CSR Report 2008

Corporate Social Responsibility Report

Responsible Care

MITSUBISHI CHEMICAL CORPORATION

Mitsubishi Chemical Group Vision

kagaku shapes the future

Good "Chemistry" for Tomorrow

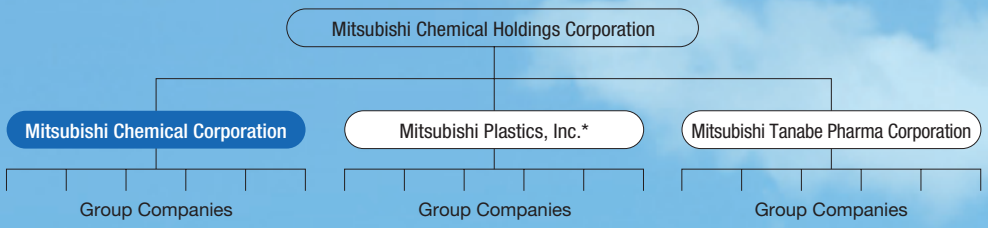
Our Principles

- We will continue to be a preferred solution partner to our customers by constantly advancing our skills and technologies.
- We will continually change and innovate, creating value and contributing to sustainable growth throughout the world.
- We will fulfill our social responsibilities including our commitment to health and safety, and harmony with the environment.
- Our corporate culture of openness, fairness and mutual respect enables us to actively pursue and realize our dreams.

The Japanese word kagaku means 'chemistry' as well as 'science'. In addition, it also refers to the Mitsubishi Chemical Group and each person who works for the Group. A large letter 'g' is used to emphasize the Group's overall strength.

Mitsubishi Chemical Corporation (MCC) and Mitsubishi Pharma (now Mitsubishi Tanabe Pharma) together established Mitsubishi Chemical Holdings Corporation (MCHC), the holding company for both companies, through share transfers in October 2005. Having become a wholly owned subsidiary of MCHC, MCC has pursued business activities as the nucleus of the MCHC Group.

Mitsubishi Chemical Holdings Corporation
As a pure holding company, MCHC performs portfolio management functions for three company groups pursuing business activities across the globe with approximately 39,000 employees. MCHC deploys resources with the aim of promoting Group growth and progress, and actively advances other measures to enhance corporate value.



Mitsubishi Chemical Corporation
We provide solutions in forms as varied as the unlimited possibilities of chemistry to a broad array of industries and society. Our goals in doing so are to help solve global environmental, energy, and resource problems, and promote safety and peace of mind in daily life.

Mitsubishi Plastics, Inc.
As a "development-oriented" company that swiftly gives shape to the value markets demand, we endeavor to work seamlessly with other Group companies to develop high-performance, high-value-added products. Together with our customers, we are helping to build a prosperous, comfortable society in tune with the environment.

Mitsubishi Tanabe Pharma Corporation
Aiming to become a global research-driven permaceutical company, we develop and provide pharmaceuticals that contribute to human happiness and quality of life, and, combining Group expertise in areas like diagnostic agents and clinical testing, are rising to the challenge of creating personalized medicine and other new businesses.

* In April 2008, Mitsubishi Plastics was relaunched as an entity integrating the former Mitsubishi Plastics, Mitsubishi Polyester Film, Mitsubishi Chemical Functional Products, Mitsubishi Chemical MKV, and the functional products businesses of Mitsubishi Chemical.

Editorial Policy

Mitsubishi Chemical Corporation (MCC) began issuing annual Responsible Care (RC) reports in fiscal 1999 to discuss its RC activities (Refer to P21) for improving environmental, safety, and health conditions throughout the chemical product life cycle. However, in view of the expanding social responsibilities that companies must meet, MCC decided to begin issuing CSR reports, which take a much wider perspective than RC reports, in fiscal 2008. This report consists of the five sections given below.

- **The MCC Group's Businesses and CSR Activities**

Responding to general unfamiliarity with the activities of diversified chemical companies, this section highlights three different business areas, describing the business processes in each, and discussing key stakeholders and the objectives of CSR activities.

- **Management Structure**

This section discusses the Mitsubishi Chemical Holdings Corporation (MCHC) Group's CSR approach, and the MCC Group's management structure, including organs for advancing RC activities. It also provides progress reports by topic.

- **CSR Activities**

This section provides specific reports on the MCC Group's various CSR initiatives, focusing on key stakeholders and covering the RC activity themes of occupational safety, occupational health, disaster prevention, and communications. Furthermore, in connection with the December 2007 Kashima Plant fire and other accidents, it includes, as section features, coverage of employee comments regarding efforts to reemphasize "safety first" awareness.

- **Environmental Protection Activities**

Focusing on global environmental problems causing concern throughout the world, this section reports on the MCC Group's environmental protection activities and their progress. Global warming initiatives, which are of particular interest to stakeholders, are covered as section features.

- **Data**

Data on the performance of principal activities is included in the final section of this report.

Reporting Period

Fiscal 2007 (April 2007–March 2008)

*Some content refers to fiscal 2008 developments.

Report Scope

The scope of this report encompasses MCC and MCC Group companies in Japan and abroad.
RC activity performance data, however, have been compiled and disclosed only for MCC (Including MCC production sites and Group companies within those sites) and, among those companies advancing MCC Group RC, the 24 Companies Act subsidiaries located in Japan (Refer to P53).
Performance data associated with fiscal 2007 and earlier periods for companies that were part of the MCC Group as of fiscal 2007, but were integrated into Mitsubishi Plastics in April 2008 or became part of the Mitsubishi Plastics Group, have been excluded from MCC data for fiscal 2007 and earlier periods.

Guidelines Referenced

- Ministry of the Environment "Environmental Reporting Guidelines (Fiscal Year 2007 Version)"
- Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines 2002 and 2006"
- Ministry of the Environment "Environmental Accounting Guidelines 2005"

Inquiries

Mitsubishi Chemical Corporation
Environment, Safety and Quality Department
14-1 Shiba 4-chome, Minato-ku, Tokyo 108-0014
PHONE: +81-3-6414-3620 FAX: +81-3-6414-3638
The content of this report is also available at:
http://www.m-kagaku.co.jp/

Disclaimer

This report includes not only facts regarding the past and present status of the MCC Group, but also forecasts regarding conditions in society, and discussions of business plans and directions and forecasts of their results. These forecasts are hypotheses or judgments based on information available at the time this report was written. Changes in various factors may cause future conditions in society or the results of business activities to differ from forecasts.

Contents

Mitsubishi Chemical Is Reemphasizing “Safety First” Awareness to Regain the Public’s Trust.

Fully Appreciating the Seriousness of the Kashima Plant Accident, We are Doing Everything Possible to Prevent a Recurrence

In December 2007, a fire occurred at the No. 2 ethylene production facility at the Kashima Plant of Mitsubishi Chemical Corporation (MCC). Four employees of an affiliate were lost in that fire.

As the president of MCC, I would like to express the heartfelt loss that all of us at the MCC Group feel and extend our deepest condolences to the families of these employees. In addition, I would like to again express our sincerest apologies for the worry and inconvenience we caused to those living near the plant, and others who were affected, as well.

We, at the MCC Group, fully appreciate the seriousness of the accident and are united in our efforts to ensure that such tragedies are not repeated.

Implementing Recurrence Prevention Measures Focusing on Frontline Worksite Professional Skills

The MCC Group has traditionally treated the environment and safety as top priorities in our business activities, and enhanced safety measures through RC activities. That the Kashima Plant accident occurred, despite this approach, was, I believe, ultimately because our safety measures were inadequate. Therefore, to reemphasize “safety first” awareness, we are not only improving facility safety measures, and labor, construction, and other types of safety management, but also continuing efforts to identify the exact causes of the accident. Once all conceivable causes are identified we will take appropriate recurrence prevention measures.

In all of this, we are keenly aware that it is extremely important that the steps we take focus on people. The plant automation we have advanced in the interest of stable operations, and the current generational change among plant operators, have combined to create a shortage of frontline production experience. We believe that a decline in danger awareness contributed to the accident at the Kashima Plant. Consequently, we regard the strengthening frontline worksite professional skills — in

other words, the development of personnel who notice potential problems in their work environments, maintain close communications with colleagues both inside and outside the company, and take appropriate action — as a matter of the highest urgency.

It is in that light, that I made the securing and training of human resources one of the top priorities of a new mid-term management plan of the Mitsubishi Chemical Holdings Corporation (MCHC) Group, which I announced in May 2008. It is also the reason we take pains to ensure that all employees are aware of and clearly understand the meanings of the words “Sense of Survival” and “Safety,” which are included in the MCHC Group motto, “APTSIS,” adopted in April 2007.

In the future, we will continue our efforts to improve frontline worksite skills, and regain as quickly as possible the public trust we lost as a result of the Kashima Plant accident.

MCHC 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.

***A*gility**
Be alert, act quickly

***P*rinciple**
Sharing theories, principles and ideals

***T*ransparency**
Transparency, accountability and compliance

***S*ense of Survival**
A sense of being on the verge, a sense of crisis

***I*nternationalization**
Enhancing our performance within the global market

***S*afety, Security & Sustainability**
Ensuring safety in manufacturing, trust in quality, information security and environmental consciousness

APTSIS 10 Mid-term Management Plan

The MCHC Group began implementing its new three-year mid-term management plan, *APTSIS 10* beginning in fiscal 2008. With eyes set on becoming a global leading company, we are advancing corporate activities based on three decision criteria — “Sustainability,” “Health,” and “Comfort” — as we strive to grow, innovate, and leap ahead. In addition to securing and training human resources, the *APTSIS 10* incorporates measures like enhancing the overall capabilities of the MCHC Group and reducing greenhouse gases, which will help to enhance the Group’s sustainable value.

To Solve Environmental Problems

Global environmental problems are critical matters that must be addressed in ways that overcome national, regional, and industrial boundaries. Since long ago, the MCC Group has actively worked to improve production and energy efficiency, and has brought forth a wide array of environmentally conscious products. To take these efforts to the next level, *APTSIS 10* establishes specific quantitative targets for reducing greenhouse gases. At the same time, it positions organic photovoltaic modules, solid-state lighting materials for making lighter automobiles, bio-based polymers, and other businesses involving technologies or products that reduce CO_2 emissions and energy consumption as “next-generation growth businesses.” Our aim is to make these businesses profitable as early as possible.

In addition, I am confident that the MCC Group, with its strong track record in the area of carbon composites and “Chemistry Intelligence” that has led to the development of various technologies, will develop solutions for higher-order environmental problems. The creation of new technologies to use CO_2 as a source of carbon is one such solution, and we will move forward without neglecting the efforts needed to produce this kind of result.

Conditions in the chemical industry will continue to be externally challenging, but the MCC Group, with every one of its employees working to implement “APTSIS,” will meet its responsibilities to society as a member of the MCHC Group.

In closing, it is our desire that this CSR report will be an effective tool for communicating with our stakeholders. Toward that end, we welcome your honest opinions.

September 2008

Yoshimitsu Kobayashi
Representative Director, Member of the Board,
President and Chief Executive Officer
Mitsubishi Chemical Corporation

Regarding the Accident at the Kashima Plant's No. 2 Ethylene Production Facility

On December 21, 2007, a fire broke out in the No. 2 ethylene production facility at the Kashima Plant of Mitsubishi Chemical Corporation (MCC). Four employees of an affiliate lost their lives as a result of that fire.

We, at MCC would like to express our most heartfelt condolences for the loss of these lives and to offer a sincere apology to the families of these workers. We would also like to apologize to local residents, local authorities, business partners, and related organizations for the great distress and anxiety we caused for them.

Fully appreciating the seriousness of this accident, we are bringing to bear the resources of the entire company to strengthen safety management, and prevent future accidents.

Accident Overview

Occurrence

Around 11:30 a.m. on December 21, 2007, a fire broke out in the No. 2 ethylene production facility at the Kashima Plant (Kamisu City, Ibaraki Prefecture). The fire was extinguished at 11:13 p.m. of the same day.

As a result of the fire, four employees of an affiliate lost their lives. The No. 2 ethylene production facility was also severely damaged.

Regarding atmospheric, water quality, and other environmental impacts, soot was detected in some areas near the plant, but no other irregularities were noted.

Immediate Aftermath

Immediately after the accident occurred, MCC established an accident task force, contacted relevant governmental authorities in an effort to contain accident damage, acted to confirm the safety of nearby residents, and began collecting and disseminating information both inside and outside the company.

