease given in 2002, the company has expanded the approval indications of **Remicade** for rheumatoid arthritis, Behcet's disease with refractory uveoretinitis, psoriasis, ankylosing spondylitis, and ulcerative colitis, thereby contributing to the QOL of many patients.

Additional indications for Remicade

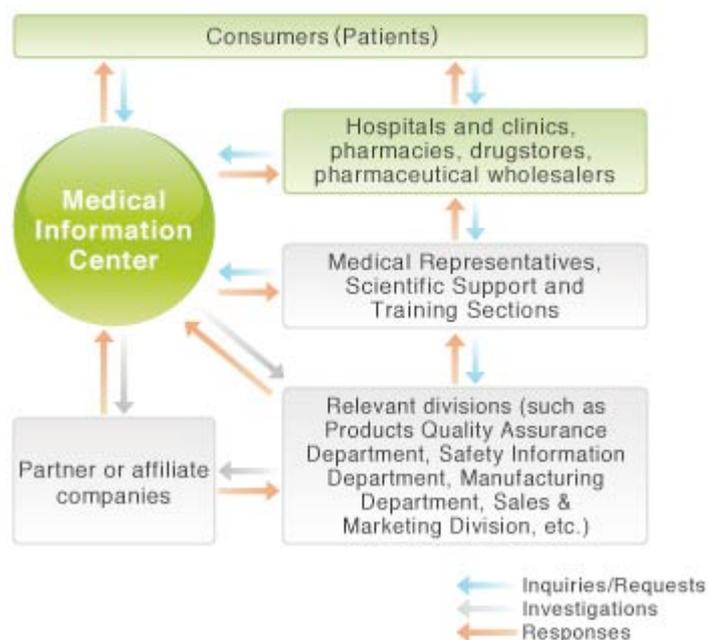


Developing the market through expanding indications

The launch of **Remicade** has led to market development in biologics. The drug has a new mechanism of action and its efficacy has been highly valued. This resulted in an increase of the number of patients treated with the drug. Mitsubishi Tanabe Pharma Corporation has also expanded the entire market by actively engaging in increasing indications for **Remicade**. Since its launch in Japan, the drug has been used by more than 70,000 patients. The product has become a significant growth driver for the Company.

Mitsubishi Tanabe Pharma Corporation also strives to provide information to promote proper use of drugs. It has set up the Medical Information Center which directly responds to inquiries. The center promptly provides accurate information on ethical drugs and OTC, helping promote their appropriate use. The company also makes use of valuable feedback given to the Medical Information Center in order to develop better pharmaceuticals.

Medical Information Center Inquiry Flowchart



Mitsubishi Tanabe Pharma Corporation cooperates with a public program (organized by Nikkei Inc.) for educating the public on health and medical care. These measures not only serve useful information for patients but also contribute to deepening society's understanding of diseases.



Contributing to KAITEKI lives of patients by improving their QOL

There are two major ways in which a pharmaceutical company contributes to achieve KAITEKI.

One way is the provision of distinctive pharmaceuticals. For example, **Remicade** has proven dramatically effective, allowing patients with rheumatoid arthritis to walk without a cane, and enabling deep sleep for those whose pain kept them awake. Such drugs are thereby greatly contributing to the improvement of patients' QOL.

The other means is provision of information. A drug is helpful for medical treatment when the necessary information is provided. Pharmaceuticals companies provide patients with accurate, high-quality information on efficiency and safety via physicians and pharmacists. They also provide information on diseases via their websites to eliminate patients' anxiety.

Through these and other efforts, Mitsubishi Tanabe Pharma Corporation contributes to curing patients of their suffering and improving their QOL, toward realization of a KAITEKI society.



Riumachi 21.info, a **Remicade** website for providing information on rheumatism

KAITEKI Creator



Kenichi Yanagisawa
Board Director,
Managing Executive
Officer
Head of Sales and
Marketing Division
Mitsubishi Tanabe
Pharma Corporation

Promoting activities for providing information aimed at proper use of pharmaceuticals

Information on a drug is essential for its proper use. Mitsubishi Tanabe Pharma Corporation medical representatives (MRs) provide medical institutions with detailed information on the company's pharmaceutical products so they will be used properly and safely for patients.

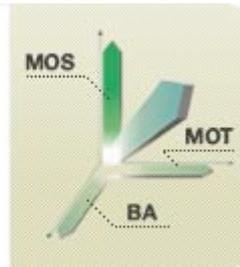
Using the web, Mitsubishi Tanabe Pharma makes information on diseases freely available to patients and their families. The Company has established websites providing simple explanations of the symptoms, diagnosis, and treatment of the diseases its products are designed to treat.

Using the web, we will serves the needs of patients and society

Part 3: KAITEKI Products and Technologies

AQSOA: A zeolitic water vapor adsorbent that makes effective use of waste heat to help reduce exhaust gas

Mitsubishi Plastics, Inc.: Zeolitic Water Vapor Adsorbent



▶ Viewpoint : MOS

Effective for saving energy and cutting greenhouse gas emissions

Heat is continually wasted by power sources and other equipment in factories, buildings, commercial facilities, hospitals, and other such structures. High-temperature waste heat has been reused for absorption chiller systems and other equipment, yet waste heat at low temperature remains unused.

AQSOA, a synthetic zeolite developed by Mitsubishi Chemical Group Science and Technology Research Center, Inc. (MCRC), has opened a new door for reuse of low-temperature waste heat.

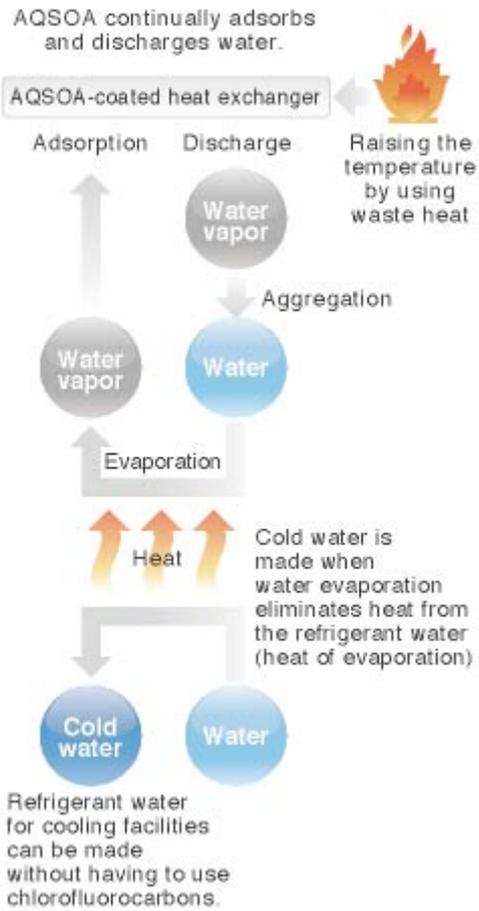
AQSOA water vapor adsorbent is capable of discharging absorbed water vapor stably in a much lower temperature range (40-80°C) than with conventional adsorbents such as silica gel. Mitsubishi Plastics, Inc. has made use of this property of **AQSOA** to develop devices incorporating the adsorbents, such as adsorption chillers and desiccant air conditioners (dehumidifier/humidifier using adsorbents) in its efforts to develop a market.



AQSOA desiccant air conditioner

These devices, capable of using waste heat in a low temperature range (80°C or lower), permit efficient use of solar heat and waste heat from fuel cells. They therefore use little electricity and continuously cut greenhouse gas emissions. For example, a chiller incorporating the **AQSOA** heat pump (a heat exchange technology using a heat medium) reduces CO₂ emissions by up to two-thirds compared to conventional compressor-type chillers. The desiccant air conditioner uses 20% less energy than units using silica gel. It also permits easy humidity control, thereby helping users to create comfortable environments.

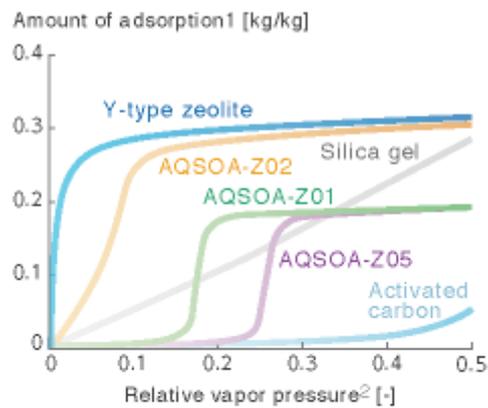
How refrigerant (cold water) is made by the AQSOA adsorption chiller



Adsorption chiller incorporating AQSOA

Development of components by applying AQSOA

In developing **AQSOA**, MCRC verified the property for adsorbing and desorbing water molecules. This process involved designing as many of around 3,000 kinds of synthetic zeolites. Three types of zeolites were consequently commercialized.



¹Amount of adsorption means the amount of water [kg] that one kilogram of dried adsorbent can adsorb.

²Relative vapor pressure is the (pressure of water vapor around the adsorbent) ÷ (saturation pressure of the water vapor at a temperature of the adsorbent). (Relative vapor pressure corresponds to relative humidity when the temperature of the water vapor around the adsorbent is equal to the adsorbent temperature.)

Amount of adsorption by AQSOA



Structure and Photomicrograph of AQSOA

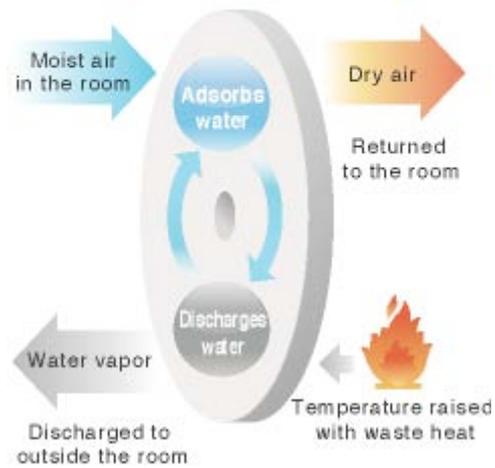
The development of **AQSOA** was followed immediately by studies on its application for adsorption heat pumps, especially those for chillers.

At the same time, application for desiccant air conditioners was being realized. Mitsubishi Plastics, Inc. later began developing components such as a honeycomb wheel and heat exchanger, instead of only producing **AQSOA** as a raw material (powder).

Establishing a technology for coating heat exchangers and other components with **AQSOA** was not easy. Mitsubishi Plastics, Inc. started the efforts by manually creating an experimental device and succeeded in developing the technology. After improving durability and stability, the component was finally made available for chiller manufacturers. In 2010, the company established a plant for producing **AQSOA** at Naoetsu (Joetsu-shi, Niigata). It also began manufacturing honeycomb wheels and heat exchangers.

AQSOA honeycomb wheel used for AQSOA desiccant air conditioners

The AQSOA-coated honeycomb wheel continues to adsorb and discharge water as it rotates.



Aiming for global sales of ¥10 billion in 2015

Instead of only producing **AQSOA** powder, Mitsubishi Plastics, Inc. developed a heat exchanger and honeycomb wheel coated with the material. Its intent was to expand the market by having chiller manufacturers and other companies understand the superior properties of **AQSOA** as soon as possible. In 2005, the company set up **AQSOA** production facilities with a subsidy from the Ministry of Economy, Trade and Industry. This has allowed rapid progress of the expansion of its use and possibilities as a material.

Uses	Examples of facilities and equipment to which the product can be applied
<p>Humidity control AQSOA desiccant air conditioner</p> <p>Low dew points AQSOA desiccant air conditioner</p>	<ul style="list-style-type: none"> • Office buildings • Humidity-controlled plants (for manufacturing battery cells, film, food, etc.) • Chillers and refrigerators • Hospitals and nursing homes • Supermarkets • Household dehumidifiers



Uses and applications of AQSA honeycomb wheel cassette

Uses	Facilities and equipment where the product can be applied
<p>Air conditioning AQSOA adsorption chiller</p> <p>Refrigeration processes AQSOA adsorption chiller</p>	<ul style="list-style-type: none"> • Iron-making factories and metal-casting facilities • Chemical plants • Food factories • Incinerators • Spa industry • Cogeneration



Uses and applications of AQSA-coated heat exchanger

Honeycomb wheels are currently produced in cooperation with an external company while the heat exchangers are manufactured at the Hiratsuka Plant (in Kanagawa) of Mitsubishi Plastics, Inc. The products are provided to a number of manufacturers.

These products are drawing considerable attention from overseas companies as worldwide efforts are being made to cut greenhouse gas emissions. The heat exchangers are provided to a large-size chiller manufacturer in Germany, while inquiries come from United States and from countries with poor electricity infrastructure, including United Arab Emirates (UAE), Singapore and India. Chillers using **AQSOA** are almost maintenance-free, making them suitable for use in emerging countries. Demand from those countries can be expected. Mitsubishi Plastics, Inc. is aiming to achieve sales of ¥10 billion or more in 2015 from **AQSOA** and related businesses.



KAITEKI increased with use of low-temperature waste heat

Reduction of greenhouse gas emission is demanded on a global scale, and conservation of electricity and other energies is an urgent issue. **AQSOA** and devices using it will make great contributions amid this trend since they are capable of freezing or air conditioning by using low-temperature waste heat instead of electricity.

Chillers and air conditioners with low power consumption are in particularly high demand in emerging countries, which face soaring demand for electricity and have insufficient electricity infrastructure. The market has been expanding on a global scale.

"An adsorption chiller using AQSOA, which is driven by low-temperature waste heat at 60°C"

Won the Ecology Section Prize of the Nikkei BP Technology Award 2009 together with Mayekawa Manufacturing Company

Development of an innovative water vapor adsorbent that cools the air using solar heat

Won the Award of Excellence in the 2009 3rd Monozukuri Nippon Grand Award together with MCRC

KAITEKI Creator



Kenichi Yoshie
Project Manager,
AQSOA Project
New Business Promotion
Dept.
Mitsubishi Plastics, Inc.

Hoping to expand applications to general households as well as business sites and production and other facilities

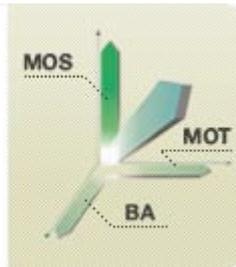
In April 2010, Mitsubishi Plastics, Inc. organized the AQSOA Project Team as a new business and has been developing the market. Devices applying **AQSOA** have been introduced to plants of Mitsubishi Plastics, Inc. and Mitsubishi Chemical Corporation. Operation of these devices is partly to demonstrate their performance.

To popularize these devices, promotion of understanding by construction companies, etc., as well as end users such as factories and buildings, is seen as important. The greatest issue Mitsubishi Plastics, Inc. currently faces is price. The company is working to realize more affordable prices that enable wider usage of the products. Use as components for household central air conditioning systems, as well as for business sites and production and other facilities, is expected in the future.

Part 3: KAITEKI Products and Technologies

Making the world's water safe and life comfortable with hollow fiber membrane technology

Mitsubishi Rayon Co., Ltd. (MRC): CLEANSUI Business in the Aqua Business Unit



▶ Viewpoint : MOS

Conserve and improve our precious water environment

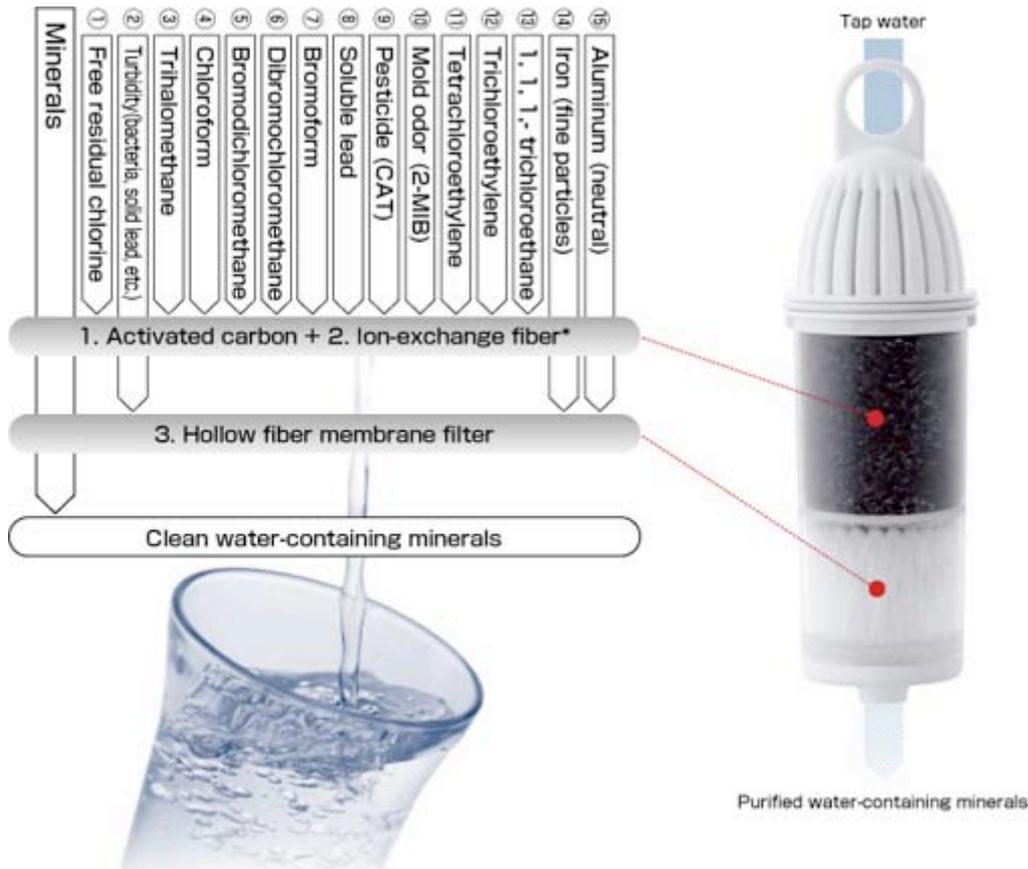
Water shortage and pollution caused by population growth and progress in urbanization are worldwide concerns. Establishing action to secure clean, safe drinking water and develop appropriate wastewater treatment systems are pressing global challenges.

In the late-1970s, Corporate Research Laboratories of MRC developed the world's first polypropylene hollow fiber membrane. MRC applied it to such as wastewater treatment systems, artificial lungs followed by home water purifiers.



CLEANSUI CSP601 – Displays messages on the optimal flow rate

CLEANSUI was released in 1984 as the world's first water purifier using hollow fiber membrane filter. Since then it has evolved and the **CLEANSUI** business has significantly expanded.



*Ceramic is used for AL001, EMA02, CP007, CSP601, CSP602, SCPX and CSP9.

CLEANSUI was developed in 1989 as the industry's first under-sink water purifier using polyethylene hollow fiber membrane, and in 1994, a product was developed that eliminates lead, trihalomethane, and pesticides. In 2004, an upgraded water purifier that filters out the nine substances designated by the Household Goods Quality Labeling Act* was released.

CLEANSUI performance and functions have been continually improved to meet consumers' drinking water needs. A "Let's drink tap water!" campaign was launched in 2010. Water in plastic bottles, which is consumed worldwide, not only requires a huge amount of cost and energy for production and transportation, but also produces vast quantities of waste.

CLEANSUI is a message from MRC. that encourages people to be conscious of the global environment and recommends drinking tap water.

Technologies created in the development of hollow fiber membranes have also been applied to wastewater treatment.

In China, MRC engages in businesses ranging from **CLEANSUI** water purifiers to wastewater treatment at public sewage plants and industrial wastewater treatment facilities. MRC is also committed to developing these businesses in other emerging countries, contributing to realization of the *KAITEKI* concept in terms of water.



Membrane Filtration Facility for Drinking Water

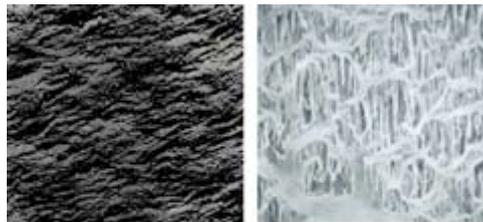
[*The water purifiers are currently capable of filtering out the 13 substances designated by the Household Goods Quality Labeling Act and two substances designated by the Japan Water Purifier Association.](#)

Development of hollow fiber membranes for diverse applications

Conventional methods of making pores in hollow fibers involved use of chemicals, including solvents. MRC developed a production method that applies spinning and stretching technologies featuring precision pore shaping. With this method, polyethylene as the raw material is melted at a temperature of 150-200°C and then spun into macaroni-shaped fibers. The fibers are then stretched by multiple rollers that rotate at different speeds. The ultrafine pores are made by the difference of rotating speeds and the stretching power of these rollers. In the development of **CLEANSUI**, MRC developed a filter that incorporates an ion-exchange resin, which turns hard water into soft water, activated carbon, which removes odors and organic substances, and other materials, in addition to the hollow fiber membrane.



Cross-section of Hollow Fiber (magnified)



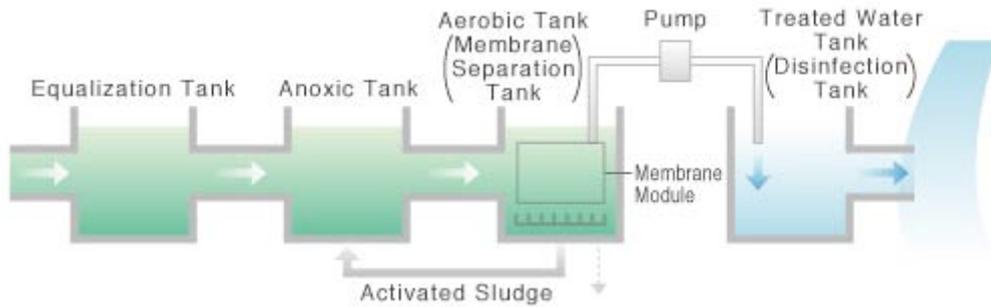
Hollow Fiber
Before Stretching

Hollow Fiber
After Stretching

This process also led to development of a technology for making permanently hydrophilic hollow fibers, which has been applied to industrial wastewater treatment. Conventional hollow fibers are hydrophobic, and needed to be made temporarily hydrophilic using an alcohol and kept wet during storage, otherwise they could not be used for filtering liquid. MRC developed a production method for making hydrophilic hollow fibers by coating the surface of polyethylene with hydrophilic polymers. This allows the fibers to filter water even when they are dry, providing a heightened level of convenience. This technology is applied to industrial wastewater treatment, including condensate filters of nuclear power plants.

In 2001, MRC developed a membrane bioreactor (MBR)* system through a project with Japan Sewage Works Agency. MRC also developed a high-performance membrane for MBR, which is highly acclaimed worldwide.

MRC has newly developed a dedicated filter for **CLEANSUI** to be marketed in China and India, geared to the poor water quality environments in these countries. The hollow fiber used for this filter has smaller pores than standard ones. This enables the filter to remove viruses, which are smaller than bacteria.



MBR Process Flow

*A membrane bioreactor (MBR) is an activated sludge process that uses membranes to filter out suspended solids, including harmful microorganisms such as viruses, bacteria, and cysts that traditional clarifier or sedimentation system cannot remove. MRC developed a high-performance membrane made of polyvinylidene fluoride (PVDF) for large-scale MBR systems.



Achieving *KAITEKI* by improving the water environment in a way that leads to the improvement of the entire global environment

In 1984, the former Japan's Ministry of Health and Welfare issued a warning that activated carbon water purifiers could induce bacterial growth if left unused for a long time. **CLEANSUI** resultantly became a hit product since it uses hollow membrane and can remove bacteria. The faucet-mounted **CLEANSUI** water purifier, launched in 1989, earned high acclaim for its sophisticated design and convenience. At its peak, orders received for the product were ten times that of production capacity.



Logo created under the new Corporate Identity (CI)

In 2009, the year marking the 25th anniversary of **CLEANSUI**, a new CI was introduced. The logo and product designs were also renewed under the new CI to improve **CLEANSUI**'s brand power. MRC has also worked proactively in the overseas market development.

China, a growth market, was the first overseas market MRC entered. This first move was in 2006, and **CLEANSUI** water purifiers are marketed in more than ten countries. Units marketed in China feature special filters geared for the country's quality of water. At the same time, MRC has established a network for providing installation and cartridge replacement services as it responds to increasing demand. In 2010, **CLEANSUI** entered the Indian market, where the products sold also incorporate the special filters. In 2011, MRC began to develop its household water purifier business in Australia and New Zealand as the **CLEANSUI** business continues its global expansion. Overseas sales currently account for 10% of the total. MRC plans to increase this ratio to 30% in 2015.

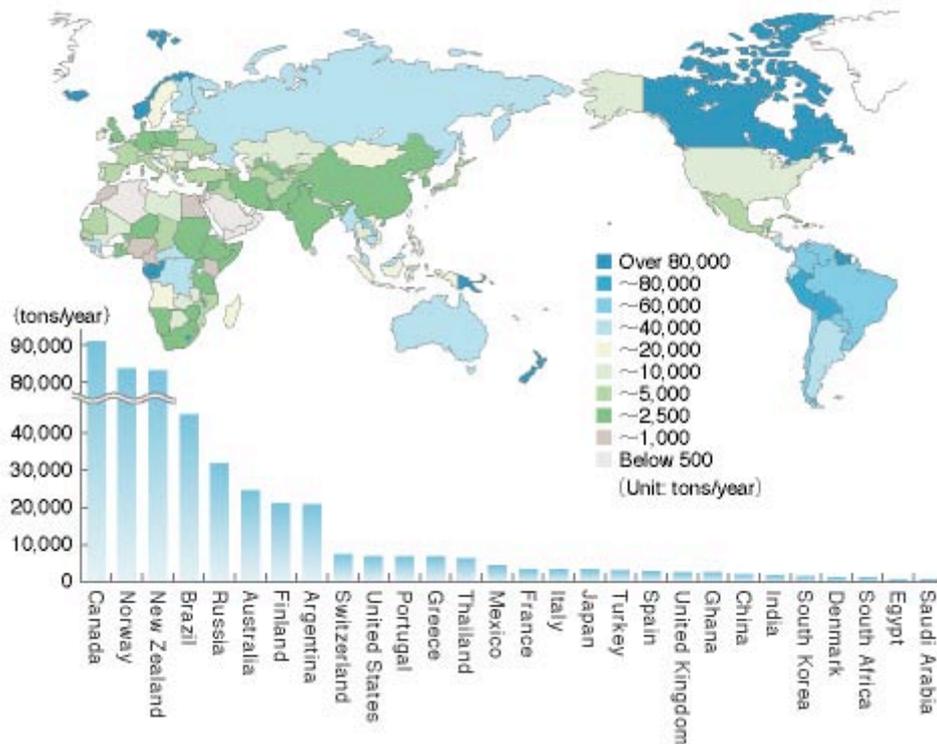
Demand for water treatment systems is also high in the global market. In 2006, MRC supplied a PVDF membrane to the world's largest MBR treatment systems (Beijing, China) at that time. MRC is also expanding its membrane business to the industrial area, with plans to increase sales in this field to 25 billion yen by 2025.



Contributing to KAITEKI and leading future-oriented business

Water pollution and depletion of water resources are serious problems threatening the existence of our species and damaging our food and health. The increased use of plastic bottles for drinking water has also led to tremendous waste in resources and energy.

Annual amount of water resources per person



Source: Created by the Ministry of the Environment based on FAO AQUASTAT (2008.1).

MRC develops its water treatment technologies and water-related businesses in pursuit of a solution for overcoming this situation. These are not only for providing safe, clean water and water environments; dissemination of these technologies and businesses will help improve the overall global environment and lead to further realization of the KAITEKI concept.



Takahiro Ikeda
Managing Executive
Officer
MMA Business Bloc
Aqua Business Bloc
Mitsubishi Rayon Co.,
Ltd.

Achieving a *KAITEKI* water environment, which leads to attachment of a *KAITEKI* global environment

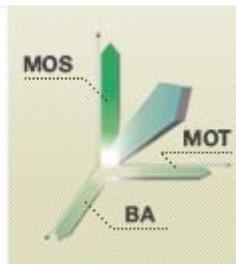
In addition to hollow fiber membranes and ion-exchange resin, MRC has amassed a range of water treatment related technologies, including polymer coagulant and oil absorbent. Combined use of these technologies enables improvement of all water circulatory systems, including those for drinking water supply, industrial wastewater treatment and wastewater recycling. We believe this will lead directly to good health, hygiene, and *KAITEKI* characteristics that encompass all of society.

MRC. will continue to pursue realization of a *KAITEKI* water environment that leads to a *KAITEKI* global environment.

Part 3: *KAITEKI* Products and Technologies

A network-type think tank and research institute that studies *KAITEKI* from a long-term perspective and reflects the results in businesses

The KAITEKI Institute, Inc.: Think tank and Research institute



▶ Viewpoint : MOS

A new type of institute oriented to *Kotozukuri*

In this, the 21st century, we humans face diverse issues including destruction of global environmental, depletion of natural resources, the shortage of food and water, and access to quality healthcare. The Mitsubishi Chemical Holdings (MCHC) Group asks itself what it can do to solve these problems and achieve *KAITEKI*, a state that is comfortable not only for human beings but for all of society and the planet, and which is truly sustainable. In seeking solutions with a 20-50 year perspective, the MCHC Group established The KAITEKI Institute, Inc. (TKI), in April 2009.

TKI has four major missions. First, it collects and analyzes information to forecast future changes in society, predicts needs and wants that will arise from the changes, and provides the information to MCHC Group companies. The second mission is to contemplate new business concepts for responding to such needs and wants and researching core technologies that will be the keys to the concepts. Third, based on the outcomes of research and investigations, TKI will propose businesses to be rolled out by the MCHC Group. Its fourth and final mission is to inform the public of the concept of *KAITEKI*, advocate and spread it in society, and introduce new culture to the MCHC Group.

The breadth of investigations and research undertaken by TKI is expressed with three keywords – Sun (SOL), Water (AQUA) and Life (VITA); which respectively symbolize environment and energy, water and food, and lives and lifestyles, all of which are essential for putting *KAITEKI* into practice. TKI differs greatly from conventional corporate research institutes in that it does not have its own experiment facilities but maintains a network with leading research institutes around the world, with a policy of promoting research by entrusting it to those institutes or in collaboration with them. This enables TKI to respond flexibly to the constant flow of newly arising issues.



Research Fields of TKI

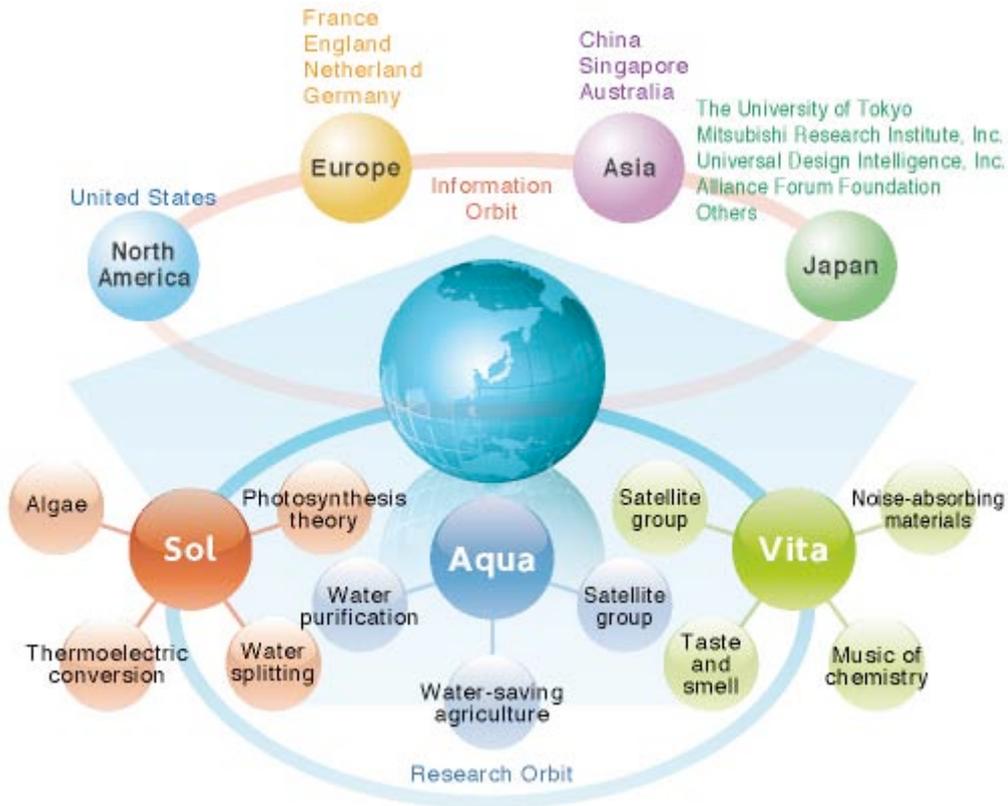
TKI has dual functions – as a think tank and for research. If conventional research institutes are oriented to *monozukuri* (manufacturing), TKI is an organization oriented to *kotozukuri* (innovating). It aims to go to the lengths necessary to create systems that attain *KAITEKI*.

To achieve these goals, TKI consists of members of operational companies of the MCHC Group, and contents of ongoing investigations and research are evaluated by an Advisory Board composed of experts from inside and outside the companies. The Advisory Board meets twice yearly to evaluate the above mentioned topics and examine TKI's direction.



Evaluation meeting of the Advisory Board

TKI members return to their Group companies, where they are expected to contribute to them by making use of the knowledge about future society and abilities for making plans and proposals that they obtained at TKI.



TKI's network and examples of research subjects

Steady achievements in CO₂ recycling and water-saving agricultural technologies

TKI is working toward concrete achievements. One example, in the SOL category, is recycling of CO₂ using algae. This research is entrusted to the University of California, Los Angeles (UCLA), led by Professor James Liao. The objective is to produce alcohol efficiently from CO₂ by using cyanobacteria (a blue-green algae), which has high cell growth potential. This requires design of a metabolic pathway¹ from CO₂ to alcohol. Metabolic pathways from glucose to butanol are currently examined based on a metabolic pathway newly designed through genetic modification with *E. coli* as the host. The target for 2010 was to produce 2 grams of butanol per reaction volume of 1 liter. The researchers have modified genes that enable production of 30 grams of butanol, far exceeding the target. They also confirmed butanol production with blue-green algae.



Cyanobacteria



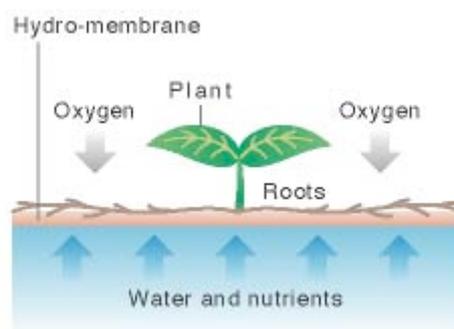
Blue-green algae culture apparatuses

¹Metabolic pathway: Metabolism refers to transformations of matter, or chemical reactions, which happen in living organisms to maintain life. A metabolic pathway is a pathway of those transformations of matter. Examples include glycolysis, citric acid cycle, and fatty acid metabolism.

Research in the AQUA field includes a study on water-saving agricultural technologies. This is a joint project between Mebiol Inc. (Hiratsuka-city, Kanagawa Prefecture), the Department of Primary Industries (Victoria, Australia) and TKI. This project examines a cultivation method applying a hydro-membrane developed by Mebiol Inc. A field trial carried out in Victoria using tomatoes has shown favorable results. It demonstrated that the method required only two-thirds of the water of conventional hydroponic culture for producing the same amount of tomatoes, yet increased the sugar content by 20%.



Tomatoes grown in Mebiol's system with low water usage and high sugar content.

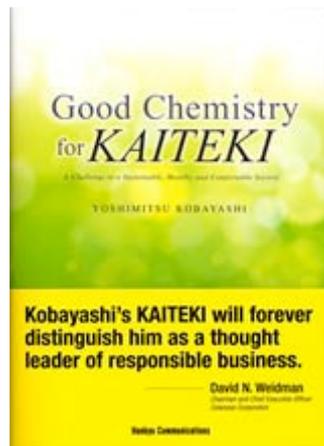


The plant and culture solution are separated from each other (information provided by Mebiol Inc.).

Advocating the concept of *KAITEKI* in society

As its fourth mission indicates, it is also an important duty of TKI to inform the public of the philosophy of *KAITEKI* and advocate it in society. As the first step under this mission, TKI published a book titled "Good Chemistry for *KAITEKI*" (Hankyu Communications Co., Ltd.) in December 2010. The book shows the ideas of its author, President Yoshimitsu Kobayashi, about *KAITEKI*. An English translation of the book was published, too.

TKI opened **KAITEKI CAFE** on the 1st floor of MCHC's head office building in April 2011. This is designed to be a place for advocating the concept of *KAITEKI* directly to the public.



Book authored by President Kobayashi



A new style of cafe, suggesting *KAITEKI*

The cafe serves dishes using vegetables from plant factories and food the producer of which is clearly known. The floor is illuminated by white LED lighting, a product that Mitsubishi Chemical Corporation focuses on. Water used in the cafe is purified with **CLEANSUI** made by Mitsubishi Rayon Co., Ltd.

In addition to the items mentioned, TKI is also committed to introducing new culture to the company. In one example of this, it organizes lecture meetings by inviting key figures.



Contributing to *KAITEKI* and leading future-oriented business

The MCHC Group focuses on the period until 2025 when considering its management. TKI makes predictions and undertakes research from an even longer-term perspective, which allows it to think differently from operational companies. Our past data show that the MCHC Group's business fields have been changing significantly according to the years.

In short, TKI contributes to the concept of *KAITEKI* by looking at society from an extremely long-term perspective and leads businesses toward the future.

KAITEKI Creator



Eiji Tanaka
Deputy Executive
Director
The KAITEKI Institute,
Inc.

Keep an eye on the activities of TKI, which collects wisdom from around the world to solve global issues.

In the wake of every new major invention, such the steam engine or fixation of atmospheric nitrogen, mankind has significantly expanded its range of activities on the planet. In the 21st century, our activities have finally reached a point where they influence the conditions of the Earth itself. This has resulted in growing concerns about the sustainability of our species. We can say we are in an era when our most important task as humans is to consider how to pass on a comfortable global environment to the next generation, instead of only pursuing our own satisfaction and comfort.

This is the very objective behind the founding of TKI. Watch for the activities of TKI, which continues to pursue answers to the questions of "What do we need to put *KAITEKI* into practice for people in the future?" and "What should we do now to achieve this?" in the three fields of SOL, AQUA and VITA, and which amasses wisdom from around the world for solving global issues.

Initiatives for Reinforcing Corporate Foundation

Mitsubishi Chemical Holdings aspires to reinforce the corporate foundations to build the relationship of trust through communication with all our stakeholders and wide range of activities, with strict compliance with rules and regulations.