Cause Identification

Establishment of an Internal Accident Investigation Committee

On the night of the same day the accident occurred, MCC established an internal accident investigation committee. Outside experts were invited to participate on this committee to investigate the causes of the accident and consider prevention recurrence measures.

Ibaraki Prefecture established its own investigation committee to examine causes and other matters. MCC worked together with that committee to investigate causes and establish prevention recurrence measures.

Accident Cause Identification

Examinations performed with the assistance of outside experts determined that when a divider plate used to isolate a pipe carrying a flammable liquid (quench oil: a mixed oil including biphenyl and naphthalene) was being removed, an upstream pneumatic valve opened, causing an outflow of quench oil, which ignited.

Regarding the cause for the pneumatic valve opening, it is surmised that something during the performance of the work noted above caused the valve switch to activate. Safety measures (use of a valve lock, cut off of the power source, etc.) to prevent accidental valve operation had not been taken. It is thought that ignition of the oil could have been caused by an electrical spark, static electricity, or a high-temperature surface.

Five Safety Measures to Prevent a Recurrence

Implementation of Safety Measures and Application of These Measures at Other Plants

Based on the results of the internal accident investigation and the guidance and suggestions made by the Ibaraki Prefecture investigation committee, the following five safety measures were implemented. It should be noted, however, that though the causes of the accident were not completely identified, safety measures for all conceivable causes were proposed and implemented.

Furthermore, depending on their content, these safety measures were also implemented at other production facilities within the Kashima Plant and at other plants, as well.

(1) Facility Safety Measures

As part of the restoration of the No. 2 ethylene production facility, measures were taken to protect and segregate the pneumatic valve operation switch. In addition, power source management methods were standardized, and steps were taken to ensure implementation.

(2) Safety Management Measures

Rules and standards were examined and revised as necessary to ensure thorough two-way communication between groups and supervisors within the plant, and in-person monitoring to confirm the implementation of safety measures.

In addition, training for all relevant personnel was undertaken to ensure the implementation of these safety measures.

(3) Fire Safety Measures

Safety measures for all fire causes conceivable at the present time were implemented. Examples of these measures include the general prohibition of work involving open flames in areas adjacent to areas where work involving the opening of facilities in operation is being performed; thorough training on static electricity for all workers, including those of affiliates; strict enforcement of a requirement to wear antistatic shoes when performing work involving the opening of facilities in operation; and maintenance of insulation for high-temperature objects that could ignite a fire.

(4) Damage Containment Safety Measures

Measures to limit access to areas adjacent to locations where certain types of work are being performed and confirm escape routes before commencing work were implemented, and the alarm system for signaling abnormal conditions was restructured.

(5) Establishment of a Safety Culture

To supplement existing safety activities, the opinions of outside experts are being incorporated and a safety culture rooted in the local community culture is being established. In addition, significant efforts are being devoted to strengthening regular communication with personnel at affiliates and pursuing joint safety activities.

As an organization leading efforts to promote the establishment, and confirm the penetration, of a "safety first" culture, MCC has newly established a Safety Culture Promotion Office at its Kashima Plant. To remember the Kashima Plant accident and those whose lives were lost, the 21st of every month has been designated Safety Remembrance Day and a memorial, the Safety Monument, will be erected as a symbol of our determination that the lessons of the accident never be forgotten.

To Secure the Safety of Nearby Residents

Installation of an Alarm System

Alarm systems capable of rapidly informing nearby residents, affiliate employees at plant sites, and companies within industrial complexes of the need to evacuate in the event of an emergency, are being installed, and periodic training will be conducted for all relevant parties to ensure proper operation.

Accident Timeline

December 21 (Friday)

11:30 a.m.	Fire erupts at the Kashima Plant's No. 2 ethylene production facility. The fire department is called, emergency stops are implemented for related production facilities, alarms are triggered, and affiliates are directed to evacuate.
11:38 a.m.	Disaster Task Force is established.
10 p.m.	Accident Investigation Committee is established.
11:13 p.m.	Fire is extinguished.

December 22 (Saturday)

Joint (police department, fire department, and Labor Standards Supervision Office representatives) on-site investigation is started.

December 25 (Tuesday)-27 (Thursday)

Conditions are explained to local and area residents.

December 27 (Thursday)

Accident report is submitted to the Nuclear and Industrial Safety Agency.
Accident report is submitted to Ibaraki Prefecture's Industrial Safety Office.

January 8 (Tuesday)

First meeting of the Ibaraki Prefecture Accident Investigation Committee is held.

February 12 (Tuesday)

Second meeting of the Ibaraki Prefecture Accident Investigation Committee is held.

March 12 (Wednesday)

Third meeting of the Ibaraki Prefecture Accident Investigation Committee is held.

Restart of the No. 2 Ethylene Production Facility

Following the December 21, 2007 fire, the Kashima Plant's No. 2 ethylene production facility remained shut down until March 19, 2008, when the gradual restart of operations began under the guidance of regulatory authorities, and with the understanding of local residents. It should be noted, however, that portions of the facility severely damaged in the fire were still out of operation as of September 30, 2008. The study and examination of approaches for restoring these operations continues.

Information on the fire at the Kashima Plant's No. 2 ethylene production facility is posted at the following URL:
http://www.m-kagaku.co.jp/english/aboutmcc/RC/regard.html

Bringing Forth a Wide Array of Technologies and Products That Support Daily Life and Industry throughout the World

To solve global environmental, food, and energy crises, and create safety and comfort for daily life... The Mitsubishi Chemical Corporation (MCC) Group is committed to the idea that chemistry can play a major role in solving these problems and creating new value. Working from a foundation of technologies built up over the years, the MCC Group is offering the unlimited possibilities of chemistry as solutions to a broad range of industries and society.

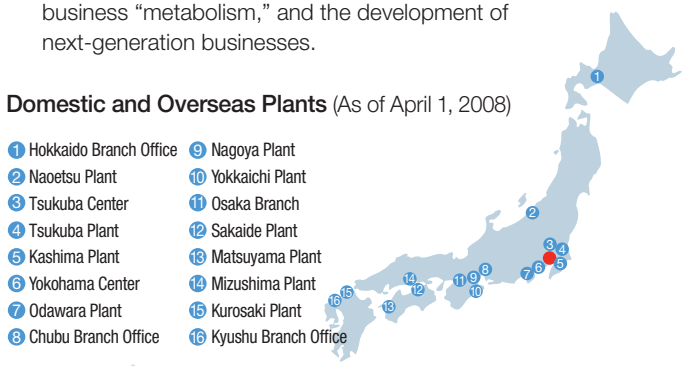
As a member of the Mitsubishi Chemical Holdings Corporation (MCHC) Group, which aims to grow, innovate, and leap ahead, MCC began in fiscal 2008 to implement its *APTSIS 10* mid-term management plan, which calls for the offering of more high-performance, high-value-added products, a faster business "metabolism," and the development of next-generation businesses.

Company Overview (As of March 31, 2008)

Company name:	Mitsubishi Chemical Corporation
Head office:	Mitsubishi Chemical Holdings Building 14-1 Shiba 4-chome Minato-ku, Tokyo 108-0014, Japan PHONE. +81-3-6414-3000 FAX. +81-3-6414-3671
Incorporation:	October 1, 1994 (Established June 1, 1950)
Paid-in Capital:	¥50 billion
Net Sales:	¥1,246.2 billion (Non-consolidated) ¥2,544.2 billion (Consolidated)
Employees:	5,073 (Non-consolidated) 25,204 (Consolidated)
Group Companies:	283 (Domestic: 191 Overseas: 92)

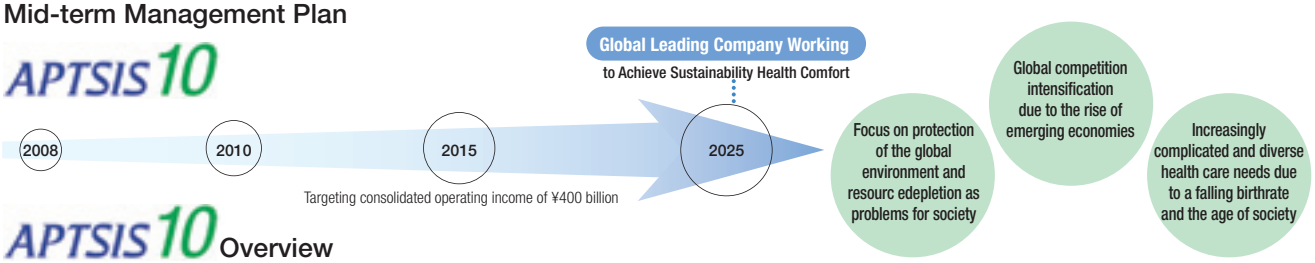
Domestic and Overseas Plants (As of April 1, 2008)

1. Hokkaido Branch Office
2. Naoetsu Plant
3. Tsukuba Center
4. Tsukuba Plant
5. Kashima Plant
6. Yokohama Center
7. Odawara Plant
8. Chubu Branch Office
9. Nagoya Plant
10. Yokkaichi Plant
11. Osaka Branch
12. Sakaide Plant
13. Matsuyama Plant
14. Mizushima Plant
15. Kurosaki Plant
16. Kyushu Branch Office



1. Mitsubishi Chemical America Inc.
2. Mitsubishi Chemical Europe GmbH
3. Mitsubishi Chemical Hong Kong Ltd.
4. Mitsubishi Chemical Singapore Pte Ltd.
5. Mitsubishi Chemical (Thailand) Co., Ltd.
6. Mitsubishi Chemical Corporation Beijing Office
7. Mitsubishi Chemical Corporation Shanghai Office

Mid-term Management Plan



APTSIS 10 Overview

Basic Policy	Basic Strategy	Proactive Investment	Management Objectives (Fiscal Year 2010)
Growing	**Transition of existing businesses to high performance products and high-value-added businesses as well as efficient products, and speeding business "metabolism"** **Performance Products** • Further expansion of existing global businesses (Recording media, imaging, high performance polyester film, etc.) • Expansion of niche businesses (no competitors or first among competitors) in growing segments of the information & electronics, automobiles, and other markets **Health Care Business Domain** Mitsubishi Tanabe Pharma • Early realization of merger benefits • Achievement of solid progress in development of high-priority pharmaceuticals • Achievement of progress toward becoming an internationally recognized drug discovery company **Chemicals Business Domain** Mitsubishi Tanabe Pharma • Shift to high performance products • Early realization of *KAKUSHIN Plan: Phase 2* investment benefits	Capital Expenditures ¥590 billion/ 3 years R&D ¥425 billion/ 3 years	Consolidated operating income ¥190 billion or greater Consolidated ROA (EBIT/Total assets) 6% or higher CO_2 reduction base unit 20% or greater improvement vs. 1990
Innovating	**Achievement of profitable operations for the 7 next-generation growth businesses as soon as possible** **7 next-generation growth businesses** Solid-state lighting, Li-ion battery materials, next-generation displays, materials for making lighter automobiles, bio-based polymers, organic photovoltaic modules, and personalized medicine		
Leaping Ahead	Strategic partnerships and M&A	¥250 billion/ 3 years (Target)	

Performance Products

Electronics Applications

The MCC Group is delivering new value to an information-driven society by applying “light and color chemistry” to create products like CDs, DVDs, and other optical recording media, films for flat-panel displays, photoreceptors and polymerized toner for printers and copy machines, and solid-state lighting employing white LEDs.

Optical recording media and portable HDD


Polymerized color toner

Designed Materials

Working from a foundation of synthesis, material design, process design, molding, and other technologies, the MCC Group offers sugar ester emulsifiers for food products, ion exchange resin, Li-ion battery materials, and other products.


Sugar ester

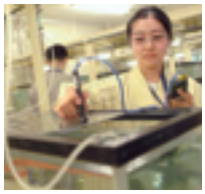

Ion exchange resin

Health Care Business Domain

Health Care

Applying its own wide array of technologies, the MCC Group is pursuing health care businesses in a broad range of fields, like clinical examination, diagnosis, drug creation support, and safety evaluation. In recent years, attention has been focused especially on personalized medicine, in which individuals receive medical care tailored to their own particular physical condition. The Group’s aim in this business area is to improve quality of life.


Diagnostic devices


Safety evaluation tests

Chemicals Business Domain

Chemicals

With years of experience in core technologies like carbon chemistry, catalyst design, synthesis, process design, and plant operation, the MCC Group offers numerous unique products and technologies for the electronics, automobile, and other growth markets, and for clothing, food, housing, and other markets serving essential daily needs.