▶ **Corporate Governance**



▶ **Internal Control / Risk Management / Compliance**



▶ **Initiatives Aimed at Safety and the Environment**



▶ **Communication with Shareholders and Investors**



▶ **Communication with Customers and Business Partners**



▶ **Initiatives Concerning Human Rights and Labor**



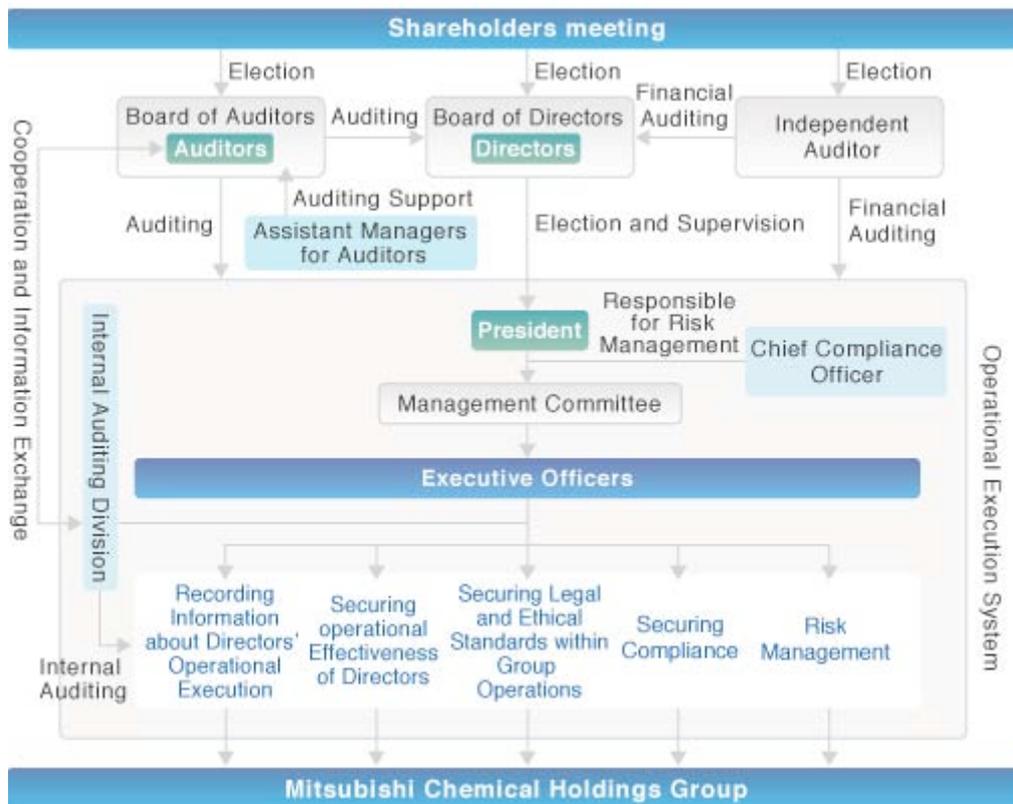
▶ **Corporate Citizenship Activities**

Corporate Governance

We strive to achieve Group management with greater efficiency and transparency.

Since its founding in 2005, Mitsubishi Chemical Holdings Corporation (MCHC) has worked to strengthen its corporate governance, compliance and risk management in pursuit of optimal Group management.

Corporate Governance System (as of April 1, 2011)



Basic Approach to Corporate Governance

As the pure holding company of the Mitsubishi Chemical Holdings Group (MCHC Group), MCHC fulfils the portfolio management function of the Group and promotes policies that include the deepening of Group management and the allocation of management resources, allowing the Group to grow and leap ahead. Further, in its role overseeing the management of the MCHC Group, MCHC strives to ensure decision-making and the efficient and timely execution of operations in management, and also works to clarify management responsibility as well as enhance compliance and risk management.

[The Rights and Roles of Each Organization]

Board of Directors

Based on the Board of Directors Regulations and other related regulations, the Board of Directors makes decisions on important managerial matters and fundamental the MCHC Group management matters, and also supervises the directors' execution of their duties. As a general rule, the Board of Directors meets once a month. The Articles of Incorporation specify that MCHC have no more than ten directors, and as of the end of June 2011, the board comprised seven directors, two of whom assume dual roles as executive officers. To build a management system capable of swiftly responding to changes in the management environment and to provide greater clarification of the management responsibilities and roles of each director, directors are appointed for a term of one year. In addition, to determine candidates for director, the Board of Directors decides on people who possess the qualities and abilities best suited to achieving the management principles of the MCHC Group and fulfilling its social responsibility. Candidates are then presented at the Shareholders' Meeting and appointed by election.

Management Committee

The Management Committee operates as a body for assisting the President and Representative Director in decision-making. The Committee conducts deliberations on investments, loans and other important issues involving business execution by MCHC and MCHC Group companies, and also deals with important matters concerning the promotion of corporate social responsibility (CSR), such as compliance, risk management, safety and environmental measures, human rights promotion and social contribution. Also note that important management matters discussed by the Management Committee are subject to approval by the Board of Directors before being carried out. The Management Committee meets around once a month and comprises the President, directors, standing executive officers, the executive representatives of core Group companies and corporate auditors.

Corporate Auditors and the Board of Auditors

Corporate Auditors and the Board of Auditors are in place as a body for the auditing and supervision of MCHC. The corporate auditors take part in the Board of Directors Meeting as well as other important meetings and committees to verify the details of reports from the Board of Directors and other bodies, look into company business activities and the state of its assets and audit directors' execution of their duties. As a general rule the Board of Auditors meets once a month, where it deliberates and decides on audit policy and other important matters concerning auditing. The Board of Auditors at MCHC comprised five members as of the end of June 2011, three of whom are outside auditors designated as disinterested, independent auditors. Accounting auditors and the Audit Office also conduct audits in close coordination with one another, providing information on the status of audits and exchanging views on audit results.

Amid the MCHC Group's expanding influence, we pursue thorough accountability and transparency to underpin society's trust.



Noboru Tsuda

Managing Executive Officer,
Chief Compliance Officer,
General Manager, Internal Control Office,
Mitsubishi Chemical Holdings Corporation

In April 2008, Mitsubishi Chemical Holdings Corporation (MCHC) formed the Internal Control Office. Although systems for compliance and risk management had been maintained and operated within the CSR Office until then, we thought it was necessary to have a department which specialized in and exercised across-the-board jurisdiction over internal control, including coordination with internal audit departments.

Traditionally, internal control is understood as “having an organization function effectively as such to realize its goals.” At MCHC, we regard the term “effectively” to mean properly undertaking risk management, including compliance, and operating an organization in an efficient and effective manner. The mission of the Internal Control Office is to promote these improvements.

At the MCHC Group, we regard the generation of *KAITEKI* value leading to the sustainability of society to be a pillar of our management, and to this end we ourselves must earn the trust of society and be a sustainable organization. In that sense, we believe that ensuring firm internal control is a precondition to pursuing *KAITEKI* value.

Meanwhile, the MCHC Group has undergone substantial changes in recent years. Because of its growth in size and the rapid advancement of globalization, the MCHC Group has gained greater social influence and heavier responsibility regarding internal control. With these developments as a backdrop, we will continue to engage in activities with a focus on the points described below.

The first of these points is to strengthen the development of group-wide, cross-sectional guidelines and standards on internal control. To date, the MCHC Group has developed basic rules and systems which are common to its four operating companies. That said, since each company differs by industry sector and business conditions, operates under a different corporate culture, and has its own set of employment conditions, we have enabled each company to conform to basic rules while conducting internal control in an autonomous fashion.

However, society has changed at a growing pace and we have become increasingly unable to keep up using this method alone. Overseas in particular, conventional laws, established practices and customs are often tightened without being noticed, and there are sometimes delays in taking action in the field. What's more, since the risks differ depending on the country, in many cases it is effective to approach a country with a stance that is shared across the four operating companies. In light of these circumstances, MCHC deems it necessary to go ahead with measures such as group-wide internal control guidelines.

The second point is to leverage the different companies within the MCHC Group to develop better systems.

The four operating companies each have areas and methods of internal control in which they uniquely excel due to the experience they have acquired to date. Given this, MCHC plans to evaluate the systems and operational status of internal control at each company, and with the best companies serving as models, utilize the advantages of being able to convey experience, knowledge and expertise on a mutual basis to promote systemic reforms at other companies. We believe it is also the role of MCHC to take account of the characteristics of the four operating companies and overseas Group companies and constantly make adjustments so that the four operating companies engage in friendly competition with the aim of being the best.

The third point is to enable the operation of internal control in an autonomous and self-aware manner from the field level.

To date, we have undergone a process of innovation and improvement concerning the systems and schemes for internal control at MCHC. Awareness on the part of every employee is essential to instilling these systems and schemes and making them actually work. There is also a tendency for internal control to be taken as “managing from senior management,” but without autonomous awareness in the field, this has no practical effectiveness. We recognize this as an enormous challenge.

In particular, the roles of department and section managers are crucial. No matter how well developed a system is, it will end up a pie in the sky unless each and every organization functions as such. The same goes for me. When a problem occurs, I gather the section managers and try to get down to the questions of “where did the problem lie and what should we do about it?” Looking ahead, we will continue to put effort into training and other measures to raise the awareness of employees, and are considering personnel rotations and other ways to stimulate awareness with regard to leaders in departments of above a certain size.

The common thread to these initiatives, in other words, is that the fundamental attitude of internal control is the comprehensive implementation of “accountability” and “transparency.” Since MCHC is an organization with an extensive reach and we live in an era of rapid social change, no matter how far we go in establishing schemes and adding layers of protection, troubles and difficulties can happen. At those times, we must explain ourselves internally and externally in an accurate and sincere manner, and uncover the facts without concealment. Following that, it is extremely important to consider what to reflect on and what improvements to make, and to then take action. Moving forward, we will strive to ensure that this is instilled throughout the entire the MCHC Group as a natural practice.

[Internal Control]

Internal Control Systems: Basic Approach and Implementation

Here at Mitsubishi Chemical Holdings Corporation (MCHC), the Board of Directors set out a basic policy for internal control systems in May 2006, covering areas such as risk management, compliance, the execution of duties by officers, information management and auditing systems. The Board of Directors also carries out inspections at the end of every fiscal year to ensure that internal controls are being implemented effectively and reviews specific details as necessary, in an effort to continually enforce and strengthen our internal control systems.

Having assessed internal controls in relation to financial reporting in fiscal 2010, we have confirmed that our internal control systems are functioning effectively in accordance with internal control and reporting requirements under the Financial Instruments and Exchange Act.

As part of *APTSIS 15*, our new five-year mid-term management plan starting in fiscal 2011, we will be expanding and reinforcing our overseas area strategy in an effort to increase our ratio of overseas sales to at least 45%. In particular, we are aiming to establish and strengthen management systems in China and the US, primarily by supervising and providing guidance in relation to PR capabilities, risk management, compliance systems and internal auditing. It is with this in mind that we established Mitsubishi Chemical Holdings America Inc. (MCHA) in November 2010 and Mitsubishi Chemical Holdings (Beijing) Co. Ltd. (MCHB) in January 2011, as wholly-owned subsidiaries in the US and China. We intend to step up internal control initiatives at MCHC Group companies even further in the future, focusing on operations at the local level via overseas subsidiaries such as these.

We are also planning to carry out internal control assessments more effectively and efficiently in the future, based on the current implementation of internal control systems and assessment results. Further, we are committed to promoting efficient, streamlined operations, through initiatives such as improving internal control systems and standardizing operations.

[Risk Management]

Risk Management: Basic Approach and Risk Management Systems

We have always been committed to improving risk management systems here at MCHC Group, to both fulfil our social responsibilities and maintain and enhance our corporate value. We established our risk management system, headed by the President of MCHC in his capacity as Chief Risk Management Officer, in April 2006 and formulated the MCHC Group Risk Management Basic Policy. We have been effectively implementing this ever since, in an effort to avoid major risks associated with our business activities and minimize any damage, whether human, economic or social, in the event that any such risks do materialize.

Important matters relating to risk management within the MCHC Group, including risk management policies and groupwide measures in response to major risks, are discussed by the Management Committee and determined by the President, in his capacity as Chief Risk Management Officer, based on the outcome of discussions.

At our four operating companies, we establish risk management systems in line with the specific nature of each company's business activities. Our four operating companies also provide guidance and support to enable their subsidiaries to establish and implement risk management systems effectively.

We are considered that sharing information relating risks within the MCHC Group is important in order to further reinforce risk management systems. We therefore organize regular meetings between MCHC and each of our operating companies, to enable us to share information regarding common risks and matters such as risk management strategies.

Initiatives in Fiscal 2010

Following on from the previous year, we continued to improve and monitor the implementation of risk management systems, and to identify and assess major risks affecting the MCHC Group, during fiscal 2010. We also highlighted emerging risks requiring groupwide action and promoted measures to resolve or minimize risk factors, including UN Security Council sanctions against Iran, procurement risks in China, and information security. On other fronts, we have identified and categorized risks requiring priority action, including environmental risks and internal controls at overseas MCHC Group companies, and are implementing appropriate measures in response.

In an effort to reinforce internal controls at overseas MCHC Group companies for instance, we have set out a risk management policy for the MCHC Group companies in China in partnership with Mitsubishi Chemical Holdings (Beijing) Co. Ltd. (MCHB), our new local subsidiary established in January 2011, and are starting to implement specific initiatives.

In response to the Great East Japan Earthquake in March 2011 meanwhile, we quickly ascertained damage caused to our four operating companies and have provided support to help restore damaged facilities. Based on the lessons learnt from the recent earthquake, in areas such as confirming employees' safety and emergency contact procedures, we are conducting a full review of our business continuity plans, so as to ensure that we could maintain head office capabilities and continue to supply products to infrastructure operators in the foreseeable event of devastating earthquake directly under Tokyo or the eastern Tokai region.

In fiscal 2011, we will continue to provide the MCHC Group companies with support to enable them to establish and effectively operate risk management systems, focusing particularly on our four operating companies. We also intend to implement specific measures to minimize risks requiring priority action, in areas such as compliance, overseas operations and business continuity planning, to ensure that we are able to procure raw materials and supply products.

Risk Management System (as of June 30, 2011)



Establishing a Safety Culture

We established the Group Synergy Office at MCHC to develop and strengthen the foundations in a Group-wide and cross-sectional manner for production technology, the environment and safety. We also organize Four-Company Cooperation Council meetings as and when necessary, bringing together managerial members of staff from Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics Inc. and Mitsubishi Rayon Co. Ltd. to create a shared awareness with regard to environmental and safety activities and to share information and opinions regarding policies and priorities at each company.

[Compliance]

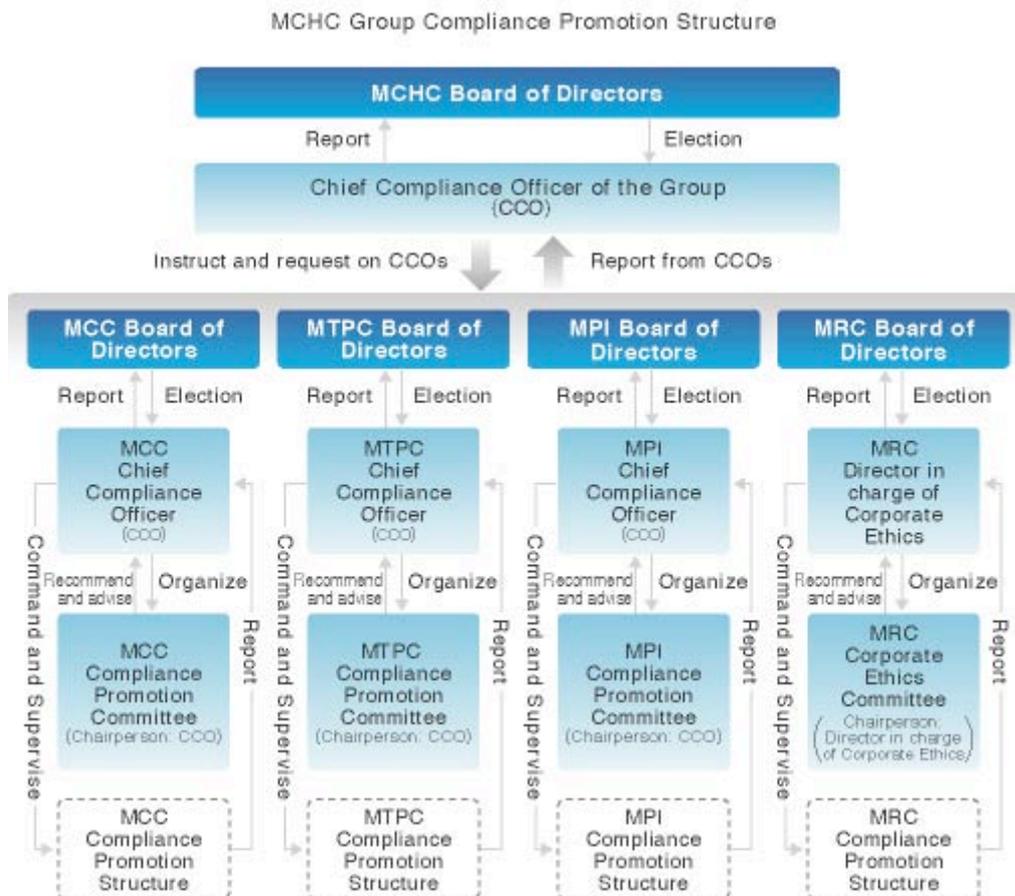
Compliance: Basic Approach and Promotion Structure

Here at the MCHC Group, we view compliance from a broader perspective, incorporating areas such as corporate ethics and social boundaries, rather than focusing strictly on legal compliance. As we regard compliance as one of our top management priorities, we have set out a number of regulations to underpin our operations, including our [MCHC Group Corporate Ethics](#), the [MCHC Group Compliance Code of Conduct](#), and the MCHC Group Compliance Promotion Policy.

To steadily incorporate compliance into MCHC Group, we have established an Internal Control Office to oversee compliance at MCHC, and compliance promotion or corporate ethics committees at our four operating companies, under the supervision of a Chief Compliance Officer (CCO) appointed by the MCHC Board of Directors. MCHC requires operating companies to formulate a code of conduct, compile procedural manuals, conduct educational activities such as training and seminar, audit and monitor operations, and establish and operate a compliance hotline service. We also provide support for activities at our operating companies, including assigning instructors to oversee training and producing training tools.

At overseas MCHC Group companies meanwhile, we are in the process of formulating codes of conduct and regulations in line with legislation and social norms in each country, based on our MCHC Group Corporate Ethics as a common basic rule, in an effort to ensure and reinforce compliance.

Promotion Structure



Initiatives in Fiscal 2010

In November 2010, we invited an outside attorney to give a lecture entitled “Responding to Society’s Trust: Practical Considerations for Compliance and CSR” for officers from MCHC and Chief Executive Officers and Chief Compliance Officers from MCHC Group companies. We also organized training sessions for new officers at MCHC Group companies.



MCHC Group compliance lecture

We have had a number of incidents that have undermined trust in MCHC, including administrative action against Mitsubishi Tanabe Pharma Corporation due to a violation of the Pharmaceutical Affairs Act, and the improper handling of environmental data by Mitsubishi Chemical Corporation. Accordingly, in fiscal 2010, we thoroughly investigated the causes of these incidents and rolled out effective measures to prevent anything similar from recurring. We remain committed to providing support for compliance-related measures at the MCHC Group companies in the future.