Raw materials for swimwear textiles


Resin raw material for use in athletic shoes

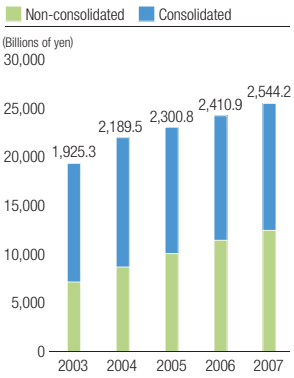
Polymers

The MCC Group is using its strengths in polymer design, processing, and composite technology to achieve new heights in high-performance and high-value-added products. It offers performance plastics and high-quality polypropylene with outstanding functionality, and polycarbonate that excels in shock resistance and transparency. The Group is also devoting significant attention to the development of bio-based polymers and other environmentally sustainable new materials.

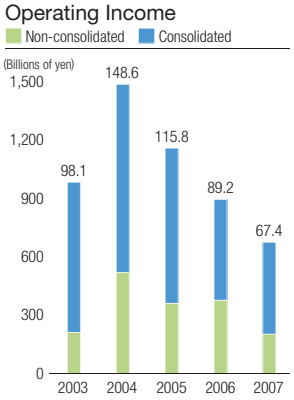

Polypropylene container


Polycarbonate headlamp

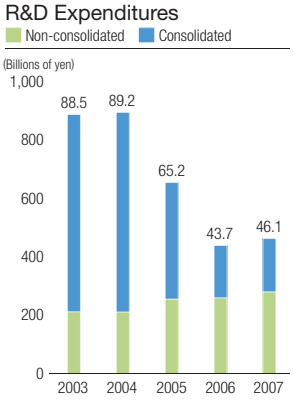
Net Sales



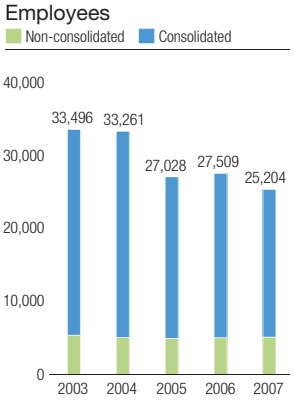
Operating Income



R&D Expenditures



Employees



CASE 1

Example: PET Resin

Working to Stably Supply High-quality through Safe Plant Operations

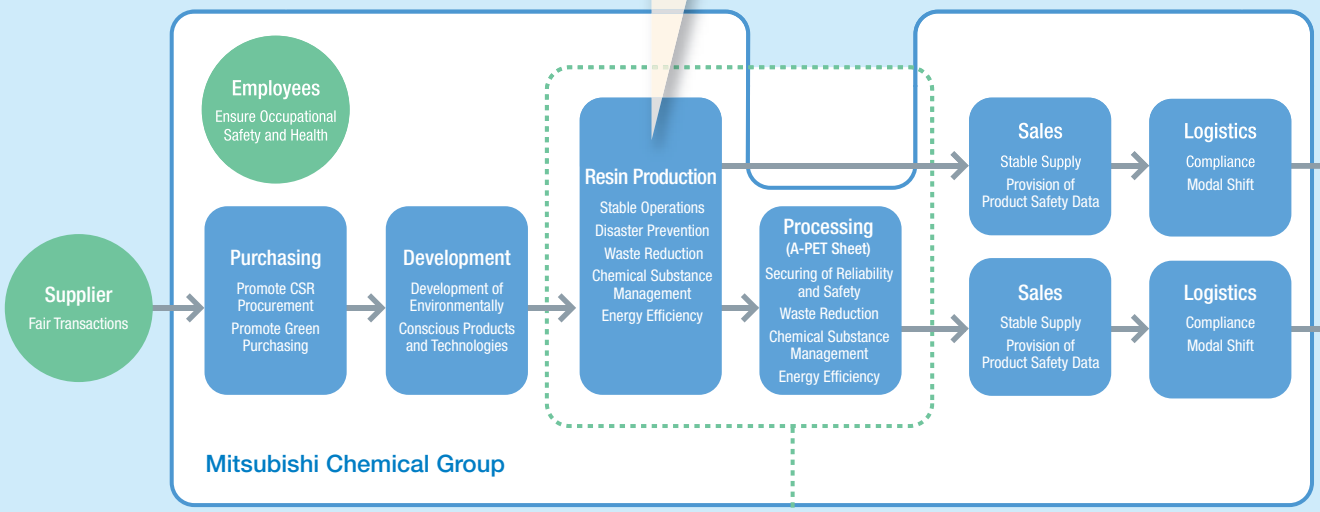
PET resin in the form of bottles, film, and other products is used in clothing, food packaging, housing, and a wide range of other applications that are a part of daily life. As a manufacturer of resin materials, MCC is supplying PET that helps to deliver safety, security, and convenience in everyday activities, while also meeting responsibilities to operate plants safely and protect the environment.

Focus 1

Safety Reviews for Disaster Prevention and Stable Supplies

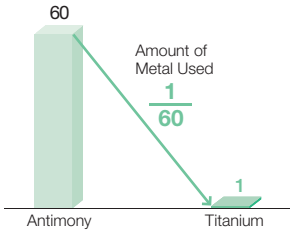
To prevent problems and accidents in production processes and facilities, Mitsubishi Chemical Corporation (MCC) conducts safety reviews (Refer to P36) and safety patrols. At the Yokkaichi Plant, the plant manager leads patrols intended to ensure that measures taken in response to past accidents continue to be implemented.

Patrol to ensure the ongoing of implementation of measures to prevent recurrences of past accidents



Polyethylene Terephthalate (PET) Chemistry

PET resin is made from terephthalic acid and ethylene glycol, a type of alcohol. The production of PET resin requires the use of a catalyst. In standard practice, a catalyst made from antimony, a heavy metal is used. To increase safety and reduce the environmental load, however, MCC developed and uses its own titanium catalyst. This catalyst also reduces resource usage as it requires only 1/60 the amount of metal used in the traditional catalyst. Plastic made of PET resin is used in applications like bottles and film because its strength, transparency, and excellent forming characteristics.



With a titanium catalyst, metal usage can be reduced to 1/60 previous levels.

PET Resin

PET Film

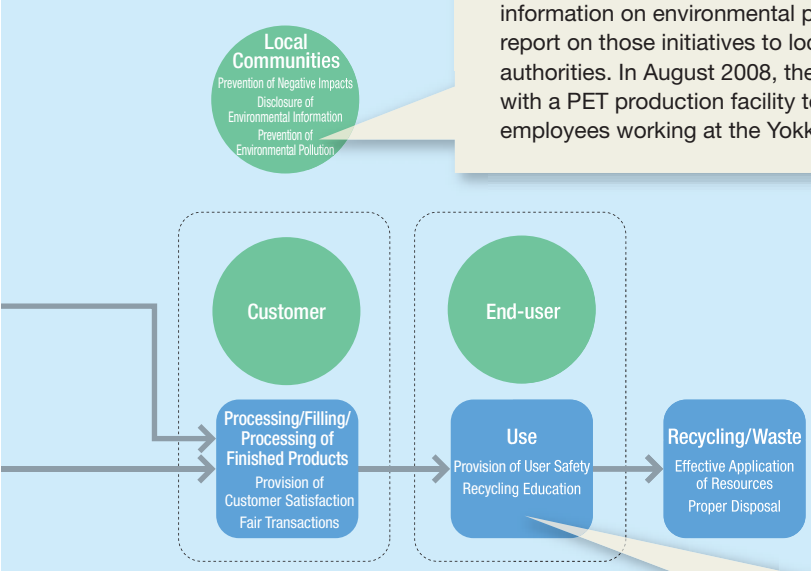
PET Bottles

Focus 2

Communication of Risks to Local Residents

In an effort to open its plants to society, MCC, together with Japan Responsible Care Council member companies, engages in dialogs with local residents. These dialogues take place in the form of discussions, plant tours, and briefings to provide information on periodic maintenance activities. At the Yokkaichi Plant, which produces PET, the Nanbu Industrial Park Environmental Safety Committee, with members including representatives of companies within the industrial complex, local government, and regulatory authorities, meets twice a year. In these meetings, members share information on environmental protection and safety initiatives and report on those initiatives to local residents and regulatory authorities. In August 2008, these meetings were supplemented with a PET production facility tour for the families of MCC Group employees working at the Yokkaichi Plant.

PET production facility tour

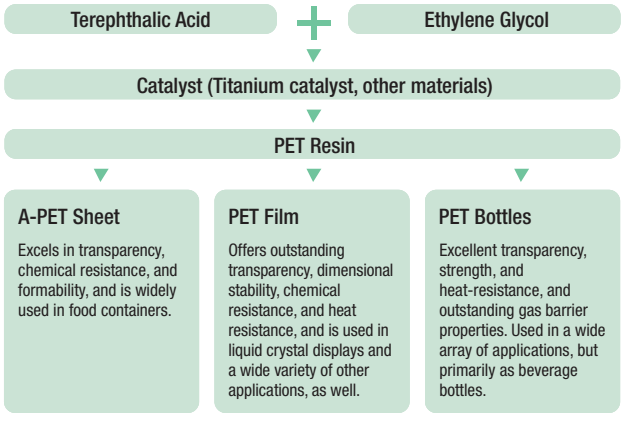


Focus 3

Recycling Research and Education Activities

Because they are easy to recycle, 66.3% (2006 data) of PET bottles used in Japan are recycled. That rate is among the highest in the world. The MCC Group participates in PET product recycling promotion and education efforts through the Council for PET Bottle Recycling, an organization engaged in performing research on, and promoting, the recycling of PET bottles. In addition, to help reassure consumers that PET products are safe to use, the MCC Group also participates as a member of the Japan Hygienic Olefin and Styrene Plastics Association and Association of PET Tray, organizations that work to ensure that plastic food trays are safe and pose no health threats. The MCC Group provides products that offer outstanding safety and comply with the voluntary standards of both of these organizations.

MCC Group exhibit at an eco-product exhibition held by the ouncil for PET Bottle Recycling to promote the 3Rs



CASE 2

Example: Solid-state Lighting

Helping to Develop and Promote the Adoption of Environmentally Conscious Lighting that Greatly Reduces Electricity Consumption

Lighting in which LEDs act as the light source is referred to as "solid-state lighting." The electricity consumption of LEDs is said to be one-third that of fluorescent tubes and one-fifth to one-sixth that of incandescent light bulbs. Therefore, replacing traditional fluorescent and incandescent lighting with LEDs could produce significant energy efficiency benefits. To do that, however, a white LED that produces natural white light, like that of the sun, is required. MCC is working to develop and provide materials that will help to promote the adoption of solid-state lighting.

* LED stands for "Light Emitting Diode." An LED is a type of semiconductor element that gives off light when electric current is applied to it.

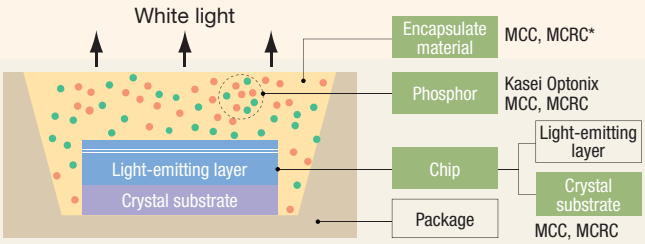
Focus 1

Helping to Lower Environmental Load by Supplying LED Materials

LEDs change electric energy directly into light energy. With low electricity consumption that also means lower CO_2 emissions, LEDs are expected to make a significant contribution to efforts to stop global warming. Having long useful lives, LEDs also help to conserve resources. Mitsubishi Chemical Corporation (MCC) is helping to lower environmental load by supplying the phosphors, crystal substrates, encapsulate material, and chips that go into making LEDs.