Specific Initiatives at our Four Operating Companies:

Further, we consider that sharing information relating compliance within the MCHC Group is vital to further reinforce compliance. We organize regular meetings between MCHC and each of our operating companies, to enable us to share information regarding groupwide priorities and other relevant matters.

Auditing and Reporting Systems

【Auditing and Monitoring】

We conduct annual Control Self Assessments (CSA) MCHC Group companies via the Audit Office at MCHC, in order to ascertain levels of compliance at each company based on a series of compliance-related questions.

【Hotline Service】

In fiscal 2008, we launched a Hotline Service for the staff of MCHC Group companies to seek advice or report matters relating to compliance, either to the General Manager of the Internal Control Office or an outside attorney. Since then, we have been working to promote the service and ensure that it operates effectively.

We are committed to protecting the confidentiality, privacy and human rights of all employees seeking advice or filing reports, and guarantee that they will not be disadvantaged in any way. An investigative team led by the General Manager of the Internal Control Office processes all information provided. If there is deemed to be an issue, we take swift action to remedy the situation, under the supervision of the CCO.

Information Security Initiatives

We set out the MCHC Group Information Security Policy in order to protect our information system assets from both internal and external threats, and to maintain and enhance our corporate value.

Essentially, the policy requires MCHC Group companies to recognize the fundamental importance of information security assets and to ensure information security. We are committed to maintaining and managing information security systems more effectively throughout the MCHC Group. That is why we have set up the MCHC Group Information System Security Administration Committee, headed by the executive officer in charge of information systems at the Group Synergy Office, and have appointed managers to oversee information system security at all of the MCHC Group companies.

We require all MCHC Group employees, including those based overseas, to comply with our Information Security Policy and related regulations, and disseminate them via regular educational and awareness programs.

Mitsubishi Chemical Holdings Group Corporate Ethics

We, constituent members of the Mitsubishi Chemical Holdings Group (MCHC Group), shall share the following ethical standards and act with sound ethics and good common sense, and exert our utmost to ensure sustained development as a corporate group that engenders society's trust, in every aspect of our corporate activities.

1. Awareness and Responsibility

Based on the basic understanding that the foundation of our corporate activities is society's trust and confidence in us, we shall endeavor to contribute to the realization of an affluent and enriching society through respective business activities with a keen sense of corporate social responsibility.

2. Fairness, Equitability and Integrity

We shall respect the dignity and rights of all people and shall not engage in invidious discrimination for any reason whatsoever, be it racial, gender or religious. Furthermore, we shall deal with third parties including customers, suppliers, vendors, shareholders, business partners, administrative organs and local communities who associate with the MCHC Group, in a fair, equitable and sincere manner. The same holds true for relations among inter-MCHC Group constituent members.

3. Strict Compliance

Strict compliance constitutes the foundation as a member of society. "Never engage in unlawful activities," is a natural social norm (legal and ethical standards), which must be observed at all times.

At the MCHC Group, we shall act in accordance with the following standards in order to avert possible risks that may lead to illegality:

1. Continue to sharpen sensitivity toward illegal conduct.
2. Never engage in suspected illegal activity.
3. Do not be optimistic in evaluating risk of illegality.
4. In the event that an illegal act is committed, do not conceal or justify it.
5. Avoiding risk of illegality takes precedence over corporate interest at all times.

4. Prudence

With respect to inter-company or inter-group relationships, as well as relationships with our customers, vendors and business partners, we shall avoid improper associations and maintain proper relationships that conform to prevailing social standards, to prevent misunderstanding.

In particular, we shall make a clear distinction between official and private matters and shall not exploit one's position or status as a member of the MCHC Group to pursue one's own personal interests in any business activity.

5. Transparency and Openness

Recognizing the importance of accountability in corporate activities, we shall maintain transparency in our corporate activities and proactively disclose appropriate information to uphold "openness" within and without the Company.

Mitsubishi Chemical Holdings Group Compliance Code of Conduct

At the MCHC Group, the meaning of the word "Compliance" goes much further than simply complying with laws and regulations. It means compliance with social rules and norms in a broad sense, including corporate ethics. We must develop a strong sense of corporate social responsibility, comply rigorously with social rules and regulations and live up to the expectations of our stakeholders, including customers, suppliers, vendors, consumers, investors such as shareholders, business partners, employees and local communities.

Chapter 1: Awareness and Responsibility

1-1: Awareness of Social Responsibility

Recognizing corporate social responsibility, we will strive to win public trust by contributing to the affluence and comfort of society by offering socially beneficial goods and services based upon the expertise and technologies we have developed in various fields of endeavors, including chemistry.

1-2: Responsible Care for the Environment

We will commit ourselves to the protection of the environment and endeavor to reduce environmental burden in the course of all our business activities, including promotion of resource and energy conservation, waste reduction, reuse and recycling, as well as environmental conservation and development of its technologies.

1-3: Responsible Care for Safety

Recognizing safety assurance as a corporate social responsibility, we will place top priority on safety in the course of all our business activities, which include ensuring the safety of all our products and services, including adequate handling of chemical substances, as well as operational safety.

Chapter 2: Fairness, Equitability and Integrity

2-1: Respect for the Dignity and Rights of Individuals.

We will respect individual human rights and character. We will abstain from any conduct that undermines individual dignity, such as discrimination against others on the basis of race, ethnicity, national origin, religion, gender, disability, disease and social status; we will also avoid language and behavior that offends others, such as sexual harassment. We will also adhere to internationally recognized norms, eschew forced labor in all of its forms, and support the effective abolition of child labor.

2-2: Creating a Motivational Workplace

We will strive to create a motivational workplace that provides job satisfaction to Group members through the nurturing of respect for diverse personalities and values, the creation of a free and open-minded working environment in which individual employees can manifest their best qualities, and the fostering of mutual trust through fair and equitable personnel treatment.

2-3: Customer Relations

We will listen to the voices of our customers and take a pro-customer approach so that we will be able to respond with utmost sincerity and offer safe and high-quality products and services.

2-4: Partnership/Vendor Relations

Based on the basic understanding that all business partners and vendors are our partners in conducting business, we will endeavor to foster mutual trust through fair and equitable transactions.

2-5: Ethical Business and Government Relations

We will abstain from illicit political donations, illegal incentives and bribe-giving to politicians and public servants, and strive to maintain healthy and transparent relations with political and governmental organizations at all times.

2-6: Severing Ties with Anti-Social Influences

We will take a firm stand against anti-social influences that disrupt social order and threaten sound activities, and never involve ourselves in malfeasance or anti-social conduct. We will not provide any favors, including financial, to anti-social influences, under any circumstances whatsoever.

Chapter 3: Strict Compliance

3-1: Compliance with Laws and Regulations

We will conduct business by adhering to high ethical standards and sound common sense, and comply with all relevant laws and regulations in and outside of Japan, socially-recognized rules and standards, agreements and promises we have entered into with our customers, vendors, business partners and local communities, as well as our corporate rules and manuals.

In particular:

1. We will comply with relevant administrative laws and regulations applicable to our businesses and perform procedures required by such, including obtaining official approval and licenses and notification; and reporting properly and in complete detail.
2. We will comply with the Antimonopoly Act* and other relevant laws and regulations, abstain from illegal conduct such as forming cartels, engaging in bid-rigging and abusing one's dominant bargaining position, and participate in fair and free competition in the marketplace.aa
3. We will comply with the Unfair Competition Prevention Law* and other relevant laws and regulations, and shall not pursue our commercial interest by improper means such as illicit acquisition of others' trade secrets, or acts that may be detrimental to others' commercial interests.

4. We will comply with the Subcontract Act* and other relevant laws and regulations and abstain from engaging in conduct that may be detrimental to subcontractors' interests, such as delays in payment.
5. We will comply with the Foreign Exchange and Foreign Trade Law* and other relevant laws and regulations, and properly handle the import/export of raw materials, products, and other items. We will also abstain from exporting products and technologies that may destabilize international peace and security.
6. In addition to laws and regulations pertaining to accounting procedures and taxes, we will abide by generally accepted accounting standards as we implement proper accounting procedures, ensure the reliability of our financial reports, and make appropriate tax payments.
7. We will comply with the Labour Standard Law* and other relevant laws and regulations, and strive to maintain pleasant working conditions including occupational safety and health.
8. We will not engage in fraudulent transactions prohibited under the Financial Instruments and Exchange Act* and other relevant laws and regulations, including the trading of stocks and corporate bonds by taking advantage of undisclosed information one has come to know in the course of one's work.
9. We will correctly record business transactions and activities, including the signing of contracts, and properly manage and maintain the records in accordance with relevant laws and regulations as well as relevant internal rules.

Note: The names of individual laws referred to in this Chapter are those then effective in Japan and, therefore, please replace them with corresponding laws and regulations of your country.

3-2: Protection of Intellectual Property

We will endeavor to develop innovative technologies, products and services, and obtain intellectual property rights and commercialize them. In this process, we shall not infringe upon the intellectual property owned by other parties, including patents, utility models, designs, trademarks and copyrights.

3-3: Protection of Personal Data

We will strictly control personal data pertaining to employees, customers and other stakeholders that we may have access to in the performance of our duties. Unless personal consent is secured, we will not disclose or leak any personal data to third parties or other employees who have no need to acquire the information in terms of business, and, at the same time, will not use it for purposes other than the original intent.

3-4: Confidentiality

Strict control must be maintained over trade secrets and other confidential information belonging to the company or to third parties (including customer information and technical know-how) that one might obtain in the performance of one's business duties. Without the express permission of the proper authorities, such confidential information must never be disclosed or leaked to third parties or to internal staff who have no legitimate need for it, and must never be used for purposes other than the original intent.

Chapter 4: Prudence

4-1: Prudent Conduct

In our relationships with customers, vendors and other business partners, we will not engage in misleading acts such as offering or receiving business entertainment and gifts that go beyond business norms or exceed the bounds of limits acceptable to the industry.

4-2: Appropriate Use of Corporate Assets

Corporate assets and expenses, both tangible and intangible, must be used properly to achieve corporate business objectives and must not be used for personal purposes.

4-3: Appropriate Use of Information Systems

Pursuant to relevant internal rules, corporate networks and operation software will be used only for business operations authorized by the company. Wrongful acts such as hacking into the information system, damaging, falsifying or altering data, or making unauthorized use of computer software, are not permitted.

4-4: Preventing Conflict of Interest

We shall not exploit our official positions and authority or information we may have access to in the performance of our duties to engage in acts that benefit ourselves or third parties, nor shall we involve ourselves in activities that may compete against our corporate businesses, without corporate permission.

4-5: Prohibition of Political/Religious Activities at the Workplace

We will not engage in political or religious activities at the workplace, including solicitation on behalf of political or religious groups or requests for votes, without corporate authorization.

4-6: Discontinuance of Empty Formalities

Except for those within the acceptable business norms, in-house and inter-Group gift-giving and exchange of gifts and items should be shunned in view of abolishing empty formalities.

Chapter 5: Transparency and Openness

5-1: Co-existence with Local Communities

We will strive to deepen our understanding of the cultures and customs of the countries and communities in which we operate our businesses, respect their social norms, and harmoniously co-exist with local communities as good corporate citizens through participating in activities that contribute to society.

5-2: Appropriate Disclosure of Information

As a corporate group open to society, we will maintain the transparency of our activities and appropriately disclose relevant information to promote public understanding of our activities. Pursuant to relevant laws and regulations, we will also accurately and adequately disclose financial data and information pertaining to the state of our business activities to shareholders and investors.

5-3: Open Workplace.

We will maintain an open environment at the workplace where members feel comfortable about discussing anything. If, at the workplace, one learns of acts committed that violate laws and regulations or transgress this Code of Conduct, or the possibility of such acts, one must not conceal or neglect it but report it to the Company for a solution through the management or other systems, such as the Compliance Hot Line.

Initiatives Aimed at Safety and the Environment

For Mitsubishi Chemical Holdings (MCHC), ensuring safety and environmental conservation are major premises of its corporate activities and are regarded as the top priority that concerns the very existence of the company. To ensure that this approach goes beyond mere concept, it is necessary to attach this awareness to every activity undertaken by each employee, and to develop the mechanisms to achieve this.

Given this need, MCHC has established MOS (Management of SUSTAINABILITY) indexes regarding the assurance of safety and environmental conservation in the *APTSIS 15* mid-term management plan announced in December 2010, with the aim of using the social contributions assessed through these indexes for decision-making and performance evaluation. While there was previously a tendency to regard reductions in environmental load purely in cost terms, MCHC is now able to characterize reductions as the more active pursuit of MOS value in the context of management and our daily activities.

As an example of a MOS index concerning the reduction of the environmental load, MCHC has established the target of reducing the total impact from the release of chemicals into the air, hydrosphere and elsewhere in Japan by 30% from 2005 levels in 2015. The impact of the emissions are unified by using the LIME2*1 coefficient and assessed into a MOS index. In addition, with regard to safety, in the MOS indexes MCHC has set the goal of halving the number of security-related incidents, environmental accidents, work-related accidents and other incidents compared with results from the past three years by 2015.

Towards meeting these targets, MCHC hopes to contribute to the provision of *KAITEKI* value by continuing to promote the activities in terms of ensuring safety and reducing environmental load in a convincing and proactive fashion.

*1 [The second version of the Life-Cycle Impact Assessment Method based on Endpoint Modelling \(LIME\)](#), a Japan-specific method developed as part of the second stage of the National LCA Project. The coefficient to consolidate various categories of environmental load into monetary terms is published.

Strengthening and improving total Group power regarding safety and the environment

MCHC has established the Group Synergy Office and reinforced the foundations in a Group-wide and cross-sectional manner. The aim of these moves is to combine Group expertise in areas such as disaster prevention, environmental protection, occupational safety and health, production technologies (manufacturing), in order to enhance Group strategy through unified functioning. Taking things a step further, general managers in charge of safety, the environment, and production technologies (manufacturing) from the four core Group companies, Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics Inc. and Mitsubishi Rayon Co. Ltd., attend Four-Company Cooperation Council meetings which are held periodically. At these meetings, the attendees work closely to exchange information and opinions regarding the courses of action, activities and issues at each company. MCHC leverages its leadership abilities to draw out information such as the state of management in these areas. In order to assess and confirm the details of management at each company and work to prevent trouble from occurring. By continuing to promote the activities MCHC is working towards in terms of ensuring safety and reducing environmental load in a more convincing and proactive fashion through these consultative meetings, MCHC hopes to contribute to the provision of *KAITEKI* value.

Information about these safety and environmental activities being undertaken at each Group companies is also reported in detail on each company's website.

Initiatives to reduce greenhouse gas emissions

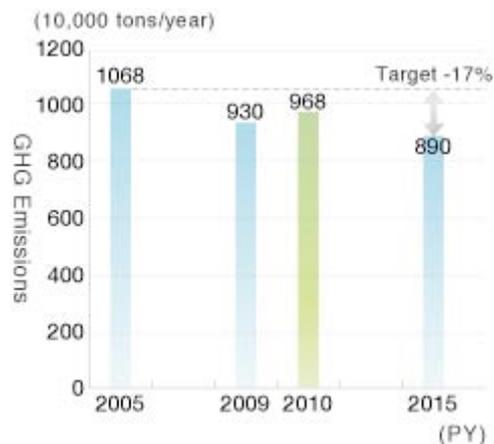
As goals for reducing domestic greenhouse gas emissions, in 2007 the MCHC Group set the targets of a 20% reduction from 1990 levels in 2015 and a 50% reduction in 2025 (both of which include the reduction contributions during product use). Towards meeting these goals, each of the Group companies has focused on reducing greenhouse gas emissions at their respective offices and plants, and at the same time carried out initiatives aimed at reducing greenhouse gas emissions across society as a whole through energy-creating and energy-saving products. Consequently, the results for total Group emissions, excluding Mitsubishi Rayon Group newly added in 2010 showed a 14% reduction from 1990 levels in 2010, even without the contributions mentioned above, indicating that the Group is making steady progress towards its initial reduction target.

MCHC revised its GHG reduction target in *APTSIS 15* to reflect:

- the addition of the Mitsubishi Rayon Group
- a much larger contribution to the reduction of GHG emissions during product use than originally assessed as shown below.

As a goal focused on greenhouse gases among the newly established MOS indexes, MCHC has declared the target of achieving 17% reduction inside Japan in 2015 from to 2005 levels. While 2010 emissions were down 9% from 2005 levels, since production volume increased sharply from 2009, when the effects of the global financial crisis were still being left, emissions recorded a slight year-on-year increase. Looking ahead, MCHC will continue to make Group-wide reduction efforts towards meeting our 2015 reduction goals.

MCHC Group GHG emissions in Japan



Contribution to the Reduction of Greenhouse Gas Emissions During Product Use

The MCHC Group has stipulated sustainability as one of its strategic criteria for business since the inception of *APTSIS 10* as the previous mid-term management plan. MCHC has also cultivated business as associated materials, and components that make significant contributions to reducing greenhouse gases across society as a whole as a key growth business. As a result, MCHC has launched an LED-related business, a business to provide lithium-ion battery materials for electric and hybrid vehicles and other ventures. Looking ahead, by popularizing products that incorporate these technologies in society, MCHC expects to make significant reductions to the production of greenhouse gases compared with the use of conventional products.

The MCHC Group has stipulated its contribution to greenhouse gas reductions during such usage as one of the MOS indexes in *APTS/IS 15*, and is seeking business development that enables significant increases in this index. MCHC also formulated assessment guidelines and methodologies to monitor this reduction contribution in quantitative terms. MCHC then followed these assessment techniques and predicted the reduction contribution for five kinds of products and materials based on forecasts made by each business sales and product performance. As a result, for a MOS index target value MCHC has come up with the reduction contribution figure of 4 million tons of CO₂ per year compared with business-as-usual (BAU) in 2015.

While this figure has been determined based on the applicable products, the degree of popularization due to business development and the level of improvement in product performance over conventional products, improvements in the index can be regarded as considerable boosts in *KAITEKI* value for the world.

The basic approach behind our assessment technique is as follows:

1. Applicable Products: End-consumer goods incorporating MCHC Group products, the final products of which, as of 2010, were new products with a penetration rate of no greater than 20% (inapplicable for the products that are already used in general)
2. Scope: In this case, only the reduction during usage is assessed. Manufacturing, assembly, disposal, and so on fall outside the scope of assessment.
3. Target for Comparison: Of goods with a similar intended function, those goods that have been most commonly offered on the global market for the one year period of 2010 (standard goods) are targeted for comparison.
4. Contribution Ratio: Since the goods the MCHC Group supplies are often parts and materials, MCHC requires an approach to considering the ratio of contribution with respect to total reductions. Basically, the CO₂ emission reductions from final products in which the parts or materials are used are multiplied by the contribution ratio for those parts or materials. The contribution ratio identifies (1) the essential components that make a difference in environmental terms in the final product; and (2) key factors that are in essence non-substitutable with similar goods, and the value within that is regarded as the contribution ratio.
5. As for usage scenarios give priority to worldwide statistical data on use, and if not available MCHC uses Japanese statistical data.