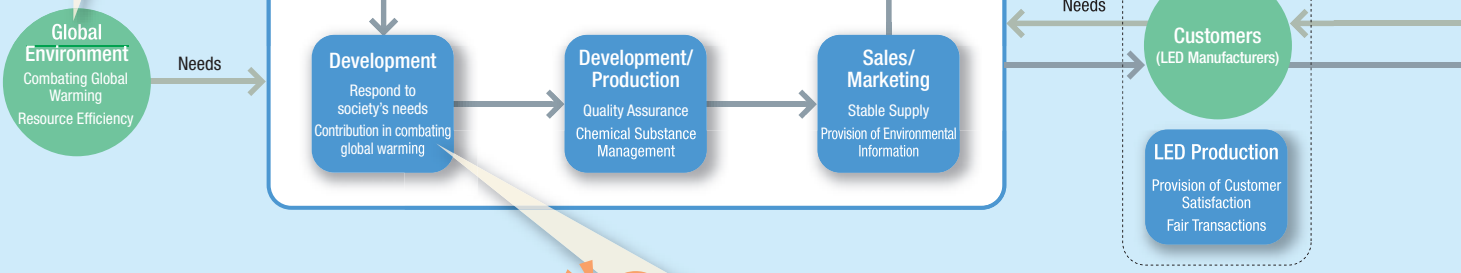
Phosphor

White LED Parts



White LED Parts and Principles
A white LED is comprised of a chip, light-emitting layer, encapsulate material, and other parts. The chip is the part that actually emits light, which is converted to white light through the use of a phosphor. The encapsulate material protects the other parts.

* MCRC: Mitsubishi Chemical Group Science and Technology Research Center



Focus 2

Development of Materials that Give Off Natural White Light

At present, white light is gained from LEDs generally by combining LEDs in the primary colors — red, green, and blue — or by combining a blue LED with a yellow phosphor. The resulting white light, however, is said to be "artificial white" light and still not a natural white light like that of the sun.

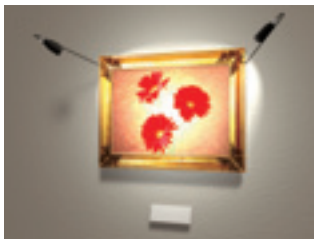
In search of a brighter, more natural white light, MCC succeeded in mass producing phosphors for high-intensity white LEDs, and gallium nitride substrates. Solid-state lighting is already coming into use in large retail stores and exhibit halls, and if a natural white LED can be developed, a revolution in lighting could take place with wider adoption driven by expanded applications.

Comparison of White LED Color Rendering Properties*

Artificial white

Natural white light

* Color rendering properties are the characteristics imparted to the appearance of the colors of an illuminated object.


Exhibition lighting for museums


Display lighting for jewelry and designer goods


Reading lights for airliner passenger compartments

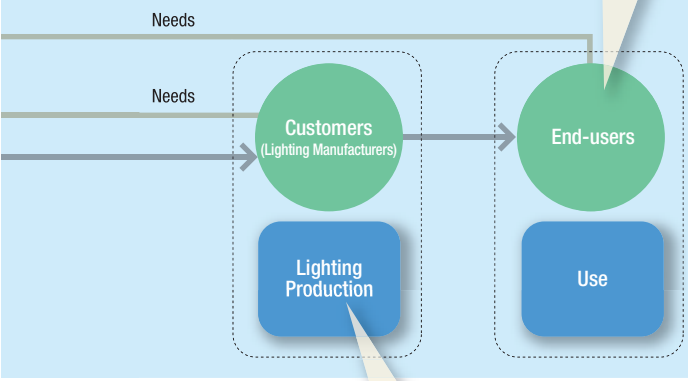

Handheld lighting for performance halls

Focus 4

From Simple Illumination, to Driving a Process: LED Grow Lights

LEDs can be made to provide different colors and light properties depending on the combination of phosphors used.
One example is an LED that gives off only light optimal for photosynthesis in plants. Such LED grow lights could be used to produce completely organic vegetables in plant factories.


Proposed plant factory (model) combining solar cells and LED grow lights



Focus 3

Providing Solutions and High-quality Materials

Applying technology for freely controlling light and color, MCC provides various materials that meet the needs of LED manufacturers through superior brightness and color expression. MCC is also developing a broad range of LED solutions targeting solid-state lighting by creating entire businesses based on LED materials and devices (chips).


White LED

Topics

2007 Phosphor Prize Received for Development of New White LED Phosphor

MCC, received the 2007 Phosphor Prize for jointly developing with the Japan Synchrotron Radiation Research Institute a new Coe green phosphor for white LEDs. This phosphor, through combination with blue and red phosphors, makes it possible to produce high-intensity white light LEDs with excellent color rendering properties.

Topics

White LED Handheld Lights Distributed at Toyako Summit

MCC distributed approximately 4,000 handheld lights at the Toyako Summit, held July 7-9, 2008. This product won praise for the convenience of being able to change the lamp head and even attach a battery fixture for use as a flashlight.

CASE 3

Example: Diagnostic Support Services

Offering Highly Reliable Examination Data for Diagnoses in Physical Examinations

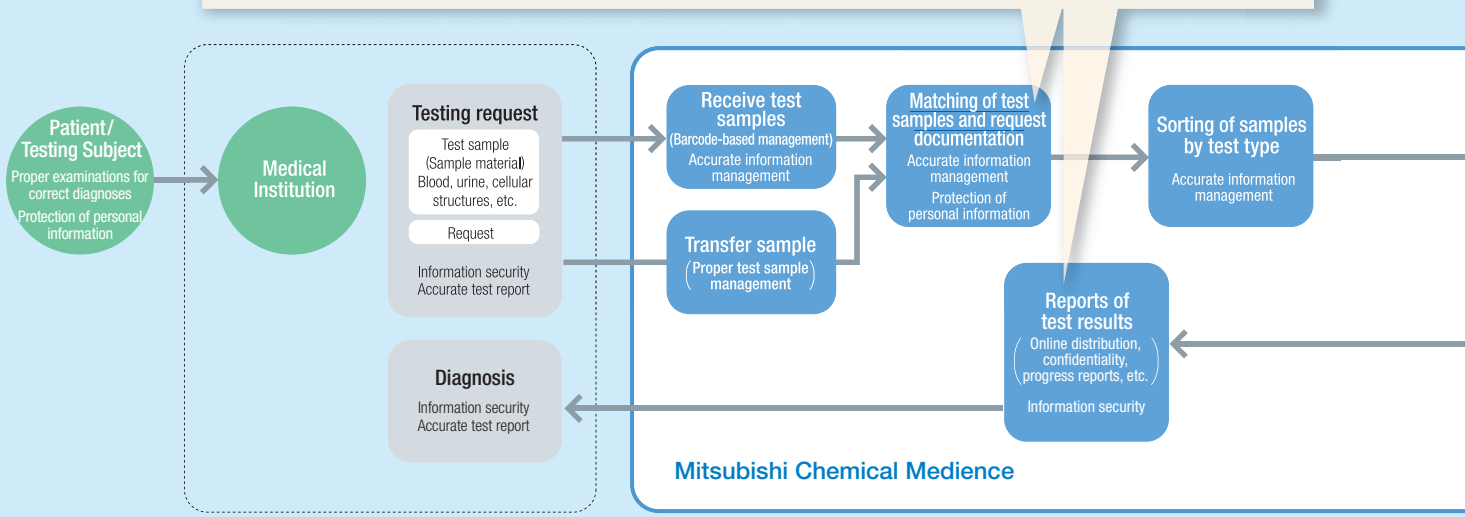
Mitsubishi Chemical Medience uses world-class technology and examination management systems to provide precise examination results. It also offers personal information management services, and disposal services for medical waste related to examination work.

* Mitsubishi Chemical Medience offers various medical services, examples of which include diagnostic testing (clinical testing, and development, manufacturing, and sale of in vitro diagnostic agents and equipment), "medi-chem" services (analysis and testing of drugs and chemicals), and testing-related services (food sanitation and hygiene analysis, dispensing pharmacy and nursing care services, remote imaging interpretation support). Described here are diagnostic support services.

Focus 1

Strict Management of Test Samples as Personal Information

As a matter of standard practice, Mitsubishi Chemical Medience considers both the testing requests and results, and test samples (blood, urine, cellular structures, etc.), received from medical institutions to be personal information and strictly manages them accordingly.
Mitsubishi Chemical Medience has built a personal information protection and management system that reliably protects and manages samples and request documentation at every stage from receipt to transfer, testing, result reporting, sample disposal, and archiving of patient history and other data.



What is clinical testing? What is sample testing?

Testing addressing a patient's physical condition for the purpose of diagnosis and treatment is called "clinical testing." The testing of blood, urine, feces, cellular structures, or matter taken from a patient, as a part of clinical testing, is called "sample testing." Clinical testing is critical for selecting treatment options, monitoring treatment results, and diagnosing diseases at an early stage or preventing them altogether.

Topics

Contributing to the Sound Development of Sports as Japan's Only Anti-doping Testing Institution

Mitsubishi Chemical Medience is the only Japanese anti-doping testing institution certified by the World Anti-Doping Agency (WADA).
Furthermore, having received ISO/IEC17025 certification from Australia's National Association of Testing Authorities (NATA), the results of toxicology and anti-doping tests conducted by Mitsubishi Chemical Medience are used as official testing data throughout the world. At present, WADA has banned the use of over 200 substances, but new performance-enhancing substances appear year after year. Mitsubishi Chemical Medience is continuously enhancing its analytical technologies, and has built a track record of solid performance at countless sporting events.

Focus 2

Building of a Lab Automation System for More Accurate, More Speedy Testing

Mitsubishi Chemical Medience performs 4,000 kinds of testing services to meet modern medical needs for standard testing, genetic and other types of specialized testing, and everything in between. For more accurate and speedy testing, Mitsubishi Chemical Medience has adopted the latest testing equipment and has created a lab automation system that performs everything from sample receipt to registration, sorting, testing, precision management, and reporting in an integrated fashion. Mitsubishi Chemical Medience strives to prevent sample misidentification, and improve the quality of testing data.

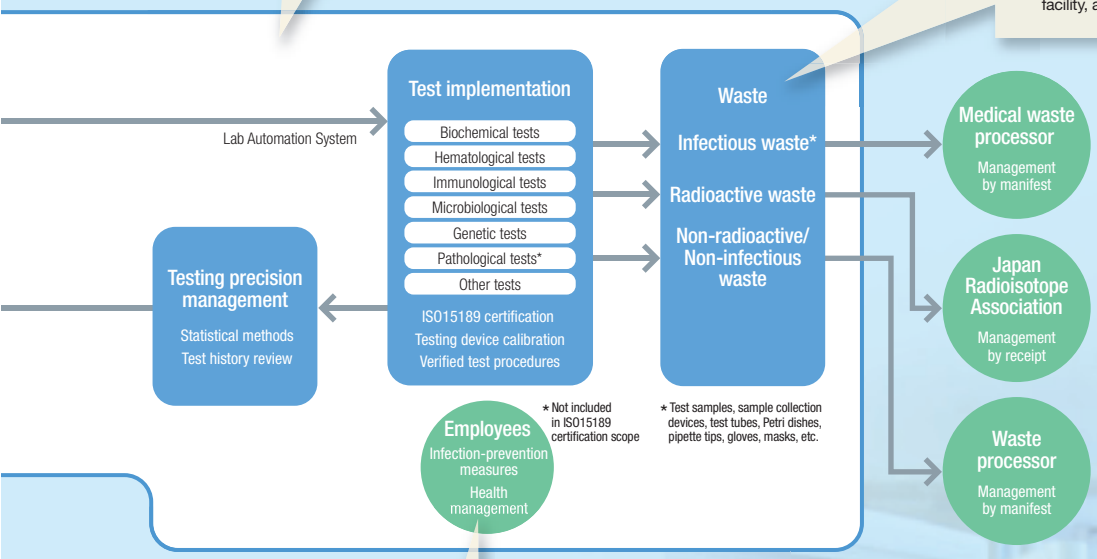
Lab automation system

Focus 4

Proper Disposal of Test-related Waste by Characteristic

Waste from testing includes infectious substances and radioactive waste.
Mitsubishi Chemical Medience properly disposes of testing waste based on environmental, safety, health, and other considerations, as required by law.

Disposal of all infectious waste is confirmed to have been performed exactly as specified in the manifest through on-site observation at the contracted disposal facility, and records of waste disposal are maintained.



Focus 3

Bio-safety Facility Installed for Thorough Infection Prevention

To protect testing personnel from infection, protective clothing and devices are changed depending on the nature of the pathogens being examined, and all pathogen samples are handled in chambers designed to prevent their escape. Measures taken for facilities are supplemented with regular training to enhance knowledge and skills necessary for safely managing pathogens and other hazardous substances.

Testing in a chamber designed to prevent the escape of pathogens

CSR Perspective

The MCC Group engages in dialogues with stakeholders, while meeting its corporate social responsibilities.