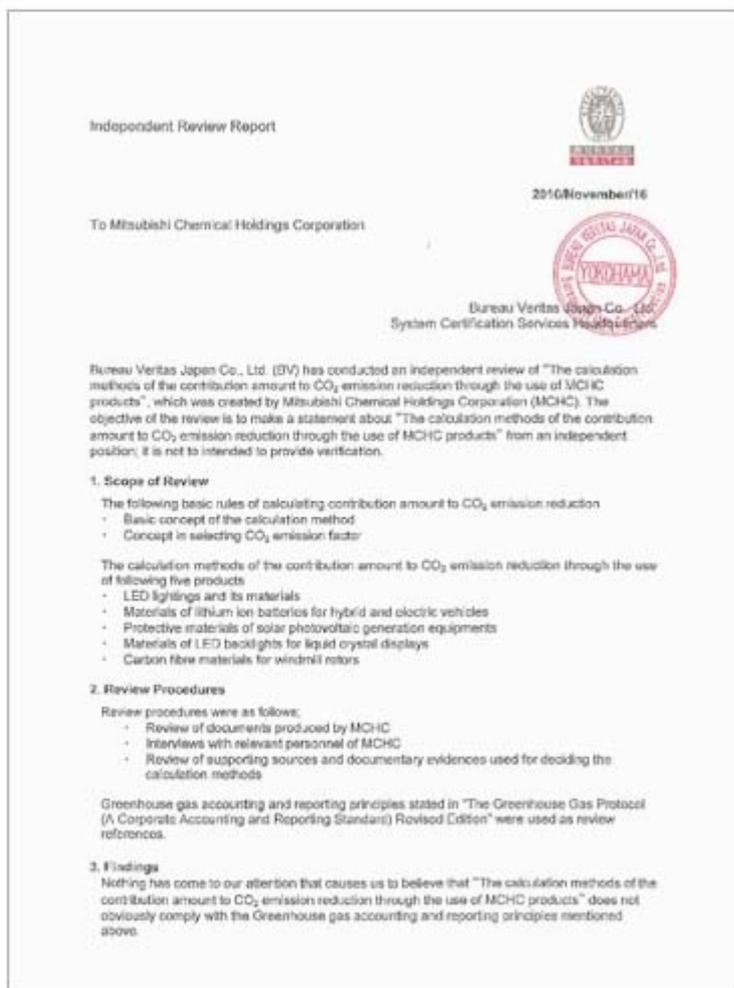
Calculation Formula:

(Contribution of Reduction of GHG) = (Energy Usage of Standard Product – Energy Usage of Applicable Product) × Annual Sales Volume × CO₂ emission coefficient × contribution ratio

As this represents the annual reduction due to sales volume in that year, when goods are used in multiple years, the annual reduction is tallied for the period of their estimated life.

To obtain a valid result, it is necessary to properly select scenarios as well as the scope of assessment. To that end, MCHC has received a third-party review of the assessment and calculation methodology discussed above from Bureau Veritas. Its target value has been determined accordingly.

a third-party review



Initiatives for biodiversity

Of the effects that human activities have on the global environment, the impact on biodiversity at various levels has recently attracted particular attention. Biodiversity brings us many benefits in the form of ecosystem services. These services are essential to our lives as well as to corporate activities, and their marked deterioration has been pointed out in studies such as the Millennium Ecosystem Assessment conducted by the United Nations. Further, at the COP10 Convention on Biological Diversity held in Nagoya in October 2010, the Aichi Target was adopted and nations were called upon to take effective and urgent action towards halting the loss of biodiversity by 2020, making the issue a pressing one.

In 2010, the MCHC Group participated in the Declaration of Biodiversity by Nippon Keidanren*1 as a corporate group, and began voluntary, ongoing activities to reduce the impact on biodiversity of its business activities. The chemical industry uses an enormous volume of fossil fuels and water resources and is a sector responsible for manufacturing large quantities of chemical products. As such, it has become crucial to look at the entire lifecycle of these products to identify at what stages and in what ways they are likely to affect biodiversity, and to develop responses in this regard. To monitor the effect on ecosystems through our business activities, MCHC pursues these initiatives based on the Guidelines for Private Sector Engagement in Biodiversity produced by the Ministry of the Environment and the Corporate Ecosystem Services Review (ESR)*2

As a specific initiative in this regard, in fiscal 2010 MCHC began a model study of the Mitsubishi Chemical Corporation (MCC) Yokkaichi Plant, aiming to conduct assessments in terms of the effects that chemical substance management and reduction activities have on biodiversity at our plants and offices. If MCHC is able to establish the assessment methodology through this study, MCHC plans to expand activities to assess across-the-board biodiversity impacts based on these methods.

Going forward, MCHC will continue to bear in mind the effects our business activities have on biodiversity throughout the lifecycles and take steps to build sustainable business.

*1 Declaration of Biodiversity by Nippon Keidanren: A declaration announced by the Nippon Keidanren (Japan Business Federation) in March 2009 and comprising seven pillars dealing with, such as the promotion of resource recycling-oriented management, and other issues.

*2 The Corporate Ecosystem Services Review (ESR): Guidelines to help companies develop strategies to manage the business risks and opportunities that occur from their reliance on ecosystem services and the effect they can have. The guidelines were developed on a joint basis by the World Business Council for Sustainable Development (WBCSD) and the World Research Institute (WRI).

Initiatives for safety management regarding chemicals

While MCHC seeks the realization of *KAITEKI* with chemicals as its key technology, in providing the diverse chemical substances that support our lives it recognizes the primary importance of ensuring that its customers can use these products with peace of mind.

At the World Summit on Sustainable Development (WSSD) in Johannesburg Summit in 2002, a goal for action to “chemicals will be used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment by the year 2020” was established. As part of the efforts to reach the 2020 goal, the Strategic Approach to International Chemicals Management (SAICM) was adopted at the 1st International Conference on Chemicals Management (ICCM1). To achieve the WSSD agreement, the International Council of Chemical Associations (ICCA) has encouraged Global Product Strategy (GPS) activities, based on “risk-based chemicals management throughout the supply chain” and “the disclosure of risk management information of the chemicals and products” as voluntary industry initiatives.

In response to these developments, MCHC began GPS activities in 2009. As a part of these activities, MCHC conducts chemical risks management related to the substances MCHC manufactures, which is published in the GPS Safety Summaries to ensure the safe use of chemicals.

In 2010, MCHC conducted risk assessment trials of seven substances handled by Mitsubishi Chemical Corporation and its Group companies and standardized our risk assessment methods. Based on the methodologies established through this process, MCHC hopes that these activities lead to risk assessments and communication activities at each of the Group companies.

MCHC has set the target of conducting GPS assessments on all chemical substances dealt with in the Group by 2018. MCHC intends to manage the achievement rate of these risk assessments under GPS activities by introducing the figure as an MOS index item.

Communication with Shareholders and Investors

Basic Approach

Here at Mitsubishi Chemical Holdings (MCHC), we make every effort to adequately and promptly disclose information to our shareholders, investors and other stakeholders, to ensure transparency, to promote a clearer understanding of our corporate activities, and consequently to earn the public's trust.

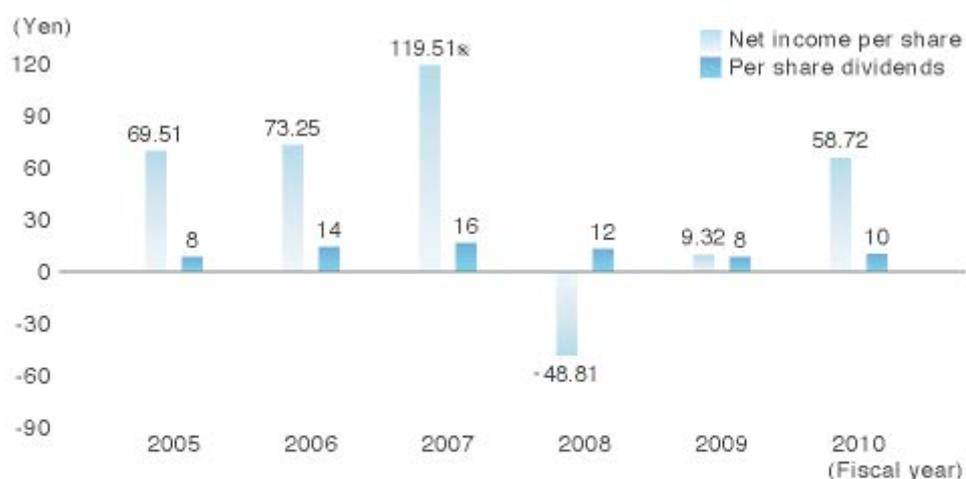
Basic Policy on Dividends

We determine shareholder dividends based on our consolidated performance. From a broader perspective however, we also try to ensure stable dividends over the medium to long term and continue to secure sufficient internal reserves in order to fund the future development of the MCHC Group.

Based on this policy, we paid out year-end dividends at the rate of ¥5 per share in fiscal 2010. Combined with interim dividends (¥5 per share), total dividends for fiscal 2010 came to ¥10 per share. Here at MCHC, we have adopted a basic practice of distributing dividends from retained earnings twice a year, once halfway through the year and once again at the end of the fiscal year. Whereas the Board of Directors determines interim dividends, year-end dividends are decided via a Shareholders' Meeting.

In light of current conditions, we intend to use internal reserves to reduce interest-bearing liabilities, in order to strengthen our underlying foundations, and to finance priority capital investment, other loans and investments, and R&D, in line with the basic strategy set out under *APTSIS 15*, our new mid-term management plan that came into effect in April this year.

【 Net Income and Dividends per Share 】



*Calculated based on net income including a ¥117.5 billion of gain on change in equity associated with the establishment of Mitsubishi Tanabe Pharma Corporation, which is recorded as extraordinary gain

Basic Policy on Disclosure

The first step towards earning the public's trust is to ensure that information is adequately disclosed to shareholders, investors and all of our other stakeholders as and when necessary.

With that in mind, we not only disclose information relating to management, our business strategies and performance, as required by the Financial Instruments and Exchange Act and other legislation, but we also publish accurate, up-to-date information on product defects, accidents and other matters that may not portray the MCHC Group in a positive light. We are determined to be open to the public in everything we do.

Improving IR Tools

As part of our efforts to disclose information to our shareholders and investors here at MCHC, we produce regular publications outlining our business strategies and performance in simple terms, including our IR NAVI biannual shareholder newsletter and annual reports.

We also post press releases on the MCHC website as soon as they are released, and have established an "Investor Center" section to enable investors to access information whenever they like, including documents from results briefings, shareholder newsletters, annual reports, information on MCHC shares and our calendar of IR events.



IR NAVI shareholder newsletters and our annual report



[Investor Center section of the website](#)

Ideas for Shareholders' Meetings

To enable as many of our shareholders as possible to exercise their voting rights and attend our Shareholders' meetings, we avoid holding Shareholders' Meetings on peak days when lots of other companies are holding theirs. We also send out notices to convene Shareholders' Meetings as early as possible, announce meetings via the MCHC website, produce English language documents, and have introduced an electronic voting system.

More than 800 shareholders attended our 6th Shareholders' Meeting on June 24, 2011.

Communication with Investors and Analysts

【Communication with Individual Investors】

We have been holding briefing sessions for individual investors since fiscal 2008, in order to give investors a more in-depth understanding of our operations and performance here at MCHC. Sessions in fiscal 2009 raised numerous questions regarding business development and our plans for the future, and offered an invaluable opportunity to communicate with investors. We also had opportunities to make presentations in seminars organized by securities companies during fiscal 2009.

In fiscal 2010, opportunities for providing information to as many individual investors as possible were created by holding briefing sessions for individual investors at the Chemistry Plaza in the head office building and by attending more seminars organized by securities companies.

【Communication with Institutional Investors and Analysts】

We actively engage in dialog with institutional investors and analysts on a continual basis here at MCHC. We make the most of communication technology for instance, by holding online question and answer sessions for institutional investors and analysts at the time of announcement of our quarterly results.

In addition to Analyst Meetings, which provide more detailed explanations about our management plans, main operations, and other specific strategies, we also organize tours of our production facilities around the country, to enable investors and analysts to see our operations for themselves and gain a better understanding of what we do here at the MCHC Group. To keep overseas shareholders and institutional investors informed meanwhile, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) regularly travel to other countries to provide details about our management strategies and performance.

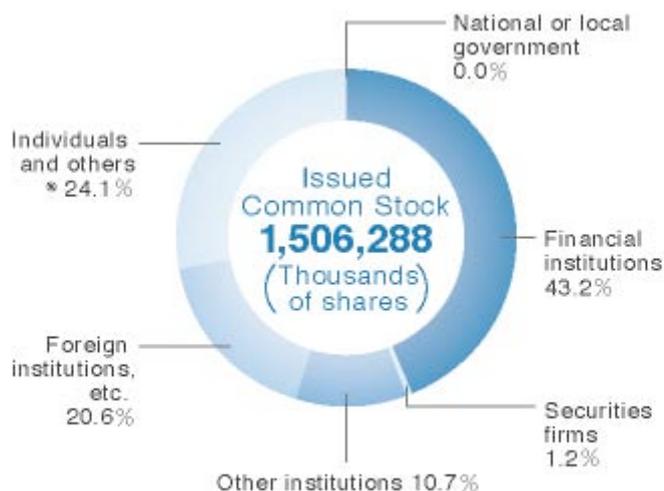
In addition to creating more opportunities to improve communication, our CEO and CFO went to visit overseas institutional investors in fiscal 2010.

At the request of an investment institution signed up to the UN Principles for Responsible Investment (PRI), in June 2011 we took part in a workshop where we explained the thinking behind *KAITEKI* value and our efforts to introduce and use the Management of SUSTAINABILITY (MOS) indexes to put *KAITEKI* into practice.



Analyst Meeting

【 Shareholder Distribution (as of March 31, 2011)】



"Individuals and others" includes treasury stock (2.0%).

Socially Responsible Investment (SRI) (as of June 2011)

Investors are increasingly engaging in socially responsible investment (SRI), taking into account environmental and social initiatives and focusing their attention on socially responsible companies.

As of June 2011, MCHC is a component of the FTSE4Good Index Series, the Dow Jones Sustainability Asia Pacific Index 2010, and the Morningstar Socially Responsible Investment Index.



FTSE4Good



Communication with Customers and Business Partners

Our Basic Approach

The major earthquake that recently struck Japan has made us reaffirm how the foundations that support our lives are each related to one another, and how significant the effect of a single blow to our intricately woven value chain can be. In addition, we have become acutely aware that in a globalized society and in a society where the impact on the environment due to the human activities has become immense, there is a need to conduct our business activities from the perspective of the entire value chain and not just based on those activities which directly affect us. In today's society, for us to have people use the products and services we provide with a sense of trust, and for us to continue the innovation that creates such products and services, we regard dialog and concerted action with our customers and business partners to be the most important factor.

The Mitsubishi Chemical Holdings Group (MCHC Group) hopes to build relationships of trust by communicating with its customers and business partners, all the while deepening partnerships and working hand in hand to contribute to achieve *KAITEKI* in our society.

Initiatives to Achieve Social Justice through Procurement

Considering the expansion of the Group and the impact it has, we realize the need to further strengthen the green procurement and CSR procurement that each Group company has autonomously implemented to date and the importance of implementing them Group wide. Among the MOS indexes currently implemented are including Green Procurement (S-3-1), which aims to reduce the burden on the environment and the impact of hazardous substances, and CSR Procurement (S-3-2) which aims to achieve social justice in the value chain.

In fiscal 2011, we are confirming the procurement policies and business partner standard set forth by each company and investigating compliance with them. The various levels of standards and methods at each company will be scrutinized, focusing mainly on activities such as reviews and the expansion of the scope of application, aiming to raise their level to the finest level by 2015.

The Mitsubishi Chemical Holdings Technology Forum

The Mitsubishi Chemical Holdings Technology Forum introduces the innovation sought by Mitsubishi Chemical Holdings Corporation (MCHC) and the direction of technological development to achieve it. The forum has been held each year since 2008 as an opportunity for us to consider these themes together with our stakeholders, including customers and business partners. In fiscal 2010, the Third Technology Forum was held under the theme of "Sustainability, Health, Comfort." The forum featured the following lecturers and topics, and was enjoyed by a large audience.



Lecturer: Motoko Ishii
[Lighting designer, Representative of Motoko Ishii Lighting Design Inc.]

Theme: “Light Creates Beauty”



Lecturer: Akihiko Kondo
[Professor, Director of Biorefinery Center, Kobe University]

Theme: “Biorefineries that Achieve Sustainable Chemistry”



Lecturer: Hideyuki Okano
[Professor, Department of Physiology, School of Medicine, Keio University]

Theme: "Regenerative Medicine and Biotechnology Drug Research using iPS Cells: Current Status and Future Developments"



Lecturer: Kazuo Suzuki
[President and Representative Director, Molecuence Corporation]

Theme: “The Search for Biomarkers for Better Diagnosis and Treatment — The Challenge of Molecuence”



Lecturer: Glenn H. Fredrickson
[Executive Director, The *KAITEKI* Institute, Inc.; Professor, University of California, Santa Barbara]

Theme: “Perspective from The *KAITEKI* Institute: Vision for a Sustainable Chemical and Materials Enterprise”

Mitsubishi Chemical Holdings Chemistry Plaza

MCHC has opened the Chemistry Plaza showroom inside its head office building as a forum for communication with customers and business partners. The Chemistry Plaza uses more than 1,000 products and technical materials and over 200 displays to showcase Group products, technologies and applications, while allowing visitors to understand and experience the potential of the MCHC Group. The Chemistry Plaza hosted 4,082 visitors in fiscal 2010, helping to deepen communication with customers and business partners.



Mitsubishi Chemical Holdings Information Center

Mitsubishi Chemical Holdings has established Information Center for responding to inquiries about the wide range of Group products and technologies. Utilizing the Group's product database and networks, the Center provides the best proposals to solve the issues raised from inside and outside the Group. In fiscal 2010, of the 7,855 inquiries handled, 3,864 were regarding products and technologies, 191 requests for Group marketing support, 1,047 regarding non-business activities, and 2,753 other inquiries.

Breakdown of Inquiries (FY2008 – 2010)



Initiatives Concerning Human Rights and Labor

Our Basic Approach to Initiatives Concerning Human Rights and Labor

The Mitsubishi Chemical Holdings Group (MCHC Group) participates in the United Nations Global Compact and endeavors to comply with its ten principles. Consequently, in compliance with basic principles such as the Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization with regard to labor, we have developed the Mitsubishi Chemical Holdings Group Corporate Ethics, the Mitsubishi Chemical Holdings Group Compliance Code of Conduct and other regulations.

Mitsubishi Chemical Holdings Corporation (MCHC) regards its employees as its most precious asset, and in the *APTSIS 15* mid-term management plan that is currently underway, we have established items concerning employees as stakeholders in one of the MOS Indexes that serve as management indicators. We have stipulated quantitative targets with these items as a priority for employee policies and measures within the Group.

Based on this kind of approach demonstrated by MCHC, each of the Group companies develops activities autonomously in compliance with its own basic policies concerning human rights and employment while striving to respect the dignity and rights of individuals and develop a pleasant and fulfilling workplace for each and every person.

MOS indexes related to Human Rights and Labor

S-3	Implementation of CSR procurement
C-2-2	Employee satisfaction (job, workplace, etc.) Workplace where various individuals can contribute Workplace where work-life balance can be achieved Self-growth and improved awareness of contributions to society
C-3-2	Fifty percent reduction in accidents that suspend operations

Respect for Human Rights

Respect for human rights is an essential matter for a company that engages in business activities around the world. Our basic approach to this is outlined below.

Mitsubishi Chemical Holdings Corporation — Basic Approach to Human Rights

1. We will comply with the United Nations Global Compact and the Mitsubishi Chemical Holdings Group Corporate Ethics, respect the dignity and rights of all people in every aspect of our business activities, and never engage in unjustifiable discrimination whatever the circumstances, whether race, gender, religion or otherwise.
2. In the promotion of specific enlightenment activities, each Group company will set policies and priority issues in an autonomous fashion. We will consistently put into practice activities aimed at becoming a corporate group that offers a pleasant work environment, is spiritually fulfilling, is accepted by society, and has a highly developed awareness of human rights. At the same time, we will seek to work together as a group.