Our Approach to Corporate Social Responsibility

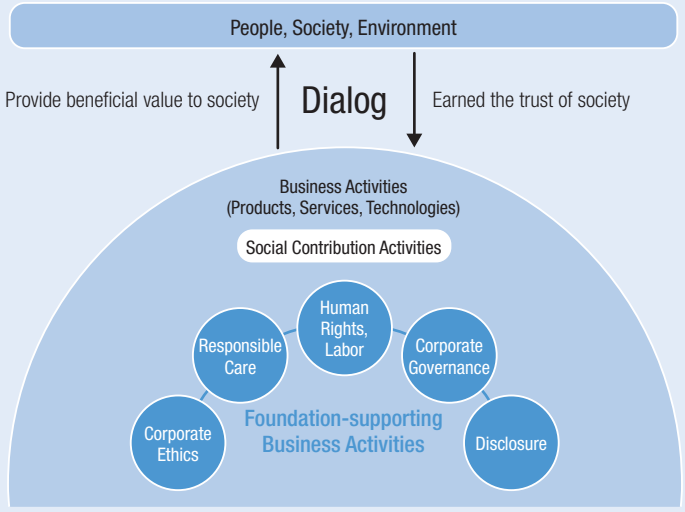
The Mitsubishi Chemical Corporation (MCC) Group, in upholding the Mitsubishi Chemical Holdings Corporation (MCHC) Group philosophy, "Good Chemistry for Tomorrow — Creating better relationships among people, society and our planet," believes its corporate social responsibility (CSR) is to engage in dialogues with stakeholders as it contributes to society through its broad range of products, services, and technologies.

Toward that end, it is essential that the MCC Group create new products, services, and technologies, and pursue business activities in line with guidelines like those presented by the MCHC Group Corporate Ethics*1 and the 10 principles of the UN Global Compact*2. The MCC Group is committed to pursuing business activities underpinned by Responsible Care (RC), corporate ethics (compliance), corporate governance, human rights/labor, and information disclosure (communication).

The MCC Group will continue to strengthen such initiatives providing foundation-supporting business activities, as it creates products, services and technologies in its effort to contribute to the resolution of global environmental problems and international social issues.

*1 The MCHC Group Corporate Ethics can be viewed on the MCHC website.

*2 The 10 principles of the UN Global Compact: Began in July 2000 after Kofi Annan, then UN Secretary-General, made the proposal at the 1999 UN World Environment Forum in Davos, Switzerland. The 10 principals relate to human rights, labor, environment, and anti-corruption and are observed by businesses around the world.



Corporate Governance

The MCC Group aims to strengthen its corporate governance and further enhance its corporate value by ensuring that management decision-making and operations are carried out appropriately and promptly, by clarifying management responsibilities and by making compliance its top priority.

Human Rights/Labor

The MCC Group will respect the human rights and individuality of every person and foster a corporate culture free of discrimination and behavior injurious to human dignity. The Group strives to give individuals opportunities to realize their potential by creating free, open and stimulating work environments based on respect for diverse individual characteristics, by providing fair remuneration and conditions and by fostering reciprocal trust.

RC Activities

The MCC Group regards responsible consideration for the environment, safety and health as the core focus of its Group-level RC activities.

Corporate Ethics

The MCC Group is keenly aware of its corporate social responsibilities and will continue to live up to the expectations and trust of all stakeholders by complying not only with laws and regulations, but also with social rules, including corporate ethics.

Information Disclosure/Communication

As a corporate group committed to openness, the MCC Group will continue to strive to improve public understanding of its business activities by maintaining a high standard of transparency and disclosing accurate information.

Strengthening Corporate Governance

The MCC Group works to strengthen its corporate governance to maintain public trust.

As a Member of the Mitsubishi Chemical Holdings Corporation (MCHC) Group

Mitsubishi Chemical Corporation (MCC), together with Mitsubishi Pharma (now Mitsubishi Tanabe Pharma), established Mitsubishi Chemical Holdings Corporation (MCHC) to be their joint parent company, in October 2005. Both MCC and Mitsubishi Tanabe Pharma are now wholly owned subsidiaries of MCHC. As a member of the MCHC Group, MCC shares the group management policies and strategies established by MCHC and, to meet its compliance, risk management, sound accounting, and other corporate social responsibilities, abides by the MCHC Group policies and rules. MCC actively promotes business measures aimed at enhancing corporate value.

Corporate Governance Views and Structure

MCC regards management decision-making, efficient and timely execution of operations, clarification of management responsibility, strict compliance, and solid risk management as its most important corporate governance concerns, and works to further enhance corporate value.

MCC's fundamental management organs include its Board of Directors, Executive Management Committee, Corporate Auditors, and Board of Auditors. In addition, we introduced an executive officer system to advance the separation of management and execution, and have established internal regulations covering the Board of Directors, as well as other decision-making organs, and the authority of individuals. These initiatives help to ensure efficient and proper management decision-making and execution.

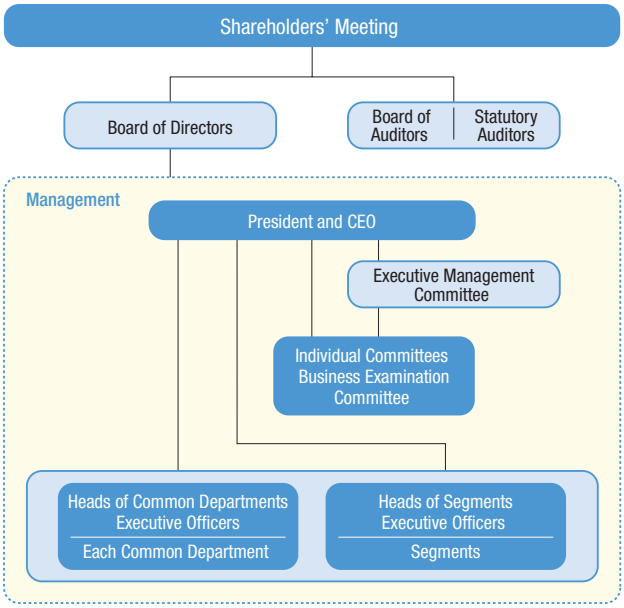
(Board of Directors)
The Board of Directors, based on the Board of Directors Regulations and other related regulations, makes decisions on important MCHC management matters and fundamental Group management matters, and oversees the execution of duties by directors. In principle, the Board of Directors meets once a month.

(Executive Management Committee)
The Management Committee, as an organ for assisting the President and Representative Director in decision-making, discusses investment, financing, and other important matters of business execution for both MCC and the MCC Group companies. Actions related to matters of particular management import discussed by the Management Committee must be approved by the Board of Directors prior to execution. The Management Committee meets twice a month and is composed of the President, standing executive officers, executive representatives of principal direct investees, and statutory auditors.

(Statutory Auditors and Board of Auditors)
MCC's Corporate Auditors and Board of Auditors fulfill the roles of auditors and the audit function. In principle, the Board of Auditors meets once a month. As of June 30, 2008, the Board of Auditors consisted of four statutory auditors, including two external auditors.

(Other)
When MCC's Compliance Promotion Committee, Risk Management Committee, RC Promotion Committee, and other committees and bodies make decisions on important matters, those decisions are either reported to, or submitted for approval by, the Board of Directors or Management Committee.

Management Organization



Internal Control Initiatives

In its May 2006 Board of Directors meeting, MCC adopted the basic policy on an internal control system. After the end of each fiscal year, the implementation status of these policies is examined by the Board of Directors, which also approves policy revisions, as necessary, to ensure the strength and thoroughness of MCC's internal control and risk management systems, among others.

In its fiscal 2007, MCC undertook the introduction of a system for evaluating the status of its financial reporting internal controls, in preparation for the April 1, 2008 implementation of the Financial Products Exchange Law. Furthermore, an April 25, 2008 Board resolution added to the basic policy on the internal control system a requirement to develop a system for ensuring the reliability of financial reporting.

Compliance Enhancement

MCC has established and is implementing its Compliance Promotion Program gradually strengthen compliance throughout the MCC Group.

Strengthening Compliance

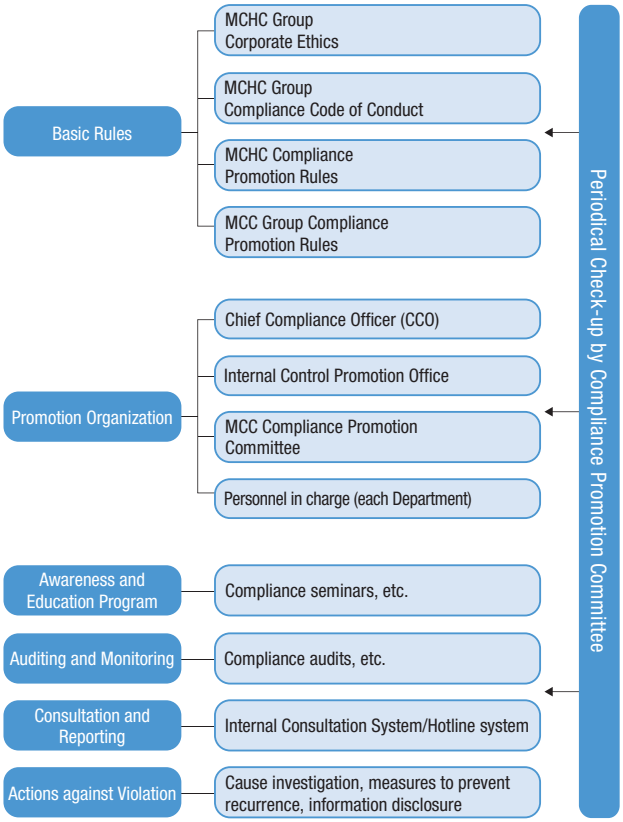
The Mitsubishi Chemical Corporation (MCC) Group sees compliance not just as abiding by laws, but also upholding its own corporate ethics and the rules of society. Positioning compliance as its highest management priority, the MCC Group also upholds the Mitsubishi Chemical Holdings Corporation (MCHC) Group Corporate Ethics* and the MCHC Group Compliance Code of Conduct*, and, based on the MCC Group Compliance Promotion Provisions MCC and related rules setting forth requirements for promoting compliance at the MCC Group, has established its Compliance Promotion Program (Refer to the diagram at right), the proper operation and management of which is a key concern.

* The MCHC Group Corporate Ethics and the MCHC Group Compliance Code of Conduct can be viewed on MCHC's web site.

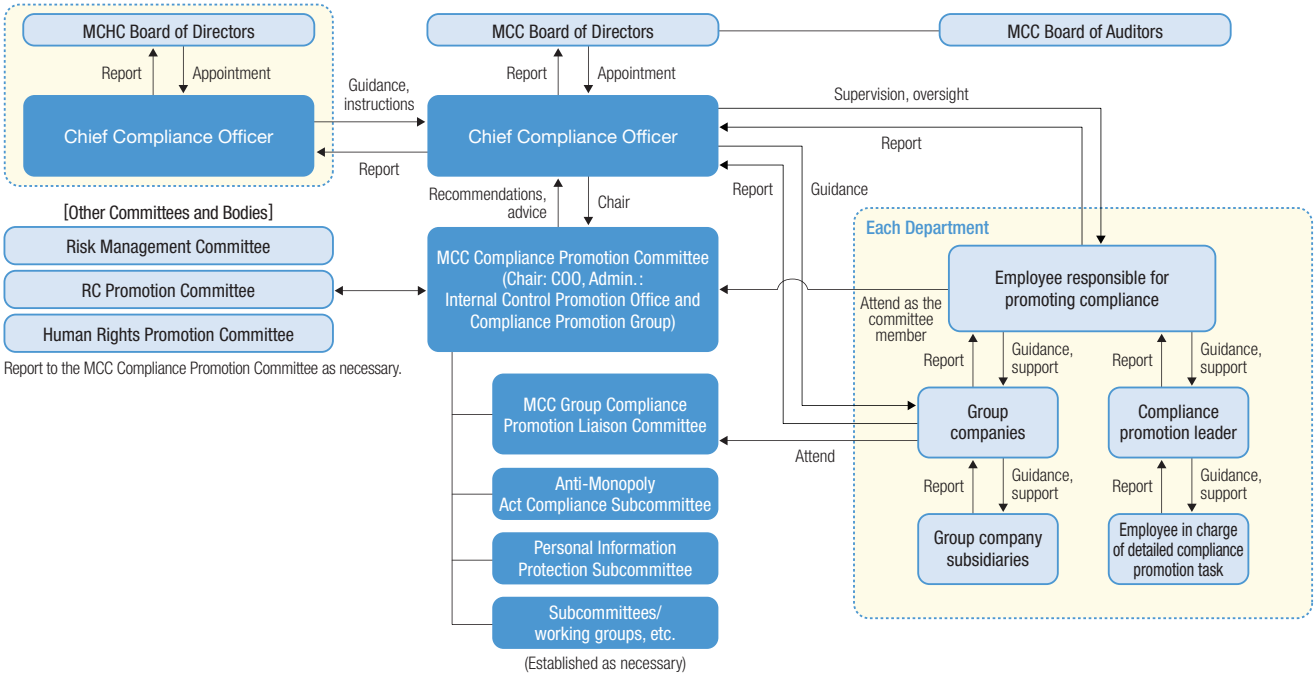
Compliance Promotion System

MCC has established its Compliance Promotion Committee, which is chaired by the Chief Compliance Officer CCO), who is appointed by the Board of Directors. In addition, individual departments have a person who is responsible for promoting compliance, a compliance promotion leader, and a person in charge of detailed compliance promotion tasks, all of whom strive to promote and enhance compliance in daily work.

Compliance Promotion Program



Compliance Promotion System



Introduction and Operation of a Hotline System

In 2002, the MCC Group introduced a compliance hotline for receiving questions or reports regarding compliance-related matters. Callers to this hotline are connected to either the head of the Internal Control Promotion Office or an outside attorney. The MCC Group is working to further the proper operation and awareness of this hotline.

Those using the hotline are guaranteed confidentiality, privacy, protection of human rights, and immunity from being disadvantaged in any way. Information received through the hotline is investigated by a team led by the head of the Internal Control Promotion Office. If a problem is found to exist, timely remedial action will be taken and verified under the direction of the CCO.

Second Compliance Awareness Survey

The MCC Group conducted its second compliance awareness survey in October 2007. This survey was aimed at MCC Group employees in Japan, who number approximately 30,000 in all.

In addition, for an objective assessment of the status of compliance within the Group, studies comparing the Group to competitors were conducted and Group companies completed self-evaluations. Both were then assessed by outside parties. In the future, the MCC Group will continue to use such studies and assessments, and perform regular surveys, to further its compliance activities.

Redoubling of Training Initiatives for All Group Employees

Working through individual employees and Compliance Promotion Specialists, the MCC Group is redoubling compliance seminar initiatives for all Group employees, including part-time and contract employees. Additionally, in fiscal 2007, e-learning courses were established for self-study.

Ethics Training for Researchers

The MCC Group's Mitsubishi Chemical Group Science and Technology Research Center began conducting ethics training for researchers in November 2007. This training is for MCHC Group researchers and is comprised primarily of talks given by outside experts.

Seminar for Compliance Promotion Officers

Beginning with fiscal 2007, the MCC Group increased the number of seminar sessions it holds for Compliance Promotion Specialists from one, to two per year. These training sessions assemble Compliance Promotion Specialists from all of the Group's 48 members and are aimed at improving skills and promoting the sharing of information.

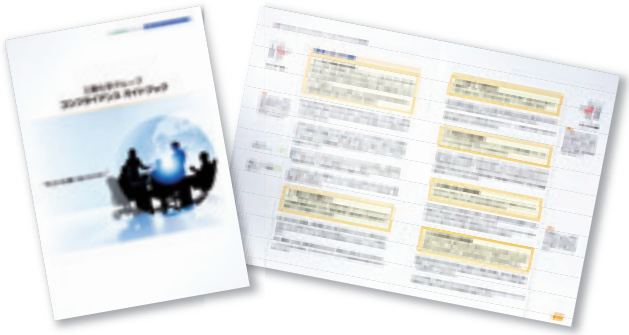
Seminar for Compliance Promotion Officers

Compliance Forum

MCC has established and is working to enhance a database of compliance-related information on its intranet. This database, known as the Compliance Forum, includes examples of compliance violations, FAQs, and content that Group member Compliance Promotion Specialists can use to prepare training programs, lectures, etc.

Compliance Guidebooks Revised

The MCHC Group, in line with the 10 principles of the UN Global Compact, which it became a party to in fiscal 2006, added the elimination of forced labor and the abolition of child labor to the MCHC Group Compliance Code of Conduct in April 2008. At the same time, it also incorporated language addressing work-life balance. In light of these revisions, the MCC Group revised its Compliance Guidebooks, which were originally prepared in fiscal 2005. Revised guidebooks were issued to all employees after revisions were implemented in April 2008.



Enhancing Risk Management

The MCC Group has implemented a system for correctly identifying and evaluating risks, and is working to avert major risks and ensure proper responses to risks that become real problems.

Risk Management Systems

The Mitsubishi Chemical Corporation (MCC) Group, as required by the Mitsubishi Chemical Holdings Corporation (MCHC) Group Risk Management Basic Policy, implemented the MCC Risk Management Policy in May 2006. The purpose of these provisions is to prevent major risks to Group business activities and minimize damage in the eventuality that such risks materialize.

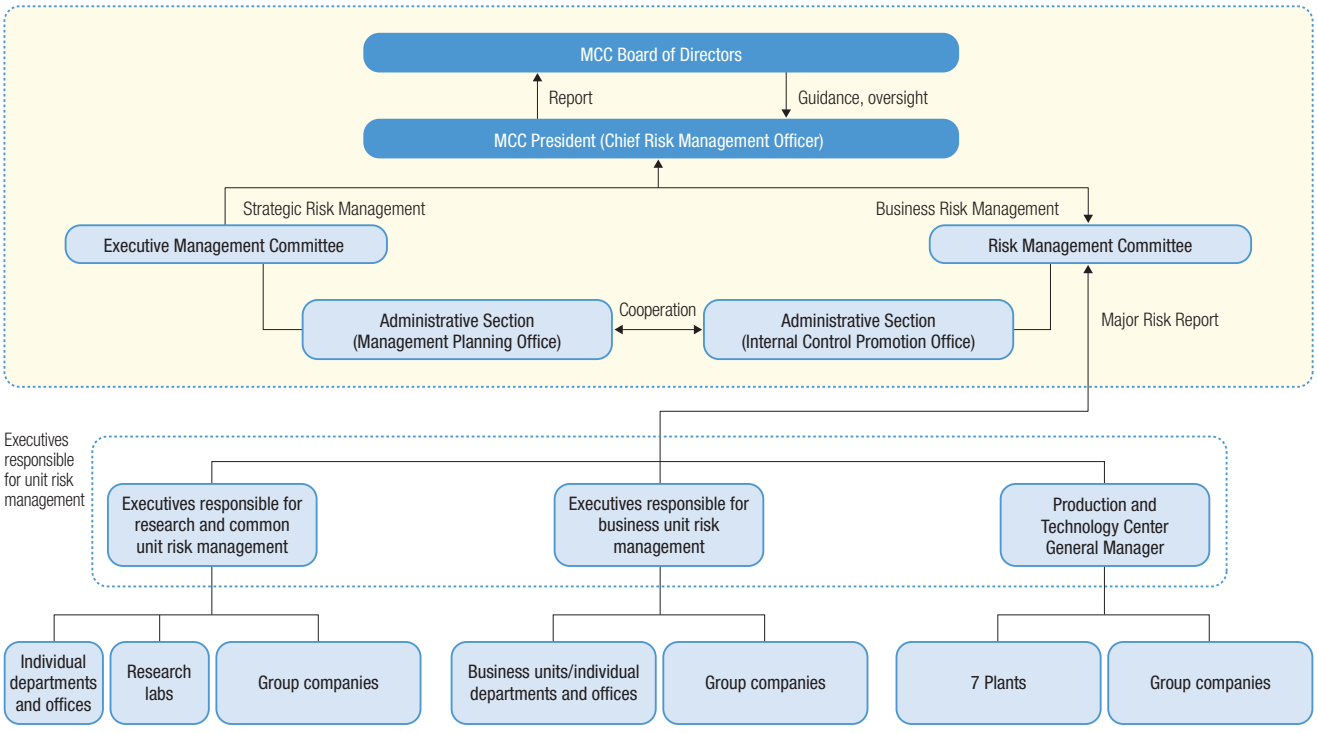
The MCC Group's risk management efforts are led by its President, who acts as the Chief Risk Management Officer. In this capacity, the President works to maintain the MCC Group risk management system, and preserve and enhance the corporate value of the entire Group through the proper and efficient operation of that system. In addition, executives heading research and production, business operation, technology, and other units, as the principal parties responsible for unit risk management, ensure that risk management systems for their units are in place and functioning, and provide guidance and support on the implementation and operation of risk management systems for the Group company with which they are associated. In addition, to ensure effective risk management, the Risk Management Committee has been established, and meets regularly, to provide decision-making support to the President in his capacity as the person responsible for risk management. The Risk Management Committee is comprised of the person responsible for risk management and executives responsible for unit risk management, and deliberates on important risk management matters for the MCC Group.

Identification of Major Risks

MCC's divisions and departments, and Group companies identify and assess the risks they are facing once a year. Risks are identified and assessed in three categories — external risks from sources like natural disasters, market trends, and the legal and regulatory environment; business process risks from sources like production, financing, and marketing activities; internal risks from sources like governance and human resource factors.

In assessing these risks, a matrix is prepared with horizontal scales for financial losses, human losses, losses of public trust, etc., and vertical scales for frequency of occurrence. Risks are then mapped on this matrix and those judged to be major are reported to the Risk Management Committee and the MCHC Group's CSR Committee meetings.

MCC Group Risk Management System



Preparation of a BCP for Model Products

Business Continuity Plans (BCPs) have gained attention as important tools for continuing or quickly restoring operations, and minimizing negative impacts on customers and business partners in the aftermath of a natural disaster, accident, or other calamity.

The MCC Group began developing its BCP in 2007 as another measure for meeting its corporate social responsibilities. To do so, model products were selected from among those threatened by the impacts of a major earthquake in Japan's Tokai or Tonankai regions, and a BCP was formulated.

In fiscal 2008, BCP preparation guidelines presenting the MCC Group's ideas on, and requirements for, BCP preparation will be assembled.

Preparation of a Manual for Responding to New and Virulent Flu Strains

Given the multiple overseas cases in which people have become infected with bird flu, and other such developments, the possibility of a pandemic of a new type of influenza has become a major concern.

To minimize the damage from such an event, MCC prepared a manual in 2006 to help employees on long-term overseas assignments and those on overseas business trips deal with the possibility of infection by a new strain of influenza. It followed that up with a similar manual for employees in Japan, in November 2007.

These manuals include measures for dealing with new flu strains and phase-based action plans specified by the World Health Organization (WHO). The MCC head office and production plants are moving forward with steps like establishing systems in preparation for an outbreak of a new flu strain, as specified in the appropriate manuals; preparing stores of masks, hand sanitizers, and other key items; and distributing leaflets to provide employees with critical information.

Ongoing Information System Security Measures

While the aggressive use of IT improves work efficiency, it also carries with it the threat of information leaks and other problems. The MCC Group, therefore, has moved to maintain and enhance its Group network safety and efficiency by formulating the MCC Group Network Security Policy in January 2005, and by complying with the MCHC Group Network Policy, prepared in September 2007.

The MCC Group also formulated the MCC Group Information System Security Policy in April 2005. These policies set forth information system security management and information storage management standards. By continuously calling for compliance with these policies, and through other steps aimed at achieving thorough knowledge and understanding of these policies among all employees, the MCC Group is striving to ensure that information is properly managed according to security level.

Protecting Personal Information

The proper management of customer and business partner personal information gained through business activities is one of the most important social responsibilities for a company.

MCC adopted its privacy policy and rules concerning the handling of personal information in March 2005, the same month in which the law concerning the protection of personal information came into effect, and is working to strengthen its management systems through steps like ensuring that all employees thoroughly understand these policies and rules.

- Privacy Policy
http://www.m-kagaku.co.jp/english/aboutsite/privacy.html

RC Promotion Organization

As a chemical company group providing a wide range of materials, products, and systems to a broad array of industries, the MCC Group is actively promoting RC activities.