In addition, with the globalization of economies and expansion of the value chain, it has become important for us to monitor all processes concerning our products, from the procurement of raw materials to their manufacture, sale, disposal and recycling, and to select appropriate business partners while keeping potential human rights issues in mind.

Towards achieving this, in addition to sharing the principles and directions of MCHC across the MCHC Group, we endeavor to comply with the legal principles applicable in each country, foster best practices concerning human rights and raise the satisfaction levels of the employees in each country. We also strive to promote business activities associated with appropriate value chain management. The establishment of subsidiaries tasked with developing and strengthening the supervisory functions of overseas Group companies (which is introduced in other section) is one example of specific initiatives in this regard.

Initiatives to Promote Human Rights

In keeping with our basic approach to respect human rights, we actively conduct training to educate people about human rights in a manner consistent with circumstances at each Group company.

Results of Human Rights Training (Group Training)

	FY2009		FY2010	
	Number of trainings	Participants	Number of trainings	Participants
Group total	529	18,025	568	17,439

Each Group company conducts other enlightenment activities in addition to the group training, and in the future we will strive to develop workplaces that feature a high level of awareness concerning human rights by further strengthening these initiatives.

For example, the Mitsubishi Chemical Group also conducts a human rights e-learning program over its company intranet and solicits human rights slogans to commemorate Human Rights Week. According to its results for fiscal 2010, a total of 16,742 employees took part in human rights e-learning and 16,220 suggestions for human rights slogans were received. In addition to focusing on these enlightenment activities, “human rights counselors” have been put in place at head office and each office and plant and together with the Group companies, we are working to respond swiftly and appropriately to various human rights issues in the workplace.



Human Rights Training
[Mitsubishi Chemical Group]

Towards Becoming a Corporate Group Enlivened by its Human Resources

Based on the idea that Group employees leading fulfilling lives by feeling satisfied by their work and growing through that experience not only contributes to the happiness of individual employees but raises the corporate value of their company and by extension leads to the realization of *KAITEKI*, the MCHC Group has set targets by means of MOS Indexes.

Of all the social issues Japan faces with the advancement of declining birthrates and an aging population, one of our highest priority issues is to create a workplace that is welcoming for all kinds of people and that can respond flexibly to the needs of each person's family life. From that perspective, each Group company works to enhance diversity and devise innovations to create a pleasant workplace.

Helping Women Fulfill their Potential: Mitsubishi Tanabe Pharma Corporation

Amid an ever-shrinking workforce due to the declining birthrate and aging population and the increasing diversity of individual values, Mitsubishi Tanabe Pharma Corporation (MTPC) is promoting the development of pleasant workplace environments to allow employees to perform and contribute to the best of their individual potentials. As one example of this, in the area of childbirth and childcare periods which pose a challenge for female employees continuing on with their careers, when resuming work after taking childcare leave (to care for a child up to three years of age), employees are able to utilize reduced working hours until the end of March in the year their child reaches the third year of elementary school. We have also developed schemes to allow employees to use time effectively and continue to work during the period of child-rearing, including to utilize flextime work in combination with reduced working hours.

In recent years, 100% of employees expecting a child have returned to work after taking childcare leave, and each year between 50 and 70 employees start taking childcare leave. Moreover, while the labor force survey conducted by the Ministry of Health, Labor and Welfare has pointed out that female workers still have a shorter lengths of service compared with their male counterparts, at MTPC there is only a slight difference in the length of service*1 between men and women. Further, as a result of female employees remaining continuously employed, the scope of their opportunities for contribution has also broadened. For instance, the promotion of female employees to expert rank*2 and above has been expanded. In this way, at MTPC we have fostered a corporate culture where women continuously develop their careers.

*1 Average length of service for all employees: 18.8 years (Men: 19.2 years / Women: 17.2 years)

*2 Expert Rank: Equivalent to the rank of assistant manager, an employee of expert rank assumes an expert or leadership role.

	Promotion rate of female employees to expert level or higher
FY2009	7.21%
FY2010	7.69%

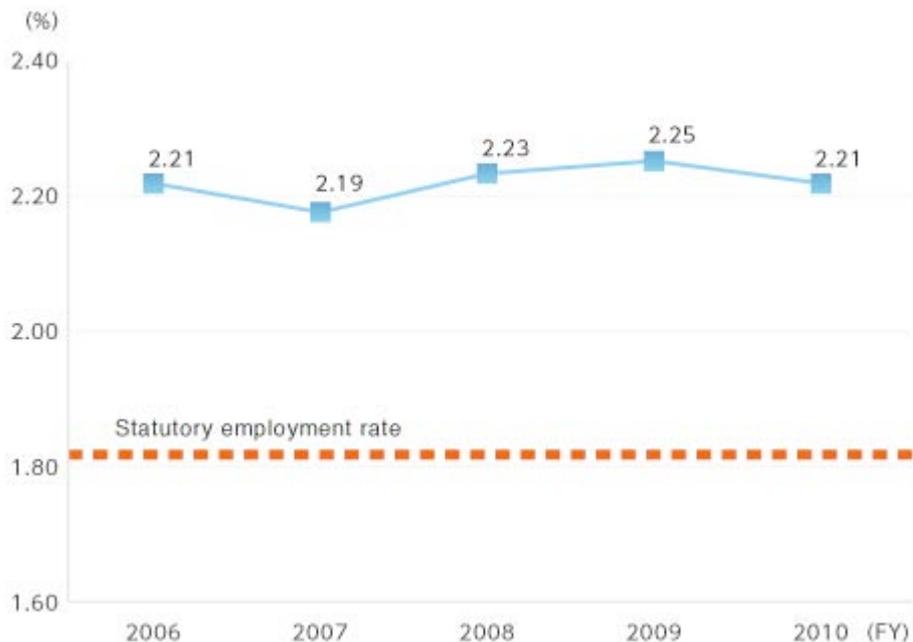
Creating a Workplace in which People with Disabilities can Engage in Active Work: Mitsubishi Chemical Corporation

Based on the principle of normalization, in 1993 we established a special subsidiary* to help persons with disabilities grow and contribute to society by taking on work involving responsibility. We have also made progress with improvements to the workplace environment. Since achieving the statutory employment ratio of people with disabilities in 2001, each year we have maintained employment levels well above the statutory employment ratio.

* Company Name: Kasei Frontier Service, Inc.

Main Business Activities: Information processing services, general printing, consigned work from Mitsubishi Chemical Corporation, etc.

No. of Employees: 124 (of which 81 are people with disabilities) (As of April 1, 2011)



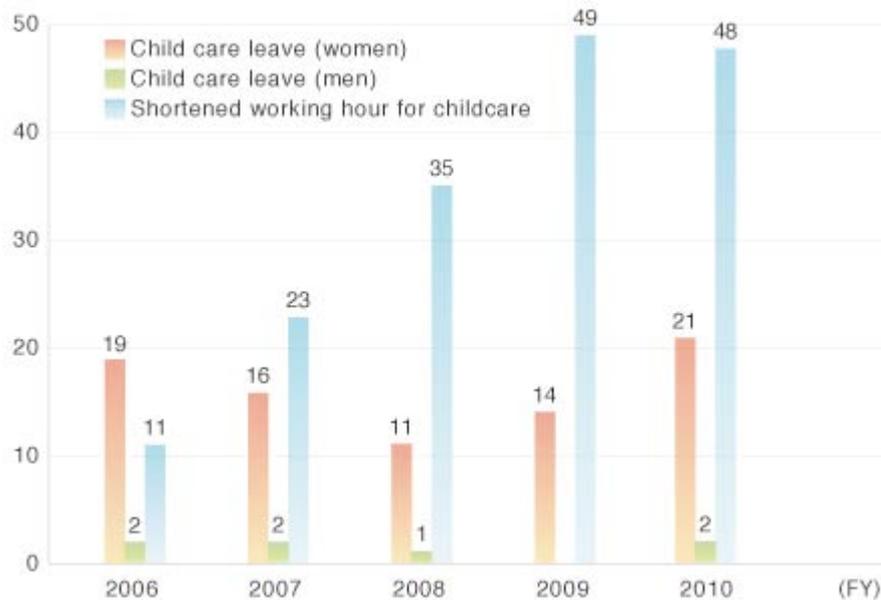
MOS index We have set the following targets to build a “workplace in which a diversity of human resources is able to flourish.”

- Increase the ratio of women placed in leadership positions.
- Increase the promotion rate of local staff to key posts at local subsidiaries outside Japan.

Expanding and Improving Work-life Balance Support Programs: Mitsubishi Rayon Co., Ltd.

In June 2010, Mitsubishi Rayon Co., Ltd. (MRC) received a 2010 Excellence Award from the Director of the Tokyo Labor Bureau in the Family Friendly Corporation category as part of the Corporate Awards for the Promotion of Gender Equality and Good Work-Life Balance organized by the Ministry of Health, Labor and Welfare. MRC was recognized for having adopted the perspective of all employees to expand and improve its unique work-life balance support programs.

Number of employees utilizing childcare



*1 Combined total of Mitsubishi Rayon and Mitsubishi Rayon Engineering

At the Mitsubishi Rayon Group (MRC Group), we will continue to carry out initiatives aimed at promoting management strategies that utilize diverse human resources (diversity management) and realizing a good work-life balance from the perspective of “management that makes use of people.”

MOS index We have set the following targets to build a “workplace able to achieve a good work-life balance.”

- By fiscal 2015, reduce the proportion of workers putting in long hours by 20% from fiscal 2010 levels.
- By fiscal 2015, raise the paid vacation utilization rate to 70%.

We also believe that the growth of each and every employee through their business career also leads to the development of a fulfilling workplace, and undertake efforts to support the personal growth of employees at each company.

Supporting Correspondence Courses for Personal Development for 20 years: Mitsubishi Plastics, Inc.

A wide variety of policies are implemented by companies to promote efforts aimed at personal growth. For 20 years, Mitsubishi Plastics, Inc. (MPI) has supported correspondence courses for personal development. From themes directly related to work to those dealing with life enjoyment courses, we currently offer 240 courses which are taken by a total of 360 employees annually.

For most courses, MPI subsidizes half the cost of the course upon completion. In addition, amid the growing momentum of globalization in recent years, we have improved the language courses on offer to accommodate a wider range of employees who wish to develop their skills in English, Chinese and other languages.



MOS index We have set the following targets to improve “personal growth and the awareness of contributing to society.”

- By fiscal 2015, raise the percentage of workers engaging in personal development and the total course hours taken to 70% and 100 hours/year, respectively.
- By fiscal 2015, raise the percentage of people taking part in volunteer and social contribution activities to 30%.

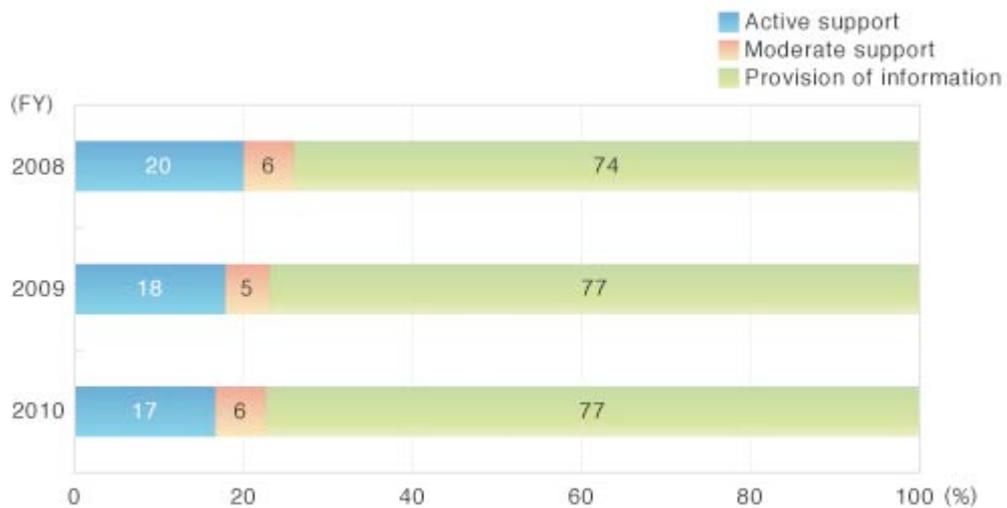
We undertake efforts to help employees maintain their health.

Specific health counseling : Mitsubishi Chemical

Mitsubishi Chemical is proactively conducting activities to maintain mental and physical health. One of the measures for maintaining physical health is specific health counseling* provided as a follow-up measure to the health checks conducted by the company. This was undertaken at the request of the Mitsubishi Chemical Health Insurance Association.

*Specific health counseling: Checkups and health counseling to prevent lifestyle related diseases, with emphasis on prevention and elimination of metabolic syndrome for insured persons and dependants age 40 to 74.

Classification of specific health counseling



Corporate Citizenship Activities

Corporate Citizenship Activities

Having set out a groupwide policy for corporate citizenship activities, we provide a range of financial support via each of our operating companies, from donations to various organizations and research institutions, to research subsidies, to aid for areas affected by disasters. We are also actively involved in community activities, including taking part in local events at our plants and research centers, providing support for employee volunteer activities and opening up recreation and welfare facilities to the local community.

Given the global reach of our operations here at the Mitsubishi Chemical Holdings (MCHC) Group, we signed the UN Global Compact and took the opportunity to get involved in a joint project in partnership with local citizens and NGOs in six countries in West Africa and Asia, by funding and helping to organize the Local Citizens Building Schools Project from 2006 through to 2009. We are considered that the project achieved a certain results therefore we organized follow-up activities last year.

In addition to activities such as these, we are always on the lookout for corporate citizen activities in which all MCHC Group employees can get involved on an ongoing basis. As the United Nations General Assembly has designated 2011 as the International Year of Chemistry, we are organizing a series of activities aimed at promoting and raising awareness of chemistry here at the MCHC Group. We have also joined forces to provide support for employees engaging in volunteer activities in wake of the Great East Japan Earthquake.



1. Corporate Citizenship Activities Policy

Mitsubishi Chemical Holdings (MCHC) Group has been engaged in corporate citizenship activities in all over the world in accordance with our Corporate Citizenship Activities Policy.

The MCHC Group Corporate Citizenship Policy

As good corporate citizens, the MCHC Group has been striving for realizing *KAITEKI* with better understanding the culture and customs in communities and countries where we operate. Furthermore, we have been active in responding to real needs and demands of the communities through various manner including our business activities where we locating.

【Approach】

As a whole we shall;

- Conduct corporate citizenship activities in communities and countries where we operate from a view point of Sustainability, Health, and Comfort.
- Deepen our understanding on social needs through communication with various stakeholders and other organizations.
- Go along with all employees for the activities and encourage their positive participation.
- Support employees for their volunteer activities.

2. Unified Corporate Citizenship Activities as the MCHC Group

In addition to the various corporate citizenship activities carried out by our operating companies to date, we are also exploring the possibility of organizing groupwide activities in the future, through dialog with NPOs.

We are planning to finalize and begin implementing specific activities by the end of the current fiscal year. All of our operating companies are getting involved in corporate citizenship activities as part of the International Year of Chemistry. Mitsubishi Chemical Corporation for instance is organizing science classes at elementary schools in the vicinity of its head office and plants.



Science class (head office)



Science class (Kashima Plant)



Science class (Kurosaki Plant)

Also, the MCHC Group has supported volunteer activities by employees at areas affected by the Great East Japan Earthquake.

1. Employee volunteer activities by

1. Period: July 19 to December 2011 *Could be extended depending on circumstances
2. Eligibility: Employees of MCHC Group companies (in Tokyo and Yokohama areas for the time being)
3. Place: Based at Ichinoseki (Iwate Prefecture), Kesenuma, Rikuzen Takada, Ohfunato, and Kamaishi areas
4. Description: Carrying furniture and other items into temporary housing (July-August); subsequent volunteer work done not yet known (Conducted in collaboration with the NPO Peace Winds Japan)
5. Number of volunteer activities: 100 in total (two nights in three days/session; schedule: two sessions/week)
6. Number of participants: up to 800 (8 persons/ session x 100)

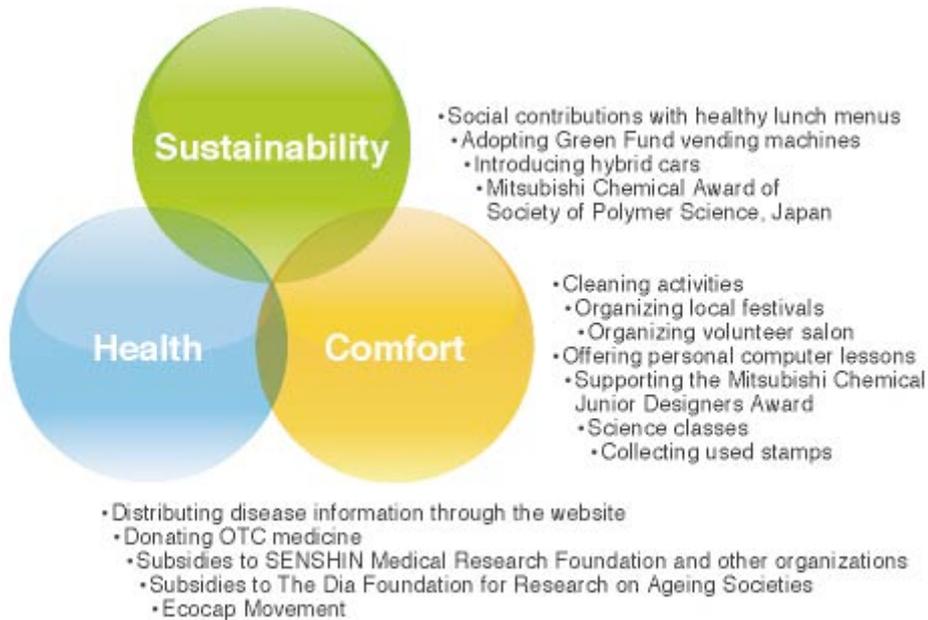
2. Support by the company

Offering employees the opportunity to participate in volunteer activities, and paying part of the costs for volunteer activities by employees (transportation costs and volunteer insurance premiums)

3. Measures by Operating Companies

Each of the operating companies has addressed unique activities, in addition to contributing to various organizations and research institutes, offering subsidies for research activities, participating in community activities in the neighborhood of their plants and research centers, supporting volunteer activities by employees, and making companies' welfare facilities available to local residents.

Corporate Citizenship Activities under *APTSIS 15*



Initiatives at Overseas Group Companies

We also engage in corporate citizenship activities at overseas MCHC Group companies, in line with our groupwide policy on corporate citizenship activities, and make every effort to raise awareness of cultures and customs in other countries and regions. This year, we will be profiling initiatives in China, where we have a substantial number of MCHC Group facilities.

1. Love and Donation Activities



Since 2007, Shanghai Baoling Plastics Inc. has been donating personal computers and composite printers at the expiration of their lease, along with athletic gear and study tools, as its commitment to contributing to the local community.

In 2010, the fourth year of this activity, the President led a group of five representatives of the company on a visit to Zhuqiao Private Elementary School in Jiading Industrial Zone, to present the donation in person. In response to the President's remarks that, "15 years have passed since our foundation in the Jiading Industrial Zone, and our company hopes to continue developing along with the local community," a student representative thanked the company and a school representative also expressed appreciation. The company plans to continue the activities and its contributions.