Basic Ideas on Responsible Care (RC) Activities*

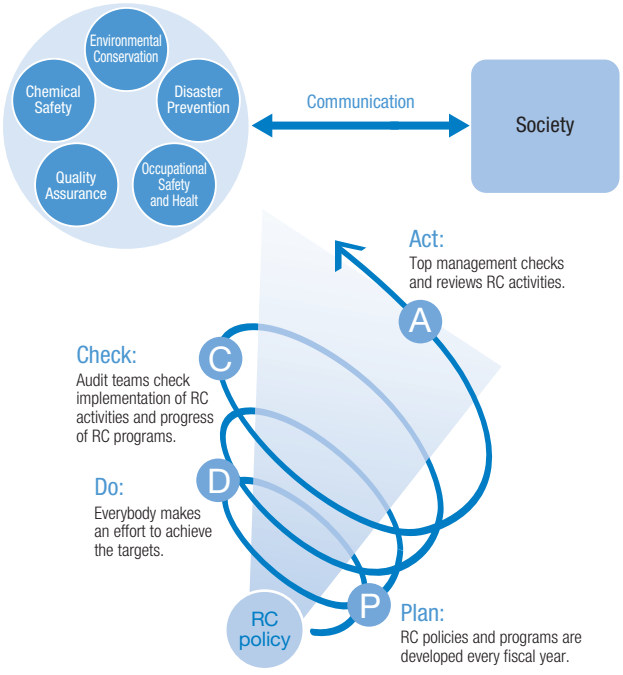
Providing stable product supplies, ensuring those products are of high quality and safe, providing safe and healthy work environments, and promoting operations with low environmental loads are important social responsibilities for a chemical company group that has facilities throughout the world, and provides a wide range of materials, products, and systems to a broad array of industries.

The Mitsubishi Chemical Corporation (MCC) Group was one of the initial participants in the Japan Responsible Care Council (JRCC), which was founded in 1995 to promote RC activities — voluntary chemical industry initiatives aimed at improving environmental, health, and safety conditions. While promoting dialogue, inside and outside the company, in five key areas — Environmental conservation, disaster prevention, occupational safety and health, quality assurance and chemical/product safety — the MCC Group is striving to enhance its trust-based relationship with society and contribute to the building of a sustainable society.

* Responsible Care (RC) is a set of voluntary self-management practices under which businesses that use chemicals work to protect the environment, safety and health throughout the life cycles of chemical products, from development and manufacture to distribution, use and final disposal. The concept, which was first introduced in Canada in 1985 and has since spread to 53 countries (as of June 30, 2008), also encompasses a commitment to inform the public about the outcomes of activities through dialog and communication. In Japan, the Japan Responsible Care Council (JRCC) coordinates the activities of 103 (as of June 30, 2008) member companies.

Responsible Care

The five core components of the MCC Group's RC activities



MCC Group – RC Promotion Policy

1. The environment and safety are core focuses of our business activities.
2. We are committed to customer confidence and quality assurance.
3. Our targets for accidents and workplace injuries are zero.
4. We will work to minimize waste and chemical emissions.
5. We will work to conserve resources and energy.
6. We will develop technologies and products that contribute to the environment and safety.
7. We will work to enhance our public reputation.

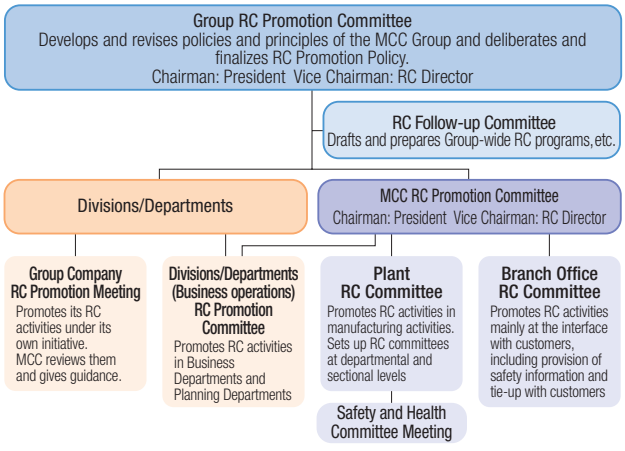
MCC Group RC Promotion Organization

The MCC Group RC Promotion Committee is held once a year. Chaired by MCC's President, the conference is attended by executives in charge of research, production, business operations, and common departments, and is used to discuss and make decisions on RC activity plans for the entire Group, and check the progress of the RC activity PDCA (Plan-Do-Check-Act) cycle.

Working from directions and plans established at the conference, MCC's various departments and group companies formulate action plans tailored to the substance, type, and specifics of their business activities, and implement RC activities.

At the fiscal 2007 RC Promotion Committee (held in May 2008), the direction for RC activities in the new *APTSIS 10* mid-term management plan were discussed and approved. Given the shortcomings resulting in the major accident (Refer to P5-6) that occurred in fiscal 2007, fiscal 2008 activities are focused on reemphasizing "safety first" awareness, as well as matters like the ongoing pursuit of global warming prevention measures and compliance with international chemical substance safety regulations.

RC Promotion Organizational Structure of the MCC Group



For more information on ISO14001 certification status, ISO9001 certification status, OHSMS18001 certification status, a Responsible Care / ISO comparison, and MCC's RC Promotion System please refer to **P53-54.**

Mitsubishi Chemical Responsible Care Activities

Kenichi Uno

Representative Director,
Member of the Board,
Managing Executive Officer
General Manager,
Technology
and Production Center
Mitsubishi Chemical Corporation

MCC has been a participant on the Japan Responsible Care Council (JRCC) since its establishment in 1995, and, together with its Group companies, has pursued a wide variety of RC activities. RC activities are voluntary initiatives focused on improving environmental, safety, and health conditions throughout the chemical product life cycle, and publicly disclosing information on those initiatives. I regard RC activities as an indispensable aspect of a chemical company's efforts to meet its social responsibilities.

With fiscal 2007 the last year of Kakushin Plan: Phase 2, the mid-term management plan implemented in 2005, production unit activities for that fiscal year focused on accelerating, and enhancing, efforts to expand and more fully implement at group companies initiatives in each of the five RC activity key areas — Environmental conservation, disaster prevention, occupational safety and health, quality assurance, and chemical/product safety.

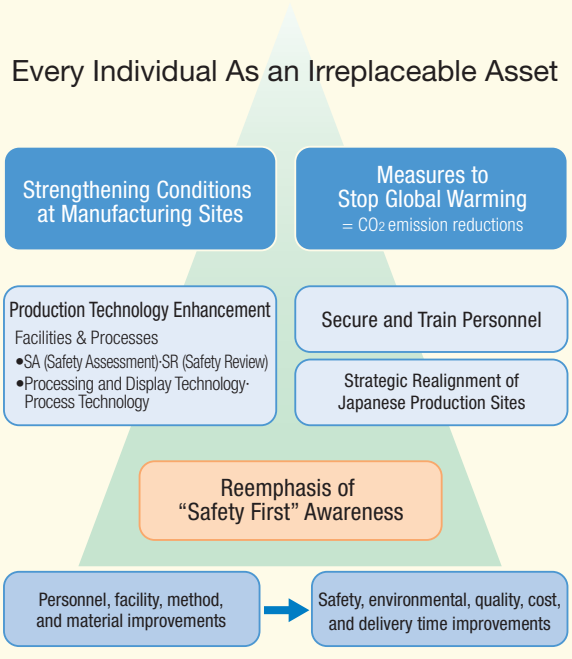
Despite our efforts, however, we failed to achieve our occupational safety and health objective of a 0.1% or lower lost time injury frequency. Furthermore, regarding safety, we suffered a tank rupture accident at a Yokkaichi group company in May 2007 and a tragic accident that took the lives of four employees of an affiliate at the Kashima Plant in December 2007 (Refer to P5-6). These accidents, I believe, were partially caused by inadequate pursuit of RC activities at production sites and insufficient attention to safety.

Against that background, the MCC Group will reemphasize "safety first" awareness and improve conditions at our production sites under *APTSIS 10*, Mitsubishi Chemical Holdings Corporation Group's new 3-year, mid-term management plan, which begins in fiscal 2008.

In terms of reemphasizing safety as our top concern, we are, of course, taking company wide steps to prevent another accident like the one at the Kashima Plant. But we are also concentrating on unifying standards, revising audit methods for checking the status of activities, and taking other management and awareness improvement steps. In addition, to safely manufacture outstanding products, we are returning to a basic appreciation of the importance of acute safety awareness and facility expertise on the part of individual production workers, and working to develop personnel with solid knowledge of production processes and facilities, strengthening abilities to accurately identify and resolve problems in production facilities. We are, in other words, improving conditions at our manufacturing sites by enhancing professional and problem-solving abilities on plant floors.

Under new *APTSIS 10* mid-term management plan, we are also advancing measures to combat global warming. As a new companywide project, we have assembled a group to focus on advancing introduction of energy saving, environmentally friendly technologies to make our plants even more energy efficient. To help reduce energy consumption in offices and homes, we are planning to implement a broad range of activities, like ones aimed at enhancing awareness among all MCC Group company employees.

Every Individual As an Irreplaceable Asset



RC Promotion Organization

MCC's RC Activity Promotion Organization

The Mitsubishi Chemical Corporation (MCC) RC Promotion Committee, which is chaired by the General Manager of the Production and Technology Center and attended by the heads of production cover research, marketing, business operation, and common units, is held once a year. At this gathering, results for the fiscal year and overall plans for the coming fiscal year are discussed and approved based on the Group's direction with regard RC activities.

Group Company RC Activity Promotion Organization

Like MCC, individual Group companies have introduced systems aimed at efficiently promoting RC activities in ways consistent with their business operations, and are pursuing RC activities. MCC conducts regular interviews to check the status of Group company activities and provides guidance.

Overseas Group RC Conferences

The MCC Group began holding Overseas RC Conferences, aimed at promoting RC activities, together with overseas Group companies in fiscal 2004.

In fiscal 2007, one conference was held in July in Singapore and another was held in October in the US. These conferences provided MCC with an opportunity to ask participating companies to fully embrace its direction for Group RC activities. They also provided a forum for individual companies to report on examples of their own RC activities and results, issues, and the legal environments.

Database on Environmental Conservation, and Safety and Security

MCC has created the Environment, Safety, and Security Database to support RC activities. Use of this database for various purposes ranging from product development, to production will result in the sharing and management of RC information.

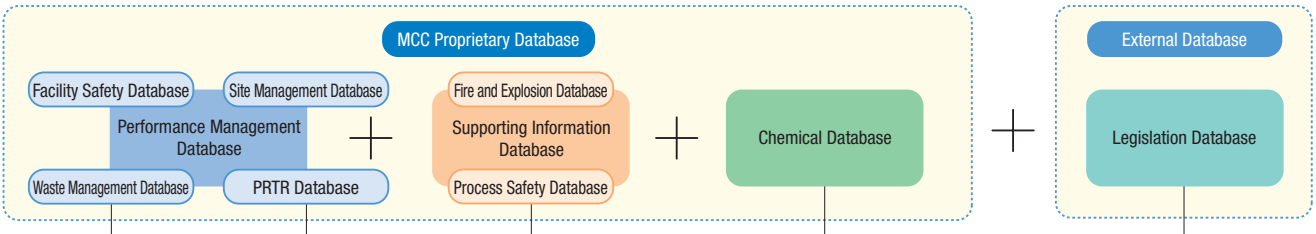
RC Audits

MCC conducts RC audits of production, research, and marketing facilities, and business operation units. However, after the tragic Kashima Plant accident at the end of 2007, the RC audit system and methods were revised for application beginning in 2008.

As a result of these revisions, all production sites will be subject to on-site safety inspections by the President beginning in February 2008. In addition, executives in charge of RC will also inspect all production sites to determine whether "safety first" awareness is being reemphasized as called for. Afterward, they will meet with plant managers, and the heads of management and production units to identify issues and implement responses.

Furthermore, the RC Audit Team was created. Headed by the head office Environmental Safety and Quality Assurance Department Manager, the RC Audit Team checked the implementation status of production site and research lab safety measures adopted following the Kashima Plant accident. Through these checks and actions, like worksite-focused audits that resulted in needed improvements, the RC Audit Team has endeavored to improve RC performance.

Environment, Facility Safety Database



Waste Management Database
The Waste Management Database centralizes daily waste management activities and tracks generation, treatment and disposal of wastes. This database helps every workplace tackle high-priority targets and track results of waste management activities.

PRTR Database
The PRTR Database enables the MCC Group to centrally control all steps required by the PRTR scheme, namely monitoring and recording chemical releases by facilities and preparing reports to register.