2. Dalian Rayon Environmental Equipment Co., Ltd.

Dalian Rayon Environmental Equipment Co., Ltd. was established in May 2002, in Dalian economic and Technological Development Zone, Liaoning Province. The company assembles and processes drainage treatment film elements.

In response to the need of Dalian Japanese School for water of better quality to ensure that all students gargle as a measure for preventing influenza, the company donated eight units of business-use **Cleansui** water purifiers to the Elementary School, in cooperation with Mitsubishi Rayon Cleansui Co., Ltd.



Data



Financial Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Net sales (Billions of yen)	2,622.8	2,929.8	2,909.0	2,515.1	3,166.8
Operating income (Billions of yen)	128.6	125.0	8.2	66.3	226.5
Net income (Loss) (Billions of yen)	100.3	164.1	(67.2)	12.8	83.6
ROA* (%)	6.1	8.5	(1.5)	1.4	5.1
R&D expenses (Billions of yen)	91.2	112.1	127.8	136.9	130.8

*ROA: Income before income taxes/Total assets (average of beginning and end of fiscal year)

Environmental Data

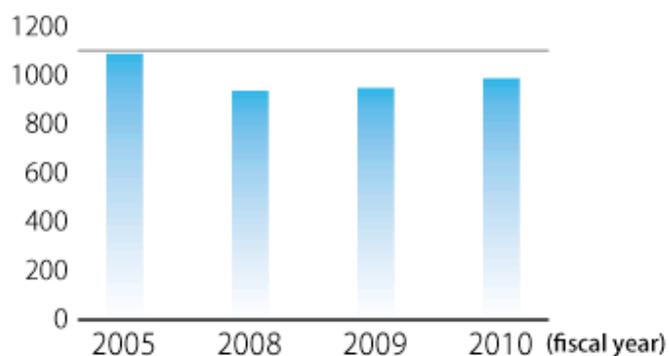
MCHC Group

MCHC Group

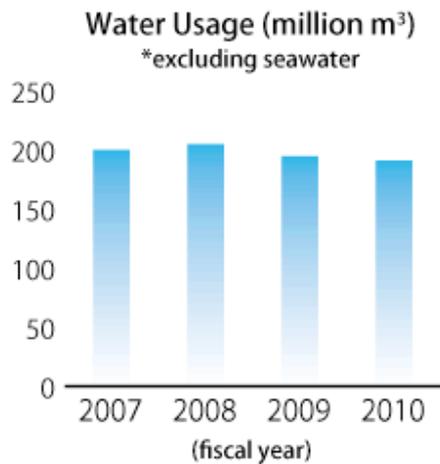
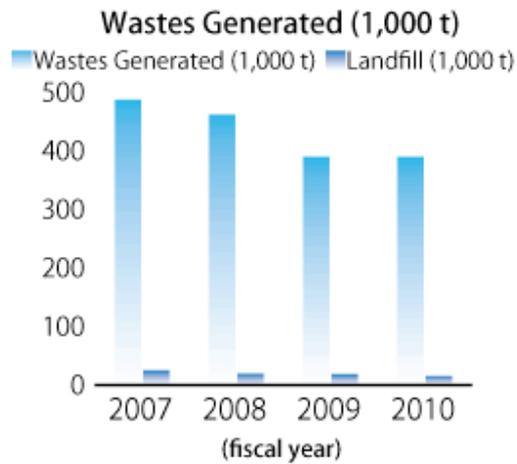
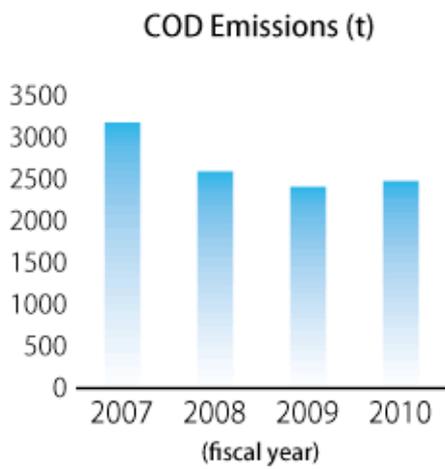
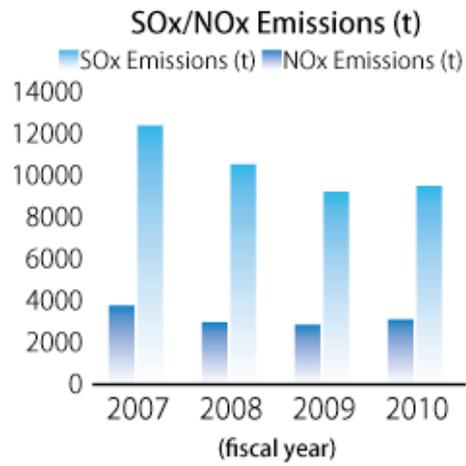
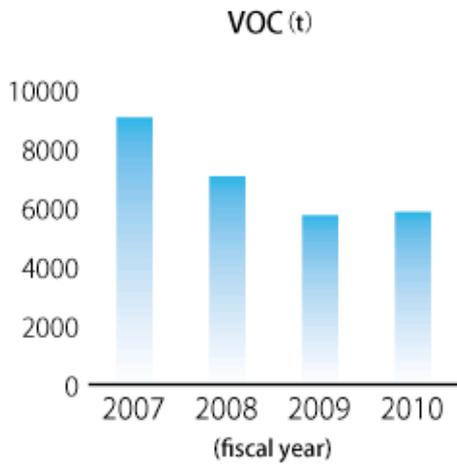
Environmental and safety data of domestic plants in fiscal 2010

GHG Emissions (1,000 t)	9680
PRTR Substance Emissions (t)	820
VOC Emissions (t)	6100
SOx Emissions (t)	3100
NOx Emissions (t)	9700
Particulate Emissions (t)	260
Total Nitrogen (t)	5300
Total Phosphorus (t)	110
COD Emissions (t)	2500
Water Usage (million m³) *excluding seawater	190
Water discharge (million m³)	130
Waste generated (1,000 t)	430
Final disposal of waste (1,000 t) (Landfill disposal volume)	12

GHG Emissions (10,000t CO₂)



*Greenhouse gas covered by the Law Concerning the Promotion of Measures to Cope with Global Warming and emissions from emission sources that are not specified in the law are included in this part.



By business corporation

Environmental accounting

	Mitsubishi Chemical		Mitsubishi Tanabe Pharma		Mitsubishi Plastics		Mitsubishi Rayon	
	Domestic Plants		Domestic Plants		Domestic Plants		Domestic Plants	
Overall Environmental Cost (million yen)	Investment	Expense Amount						
	4,570	26,400	42	1,480	1,403	4,022	569	3,917
Environmental Protection Economic Benefits (million yen)	Amount of Economic Effect							
	-		41		1,472		1,171	

Environmental indices

	Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
	Domestic Plants	Domestic Plants	Domestic Plants	Domestic Plants
GHG Emissions (1,000t-CO₂e) *	7,900	120	350	1,320
PRTR Substance Emissions (t)	480	10	42	290
VOC Emissions (t)	4,650	240	240	940
SO_x Emissions (t)	2,320	8	11	770
NO_x Emissions (t)	7,700	40	110	1,800
Particulate Emissions (t)	150	1	14	98
Total Nitrogen (t)	5,230	35	14	600
Total Phosphorus (t)	100	2	4	10
COD Emissions (t)	1,470	48	16	950
Water Usage (million m³) *excluding seawater	116	9	15	53
Water discharge (million m³)	75	8	14	38
Waste generated (1,000 t)	280	18	46	83
Final disposal of waste (1,000 t) (Landfill disposal volume)	7,700	150	310	3,880

*Greenhouse gas covered by the Law Concerning the Promotion of Measures to Cope with Global Warming and emissions from emission sources that are not specified in the law are included in this part.

Social Data

Basic Information

		Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
Number of Employees		6,031	4,957	2,815	3,088
Number of Employees by Gender	Male	5,420	3,968	2,489	2,676
	Female	611	989	326	412
Number of Employees by Age Group	20s or younger	1,087	469	420	548
	30s	1,948	1,159	817	807
	40s	1,781	2,071	1,027	943
	50s or older	1,215	1,258	551	790
Average Age	38.9	42.8	40.9	42.1	
Number of New Employees	60	41	75	172	
Number of People Resigning	104	33	32	26	
Number & Percentage of Unionized Employees	4,143 68.7%	3,899 78.7%	1,949 69.2%	2,280 73.8%	
Layoffs	0	0	0	0	

Diversity

	Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
Percentage of Female	10.1	20.0	11.6	13.8
Percentage of Female Managers ※	2.8	7.7	1.0	5.3
Percentage of Persons with Disabilities ※	2.2	1.9	1.7	2.0
Number of People Rehired Post-Retirement	468	176	104	378

※Figures contain data of selected group companies.

Work-Life Balance

	Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
Number of Employees Taking Childcare Leave ※	77 Male:7 Female:70	115 Male:1 Female:114	13 Male:0 Female:13	20 Male:2 Female:18
Number of Employees Taking Nursing Care Leave	0	1	0	1
Acquisition Rate of Paid Holidays	70.8	60.0	58.4	79.0

※Figures contain data of selected group companies.

Other

	Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
Number of Employees Taking Volunteer Leave	43	12	0	2

Occupational Health

	Mitsubishi Chemical	Mitsubishi Tanabe Pharma	Mitsubishi Plastics	Mitsubishi Rayon
Health Examination Response Rate	99.4	100.0	94.3	97.3
Frequency of Injuries Resulting in Lost Work Time (per million hours)	0.32	0.00	0.50	0.14



Group Information

[Overview]

Company name	Mitsubishi Chemical Holdings Corporation
Established	October 3, 2005
President	Yoshimitsu Kobayashi
Paid-in capital	¥50.0 billion
Listings	Tokyo Stock Exchange, Osaka Securities Exchange
Activities	Management of Group companies (development of Group strategies, allocation of financial resources, etc.)
Business domains	Performance products, health care, and industrial materials
Consolidated net sales	¥3,166.8 billion
Consolidated operating income	¥226.5 billion
Group employees	53,882
URL	http://www.mitsubishichem-hd.co.jp/english/

(All figures are for the year ended March 2011.)

Mitsubishi Chemical Holdings Corporation (MCHC) is developing businesses in the areas of performance products, health care and industrial materials. Through the decision criteria for our corporate activities : Sustainability, Health, and Comfort, we will seek to achieve *KAITEKI* based on "Good Chemistry," with its limitless potential and expansion.

[History]

October, 2005	Mitsubishi Chemical Holdings jointly established by Mitsubishi Chemical and Mitsubishi Pharma by means of a stock-for-stock exchange
October, 2007	Mitsubishi Plastics becomes wholly owned subsidiary Mitsubishi Tanabe Pharma formed from merger of Tanabe Seiyaku and Mitsubishi Pharma
April, 2008	New Mitsubishi Plastics established to integrate functional product businesses
April, 2009	The KAITEKI Institute established
March, 2010	Mitsubishi Rayon becomes consolidated subsidiary
November, 2010	Mitsubishi Chemical Holdings America, Inc. established
January, 2011	Mitsubishi Chemical Holdings (Beijing) Co., Ltd. established

[Group Motto]

APTSIS

*Mitsubishi Chemical Holdings Group Member will,
Under a mission to contribute to our Group,
Strive to provide safety and comfort, be environmentally
conscious, and improve human health
To win further trust worldwide.*

Agility

Be alert, act quickly

Principle

*Sharing theories, principles
and ideals*

Transparency

*Transparency, accountability and
compliance*

Sense of Survival

A sense of being on the verge, a sense of crisis

Internationalization

Enhancing our performance within the global market

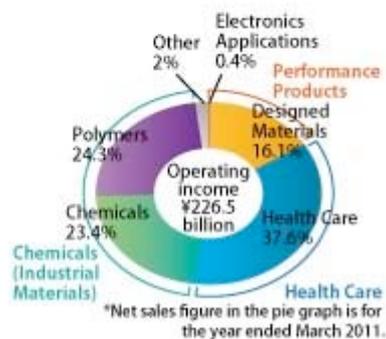
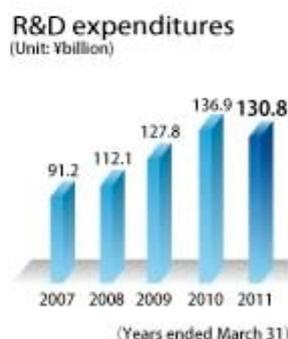
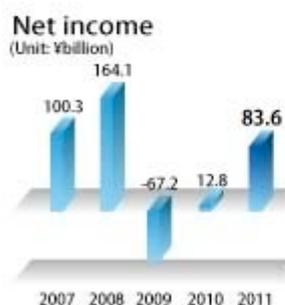
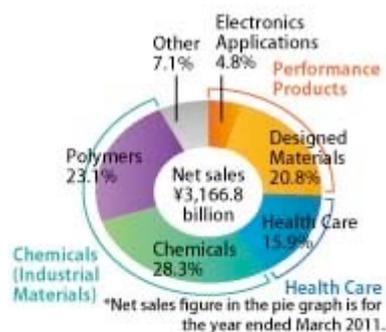
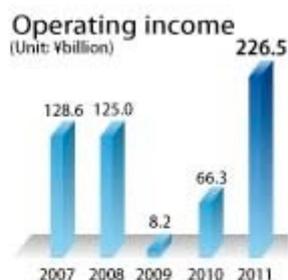
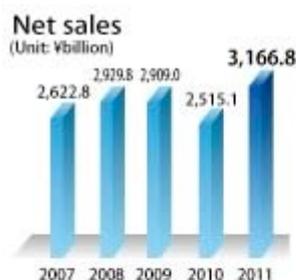
Safety, Security & Sustainability

*Ensuring safety in manufacturing, trust in quality,
information security and environmental consciousness*

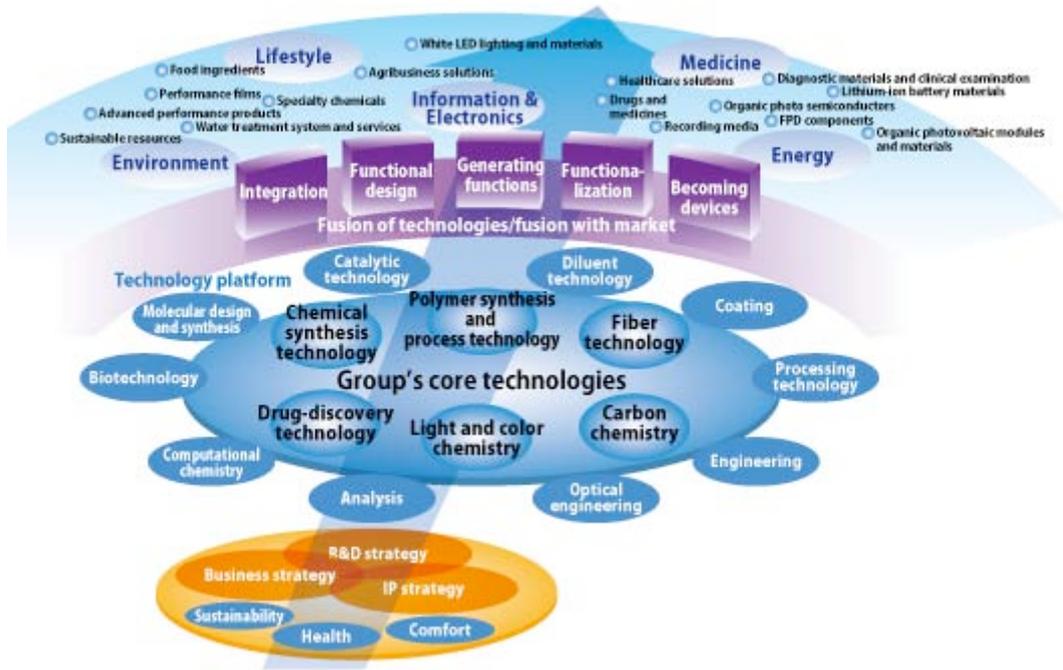
[Organization]



[Financial Highlights] (Consolidated)



[R&D]



[Business domains]



[Global Network]



Operations in over 30 countries worldwide

Third-party Opinion

Third-party Opinion

Mika Takaoka

Professor, College of Business, Rikkyo University



Overall, this is an excellent report serving as evidence that the management and business plans reflect the Group philosophy of Mitsubishi Chemical Holdings (MCHC): "Good Chemistry for Tomorrow – Creating better relationships among people, society and our planet."

In its *APTSIS 15* mid-term management plan that began in April 2011, MCHC incorporated Management of SUSTAINABILITY (MOS) indexes in addition to the conventional management indexes. The greatest feature of the Report is that it makes this point clear. Last year, I stated as a third-party opinion that in striving for "KAITEKI Society, as advocated by Mitsubishi Chemical Holdings, the Mitsubishi Chemical Holdings Group initially needs to clarify Sustainability, Health and Comfort, which have been stipulated as strategic criteria for its corporate activities, as key indicators. These then have to be combined with financial indicators to serve as criteria in steering business selection and focus." This year's Report specifically presents these indexes as Management of SUSTAINABILITY (MOS) indexes. We can clearly see from the Report that the Company has set a policy of appraising its business activities based also on a third axis, MOS indexes, in addition to the Business Administration axis and Management of Technology (MOT) axis. It is unusual and difficult to firmly establish SUSTAINABILITY as an appraisal axis of major business activities, instead of using it just as a term or for the purpose of social contribution, removed from the major business activities. The MCHC Report is admirable for frankly disclosing the Company's challenge in this aspect.

The Report also systematically evaluates the business activities and in-house efforts (related to occupational health, safety and diversity in employment, and other matters) by Mitsubishi Chemical, Mitsubishi Plastics, Mitsubishi Tanabe Pharma and Mitsubishi Rayon based on the three sets of indexes. This makes the Report consistent and clear.

It is also interesting to find a brief history of the birth of MOS indexes in the Special Feature article. The article conveys the importance of leadership by top executives. I am sure other companies will also find this informative.

I would also like to comment on the statements related to corporate governance as a global company. The MCHC Group is, literally, a global enterprise, targeting an increase of its overseas sales ratio upward of 45% by 2015. As stated in the Report by the Group's Managing Executive Officer, Chief Compliance Officer and General Manager of the Internal Control Office Noboru Tsuda, the importance of risk management rises in overseas businesses. We can therefore conclude that the MCHC Group's decisions to establish wholly owned subsidiaries—Mitsubishi Chemical Holdings America, Inc. in the United States in November 2010 and Mitsubishi Chemical Holdings (Beijing) Co., Ltd. in China in January 2011—were wise in view of the target to establish and consolidate overseas

management framework that give instruction and guidance related to the functions for representing the Group to outside parties, risk management and compliance systems, and internal audit organizations.

On the other hand, I still have a suggestion I want to put forward. It would be desirable to globalize MOS indexes as well. For example, the Report states that environmental load is to be reduced by 30% (in Japan) compared to fiscal 2005 to help reduce the burden on the planet. The target itself shows integrity, but there should also be a target that takes overseas situations into consideration.

Finally, I would like to mention that the data set contents have been expanded and improved. Specifically, data such as the ratio of female workers in each Group company were added. Despite this being a rather low-profile improvement, it holds great significance.

Third-party Opinion

Kazutaka Okubo
Certified Public Accountant
Managing Director, Ernst & Young ShinNihon
Sustainability Institute Co., Ltd. Partner, Ernst & Young
ShinNihon LLC



It has been quite some time since the Japanese economy began to slow. In the meantime, the values of the high growth period of the past have undergone great change, and the expectations and demands that stakeholders have of their companies have also changed significantly. Companies aiming to achieve sustainable growth in this environment need to step up their corporate social responsibility (CSR) activities centered on their corporate philosophy and respond effectively to the needs of society.

Mitsubishi Chemical Holdings Corporation (MCHC) positions CSR activities as one of the axes in its four-dimensional management of *KAITEKI*, such that they are part of its management direction. It has integrated them into its business using the numerical targets for its management activities. For instance, it has established MOS indexes with the aim of quantifying and visualizing the state of progress in CSR activities by incorporating them into *APTSIS 15*, its mid-term management plan. These initiatives deserve high praise. In particular, as MCHC describes the positioning of MOS indexes in its management and the background and concepts of the quantification in a detailed and easy-to-understand manner in its feature issue, it is possible to share the objectives of CSR activities with MCHC. The introduction of practical examples of *KAITEKI* encourages each business segment to act on CSR as they indicate what MCHC is doing and what it should do specifically.

However, to translate CSR activities into corporate value, it is important to view CSR activities from a more social perspective. It is expected that MCHC will always identify the social issues it should address from the standpoint of society (stakeholders), operating on its basic policies for social responsibility (Sustainability, Health, and Comfort) and that it will show specifically what outcomes have been produced through its CSR activities after clarifying its priorities when addressing the issues. Here, it is important to show primarily how the approaches MCHC has taken as CSR activities have contributed to society, rather than showing what MCHC has done. The purpose of CSR activities is to make a

contribution to corporate value through the execution of a company's basic policies for social responsibility.

Social issues cannot be resolved by companies alone. It is also necessary to create a framework for dealing with them, developing ties with nonprofit organizations (NPO) and other groups. Particularly in a society where values are diversified, the idea is not to work alone, but to join with all stakeholders through strong relationships that will enable companies to tailor approaches to diversified social values.

It is expected that MCHC will position its CSR activities so that they specifically embody the basic concepts of its Group philosophy and social responsibility, and will use them to enhance corporate value through its engagement in corporate activities from a social perspective. I also believe that by making all CSR activities consistently operating on the basic concepts of its Group philosophy and social responsibility, MCHC will be able to raise the motivation of employees, encourage their voluntary efforts, and incorporate CSR activities into its business.

Response to Opinions Received

Response to Opinions Received

Shigeru Tsuyuki
Chief SUSTAINABILITY Officer
Senior Managing Executive Officer
Member of the Board
Mitsubishi Chemical Holdings Corporation



Thank you very much for providing us with your opinions about the *KAITEKI* Report of Mitsubishi Chemical Holdings Corporation (MCHC). Fiscal 2011 is the first year of *KAITEKI* Management as declared in *APTSIS 15*, our mid-term management plan, and the *KAITEKI* Report focuses on our concepts and our specific theory. I am truly gratified to know that you understand and agree with *KAITEKI* Management set up by MCHC.

<In response to the opinions of Mika Takaoka>

With respect to the global application of the environment burden-related indexes of MOS indexes you proposed, we are fully aware of the necessity. We are currently preparing a system for collecting information to report the indexes that include overseas bases in their coverage, not only for environmental indexes but for social indexes as well.

We will in the near future report on our activities to achieve the environmental and social indexes set up globally by incorporating them into our management targets, and will also report on the progress of these activities in the *KAITEKI* Report in the nearest future.

<In response to the opinions of Kazutaka Okubo>

MOS indexes are introduced in this report to show specifically what outcomes have been produced through our activities that aim at the social interest and SUSTAINABILITY based on our three decision criteria for corporate activities, namely Sustainability, Health, and Comfort.

For MOS indexes to become indicators that will lead to true solutions for social issues, it is necessary to act in a way unique to MCHC, while seeking out opinions from stakeholders. We will develop programs to that end and constantly refine them in a few years to come.

The Mitsubishi Chemical Holdings Group will continue to aim to achieve sustainable growth and development by listening sincerely to society's needs and deepening *KAITEKI* Management.

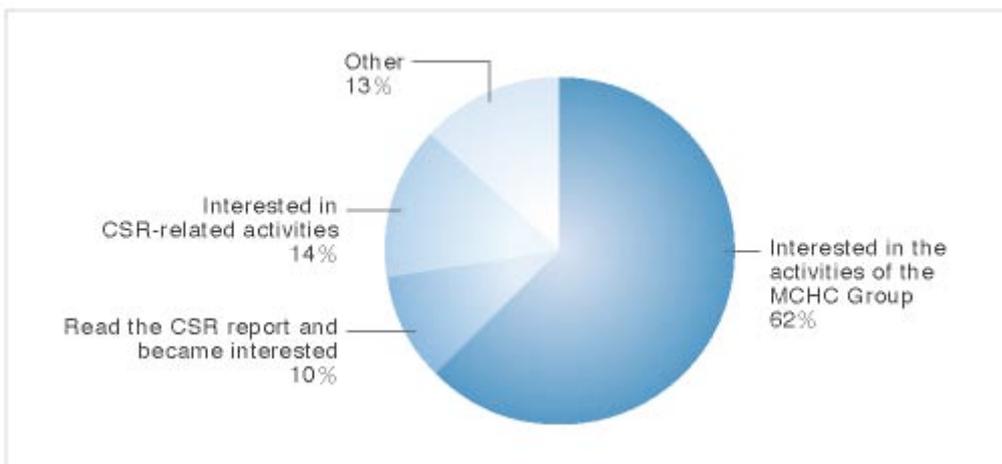
Feedback

Thank you for your valuable feedback regarding the 2010 CSR Report. The feedback you have provided will guide us in our future activities for realizing *KAITEKI*.

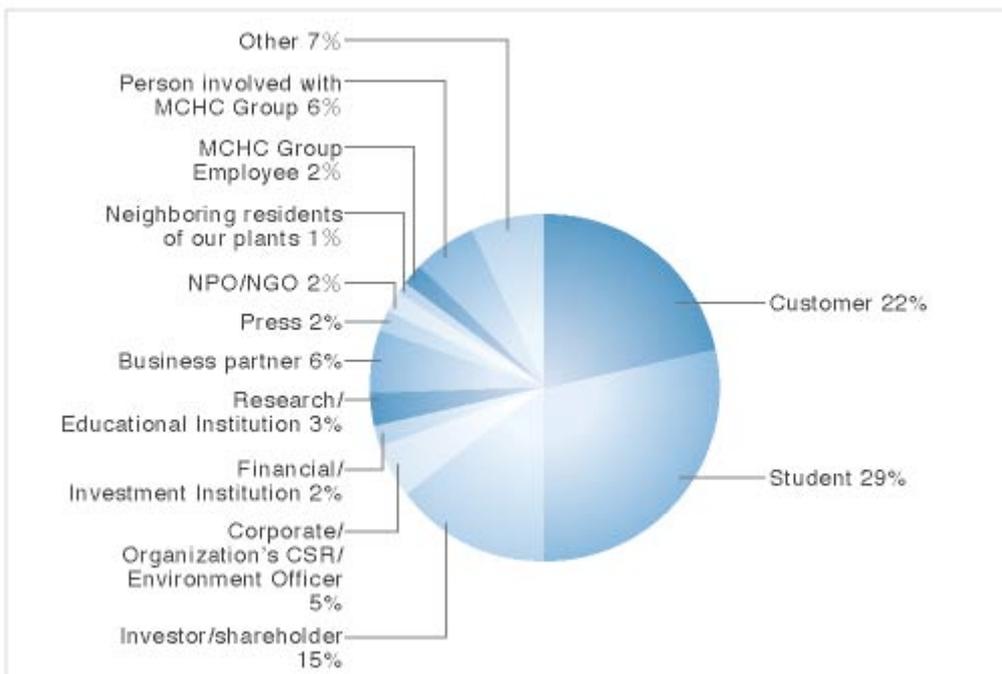
The results of the questionnaire are presented below.

Results of the Questionnaire regarding the 2010 CSR Report

Purpose of visiting this page



Your position



Feedback received for the questionnaire on the 2010 CSR Report (an extract)

- I hope you succeed in filling the world with *KAITEKI*. But although I feel I have understood the concept, I would have liked to have seen more information on the kind of products and technologies that you will use to achieve it. (A female customer in her thirties)
- I support your initiatives. I was surprised to learn just how many of your products are part of my everyday life. I wish you all the best as you carry out your CSR initiatives. (A female business partner in her fifties)
- One of my family members has hepatitis C. One of your group companies (Mitsubishi Tanabe Pharma Corporation) is working on developing new drugs related to hepatitis, and I hope that the Company will take group-wide initiatives that make use of its group companies, which are engaged in a broader range of activities such as diagnostic drug development and clinical trials. (A man in his thirties, in relation to hepatitis)
- I am very impressed with your promotion of *KAITEKI* Project. On the other hand, I also felt that your report had little disclosure in relation to the environment. I would like you to include more details about the environment. (A female customer in her forties)
- Your attitude of communicating with various stakeholders came through clearly, but I honestly felt that you should be collaborating more with NPOs. (A female customer in her twenties.)
- I would like you to write in a way that is easier to read and easier to understand. (A man in his thirties who is in charge of CSR and the environment for a company/organization)
- I received information about your website via email, but there is no need to go to the trouble of posting the information if it is available on the web. (A man in his thirties who is in charge of CSR and the environment for a company/organization)
- It is important to report accurately on policies, approaches, and the results of initiatives, but I also like the way that you have included sections like this page where employees speak directly in a way that is familiar and easy to understand. (A male business partner in his forties)
- I am extremely impressed with the way that you have collected information about projects and feedback from stakeholders, and then incorporated this into projects and published some of the details on your website. However, I also think that more disclosure is required, such as information about the results of quarterly reviews, the degree of progress with respect to annual plans, challenges in achieving these plans and so on. (A male business partner in his forties)

Thank you for your valuable feedback.

GRI Guidelines Reference Table

1.Strategy and Analysis

Item	Indicator	Contents
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from the President
1.2	Description of key impacts, risks, and opportunities.	Message from the President Part1 : KAITEKI Management Initiatives Part3 : Initiatives toward KAITEKI

2.Organizational Profile

Item	Indicator	Contents
2.1	Name of the organization.	Group Information
2.2	Primary brands, products, and/or services.	Group Information Group Businesses
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Group Information Group Outline
2.4	Location of organization's headquarters.	Group Information
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Corporate Citizenship Activities Global Network
2.6	Nature of ownership and legal form.	Group Information
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Group Information Worldwide Activities
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided 	Communication with Shareholders and Investors Group Information Data

2.9	<p>Significant changes during the reporting period regarding size, structure, or ownership including:</p> <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	Response to the Great East Japan Earthquake Group Information
2.10	Awards received in the reporting period.	Towards Becoming a Corporate Group Enlivened by its Human Resources

3. Report Parameters

Item	Indicator	Contents
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Editorial Policy
3.2	Date of most recent previous report (if any).	Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.)	Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	Editorial Policy
Report Scope and Boundary		
3.5	<p>Process for defining report content, including:</p> <ul style="list-style-type: none"> • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report. 	Editorial Policy
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report.	Initiatives to reduce greenhouse gas emissions Towards Becoming a Corporate Group Enlivened by its Human Resources
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	not applicable

3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Initiatives to reduce greenhouse gas emissions Communication with Shareholders and Investors
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Editorial Policy
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Editorial Policy
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Guidelines Reference Table
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third-party Opinion

4. Governance, Commitments, and Engagement

Item	Indicator	Contents
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	KAITEKI Project Organizational Structure Corporate Governance Internal Control / Risk Management / Compliance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Annual Report
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Corporate Governance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Message from the President Mitsubishi Chemical Holdings' Social Responsibilities Part1 : KAITEKI Management Initiatives Part2 : The Process of Creating MOS Indexes Initiatives concerning Human Rights and Labor Corporate Citizenship Activities Group Information
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	KAITEKI Project Organizational Structure
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	KAITEKI Project Organizational Structure Annual Report
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management Strengthening and improving total Group power regarding safety and the environment Initiatives for safety management regarding chemicals

4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Basic approach to social responsibilities Initiatives for biodiversity
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. 	Corporate Citizenship Activities
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	Communication with stakeholders Communication with Shareholders and Investors Communication with Customers and Business Partners Third-party Opinion
4.15	Basis for identification and selection of stakeholders with whom to engage.	Basic approach to social responsibilities Communication with Shareholders and Investors Communication with Customers and Business Partners Initiatives concerning Human Rights and Labor Corporate Citizenship Activities
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Communication with Shareholders and Investors Communication with Customers and Business Partners
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Third-party Opinion Feedback

5.Management Approach and Performance Indicators

Item	Indicator	Contents
Economic		
	Management Approach	Part1 : KAITEKI Management Initiatives
Economic Performance Indicators		
Aspect: Economic Performance		
CORE EC1.	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Response to the Great East Japan Earthquake Communication with Shareholders and Investors Data Group Information Annual Report
CORE EC2.	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Message from the President Part1 : KAITEKI Management Initiatives Part3 : Initiatives toward KAITEKI
CORE EC3.	Coverage of the organization's defined benefit plan obligations.	-
CORE EC4.	Significant financial assistance received from government.	-
Aspect: Market Presence		
ADD EC5.	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-
CORE EC6.	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-
CORE EC7.	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-
Aspect: Indirect Economic Impacts		
CORE EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Corporate Citizenship Activities
ADD EC9.	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-

Environmental		
	Management Approach	Part1 : KAITEKI Management Initiatives
Environment Performance Indicators		
Aspect: Materials		
CORE EN1.	Materials used by weight or volume.	-
CORE EN2.	Percentage of materials used that are recycled input materials.	-
Aspect: Energy		
CORE EN3.	Direct energy consumption by primary energy source.	-
CORE EN4.	Indirect energy consumption by primary source.	-
ADD EN5.	Energy saved due to conservation and efficiency improvements.	Initiatives to reduce greenhouse gas emissions
ADD EN6.	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Initiatives to reduce greenhouse gas emissions Part3 : Initiatives toward KAITEKI
ADD EN7.	Initiatives to reduce indirect energy consumption and reductions achieved.	Response to the Great East Japan Earthquake
Aspect: Water		
CORE EN8.	Total water withdrawal by source.	Data
ADD EN9.	Water sources significantly affected by withdrawal of water.	-
ADD EN10.	Percentage and total volume of water recycled and reused.	-
Aspect: Biodiversity		
CORE EN11.	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-
CORE EN12.	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-
ADD EN13.	Habitats protected or restored.	-

ADD EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity.	Initiatives for biodiversity
ADD EN15.	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-
Aspect: Emissions, Effluents, and Waste		
CORE EN16.	Total direct and indirect greenhouse gas emissions by weight.	Initiatives to reduce greenhouse gas emissions Data
CORE EN17.	Other relevant indirect greenhouse gas emissions by weight.	-
ADD EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Initiatives to reduce greenhouse gas emissions Part3 : Initiatives toward KAITEKI
CORE EN19.	Emissions of ozone-depleting substances by weight.	-
CORE EN20.	NO, SO, and other significant air emissions by type and weight.	Data
CORE EN21.	Total water discharge by quality and destination.	Data
CORE EN22.	Total weight of waste by type and disposal method.	Data
CORE EN23.	Total number and volume of significant spills.	-
ADD EN24.	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-
ADD EN25.	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-
Aspect: Products and Services		
CORE EN26.	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Part3 : Initiatives toward KAITEKI
CORE EN27.	Percentage of products sold and their packaging materials that are reclaimed by category.	-

Aspect : Compliance		
CORE EN28.	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Compliance: Basic Approach and Promotion Structure
Aspect : Transport		
ADD EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-
Aspect : Overall		
ADD EN30.	Total environmental protection expenditures and investments by type.	Data
Social Performance Indicators		
Labor Practices and Decent Work		
	Management Approach	Part1 : KAITEKI Management Initiatives
Labor Practices and Decent Work Performance Indicators		
Aspect: Employment		
CORE LA1.	Total workforce by employment type, employment contract, and region.	Group Information Data
CORE LA2.	Total number and rate of employee turnover by age group, gender, and region.	Data
ADD LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Towards Becoming a Corporate Group Enlivened by its Human Resources
Aspect: Labor/Management Relations		
CORE LA4.	Percentage of employees covered by collective bargaining agreements.	Data
CORE LA5.	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-
Aspect: Occupational Health and Safety		
ADD LA6.	Percentage of total workforce represented in formal joint management?worker health and safety committees that help monitor and advise on occupational health and safety programs.	Data
CORE LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	Data

CORE LA8.	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Towards Becoming a Corporate Group Enlivened by its Human Resources
ADD LA9.	Health and safety topics covered in formal agreements with trade unions.	-
Aspect: Training and Education		
CORE LA10.	Average hours of training per year per employee by employee category.	-
ADD LA11.	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Towards Becoming a Corporate Group Enlivened by its Human Resources
ADD LA12.	Percentage of employees receiving regular performance and career development reviews.	-
Aspect: Diversity and Equal Opportunity		
CORE LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Data
CORE LA14.	Ratio of basic salary of men to women by employee category.	-
Human Rights		
	Management Approach	Part1 : KAITEKI Management Initiatives
Human Rights Performance Indicators		
Aspect: Investment and Procurement Practices		
CORE HR1.	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-
CORE HR2.	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	-
ADD HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Initiatives to Promote Human Rights
Aspect: Non-discrimination		
CORE HR4.	Total number of incidents of discrimination and actions taken.	-

Aspect: Freedom of Association and Collective Bargaining		
CORE HR5.	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	-
Aspect: Child Labor		
CORE HR6.	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Internal Control / Risk Management / Compliance Initiatives concerning Human Rights and Labor
Aspect: Forced and Compulsory Labor		
CORE HR7.	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Internal Control / Risk Management / Compliance Initiatives concerning Human Rights and Labor
Aspect: Security Practices		
ADD HR8.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	-
Aspect: Indigenous Rights		
ADD HR9.	Total number of incidents of violations involving rights of indigenous people and actions taken.	-
Society		
	Management Approach	Part1 : KAITEKI Management Initiatives
Social Performance Indicators		
Aspect: Community		
CORE SO1.	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	-
Aspect: Corruption		
CORE SO2.	Percentage and total number of business units analyzed for risks related to corruption.	Internal Control / Risk Management / Compliance
CORE SO3.	Percentage of employees trained in organization's anti-corruption policies and procedures.	Internal Control / Risk Management / Compliance
CORE SO4.	Actions taken in response to incidents of corruption.	Internal Control / Risk Management / Compliance

Aspect : Public Policy		
CORE SO5.	Public policy positions and participation in public policy development and lobbying.	-
ADD SO6.	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-
Aspect: Anti-Competitive Behavior		
ADD SO7.	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	not applicable
Aspect: Compliance		
CORE SO8.	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Internal Control / Risk Management / Compliance
Product Responsibility		
	Management Approach	Part1 : KAITEKI Management Initiatives
Product Responsibility Performance Indicators		
Aspect: Customer Health and Safety		
CORE PR1.	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Initiatives for safety management regarding chemicals
ADD PR2.	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-
Aspect : Product and Service Labeling		
CORE PR3.	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Contribution to the Reduction of Greenhouse Gas Emissions During Product Use
ADD PR4.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-
ADD PR5.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Mitsubishi Chemical Holdings Information Center

Aspect : Marketing Communications		
CORE PR6.	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-
ADD PR7.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	not applicable
Aspect : Customer Privacy		
ADD PR8.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	not applicable
Aspect: Compliance		
CORE PR9.	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	not applicable