Process Safety Database
Developed for the purpose of examining process safety, this database collects information on chemical substances handled at plants. In addition to safety data (MSDSs, explosion risk, accident examples, chemical engineering properties and estimates, hazard level and toxicity, and solvent selection), it also makes it possible to view training materials and safety information survey guidelines (hazardous substance, reaction danger, accident examples).

Chemical Database
The Chemical Database stores information on about 180,000 chemicals, including their physiochemical characteristics and their hazardous impacts on people and animals. It also enables employees to search for information on laws and regulations of a number of nations easily and swiftly.

Legislation Database
We need to thoroughly understand the significance of legal compliance when carrying our business operations. Our Legislation Database enables us to promptly and accurately search for relevant provisions. The database also gives clear explanations about provisions and links to other related laws and regulations, helping employees to eliminate any gaps in legal compliance.

Quality Assurance

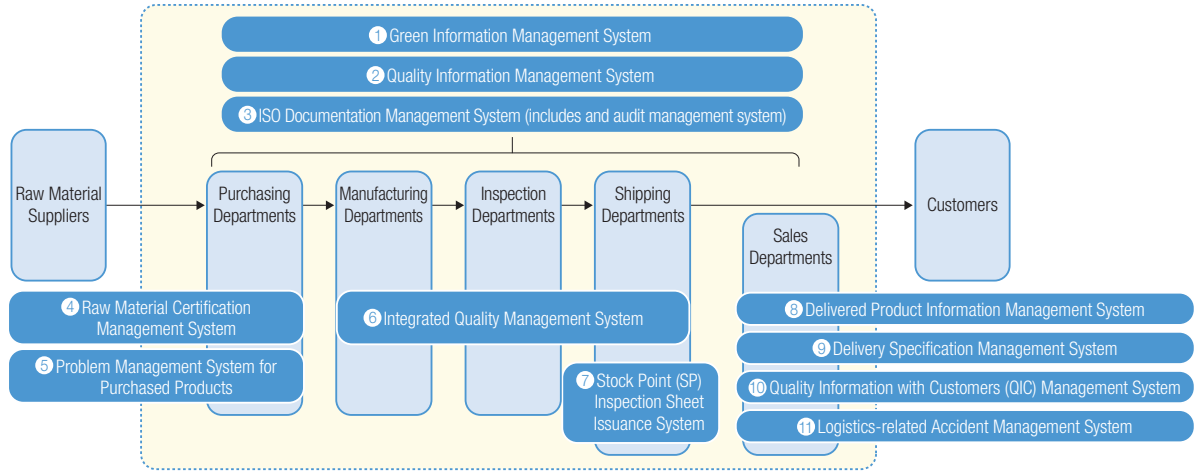
MCC manages product and quality information across entire product life cycles to deliver safety and security to customers.

To Further Improve Quality

In pursuit of its duty as a chemical company providing a broad array of products to customers in a wide range of industries, Mitsubishi Chemical Corporation (MCC) strives to prevent quality and product liability problems, and seeks to increase customer satisfaction through the delivery of safe, secure products.

MCC gained the ISO9001 international quality management system certification for all of its production sites by 1996. It also began collecting customer feedback on raw materials and products, the quality of packaging materials, and product quality on a companywide basis in 1997, and has been developing and operating a management system for rapidly delivering and applying this information (Refer to the diagram below.). Furthermore, in fiscal 2006, MCC began operation of its Green Information Management System for sharing information on substances included in products among suppliers, customers, and others in the supply chain in an effort to further improve product safety and security.

Product Information Management System



Explaining the System

System	Description
①Green Information Management System	This system allows products composition information to be supplied to customers in a timely manner. At each stage, from raw material procurement to manufacturing and shipping, of finished products, information about the special management substances contained in each product is efficiently compiled, analyzed and managed.
②Quality Information Management System	This system enables efficient implementation of the Plan-Do-Check-Act (PDCA) cycle by ensuring prompt sharing of information on process quality problems or changes, including changes in the 4M areas (management resources impacting quality derived from Man, Material, Machine, and Method).
③ISO Documentation Management System (includes an audit management system)	This system supports the systematic management of documentation for ISO and other management standards to allow efficient access by the relevant departments. It also ensures the prompt dissemination of up-to-date information. By using this system in conjunction with auditing and management structures, we have been able to establish a PDCA cycle that is helping to raise the standard of information management.
④Raw Material Certification Management System	This system helps to maintain raw material quality through checking and certification of raw materials manufacturers. It also ensures that purchase specifications are efficiently managed.
⑤Problem Management System for Purchased Products	This system helps to improve the quality of raw materials and packaging through a PDCA cycle based on the efficient resolution of quality problems relating to these areas.
⑥Integrated Quality Management System	This system supports central and integrated management and sharing of product process/environment/inspection data. Information can also be managed through statistical analysis and the issuance of inspection sheets.
⑦Stock Point (SP) Inspection Sheet Issuance System	This system is designed to prevent shipment errors through the issuance of inspection sheets, which are used to check products management specifications for each customer's requirements before shipment from stock points.
⑧Delivered Product Information Management System	This system supports company-wide sharing of quality information obtained through records of translations with each customer, enabling the information to be used effectively in manufacturing and sales activities.
⑨Delivery Specification Management System	This system is used to manage delivery specifications for each product and each customer. It ensures a prompt response when customers establish or amend specifications.
⑩Quality Information with Customers (QIC) Management System *QIC: Quality Information with Customers	This system is used to analyze centrally managed product quality information received from customers to ensure that required actions are implemented promptly and appropriately. In addition to claims, the system is also used to raise customer satisfaction through management of complaints and requests.
⑪Logistics-related Accident Management System	Information about logistics-related accidents that occur between the shipment of goods and their delivery to customers is shared through this system to facilitate a timely response to problems. The information is catalogued and analyzed in times of trouble, creating a resource that is used to find ways to prevent recurrences.

Quality Assurance

Green Information Management System

As demonstrated by the EU's ELV Directive*1, RoHS Directive*2, and REACH regulations*3, demands that chemical substances included in products be properly managed on a product-by-product basis and at every stage of the product life cycle, and that information be disclosed are growing on a global basis.

To properly comply with these directives and regulations, Mitsubishi Chemical Corporation (MCC) began operation of its Green Information Management System in fiscal 2006. The purpose of this system is to efficiently manage and communicate, on a product-by-product basis, information on chemical substances that require special management. In addition, MCC is now using the Green Information Management System as a key resource in preparations for compliance with the Joint Article Management Promotion-consortium (movement aimed at communicating information on chemical substances included in products), which various Japanese industry sectors have been cooperating to promote in recent years.

*1 ELV Directive: The EU's "End of Life Vehicles," or ELV, Directive limits the use of certain hazardous substances in automobiles and promotes the smooth recycling of vehicles that are no longer needed. It prohibits the use of heavy metals (lead, cadmium, mercury, and hexavalent chrome), except for those for which there are no practical substitution technologies, in new vehicles registered on or after July 1, 2003.

*2 RoHS Directive: The EU's "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment," or RoHS, Directive, prohibits the use of certain substances in electrical and electronic equipment sold in the EU, and requires manufacturers to eliminate the use of heavy metals (lead, cadmium, mercury, and hexavalent chrome) and certain aromatic flame retardants (PBB and PBDE). The RoHS Directive took effect in July 2006.

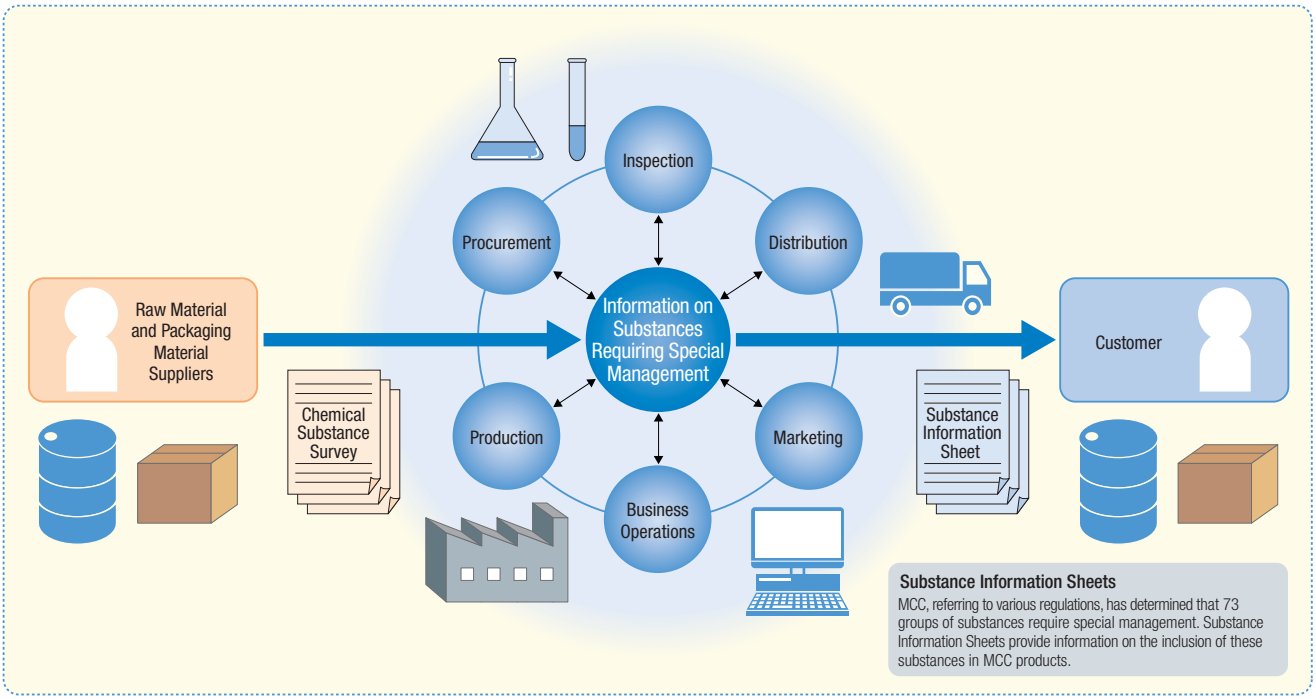
*3 REACH: The EU's "Registration, Evaluation & Authorization of Chemicals," also known as "REACH," are a set of new chemical substance regulations that require manufacturers and importers to evaluate the safety of chemical substances and, through a registration system, limit the use of highly dangerous substances. REACH took effect in June 2007.

VOICE

Kazuo Shirosaki
Quality Assurance Department Manager
Kurosaki Plant

At the Kurosaki Plant, we manufacture approximately 80 types of performance and chemical products. That's more than are handled by other plants. The total number of principal raw materials and packaging materials used for those products comes to approximately 1200, and, with the cooperation of related units, we perform Green Surveys for all of them. Recently, we have been receiving an increasing number of Green Survey requests from customers, and we are using the Green Information Management System to swiftly provide customers with highly reliable information.

Green Information Management System



Substance Information Sheets
MCC, referring to various regulations, has determined that 73 groups of substances require special management. Substance Information Sheets provide information on the inclusion of these substances in MCC products.

Fiscal 2007 Activity Results and Fiscal 2008 Plan

Of 21 fiscal 2007 objectives, 14 were achieved, 4 were nearly achieved, and 3 have unresolved issues. For fiscal 2008, further performance improvements are planned.

[Self-Evaluation] ★★★: Achieved ★★: Mostly achieved ★: Further effort needed

RC Item	Priorities	Target for Fiscal 2007	Performance	Assessment	Target for Fiscal 2008	Page
RC Communication	Promotion of Group-wide implementation of RC activities Development of safety culture	Continuation and reinforcement of Group RC information exchange meetings Continuation of RC hearings for Group companies Continuation of RC Meetings (Overseas) Continuation of Group RC and Safety Conference	8 information exchange meetings held RC hearings for held for Group company 19 companies Held in July for 25 Asian companies, and in October for 7 North American companies Held 2 conferences in December for 59 companies	★★★	Continue to hold information exchange meetings Move on from RC hearings to RC audits Continue holding Continue holding	P21-23
	Promotion of communications	Enhancement of the Mitsubishi Chemical Corporation(MCC) Group RC Report	MCC Group RC report, plant site reports and, Group company RC reports issued (13 companies)	★★★	Change from RC reports to CSR reports	P38, P39
Occupational Safety and Health	Prevention of occupational accidents	Lost time injury frequency <0.1 Increased efforts targeting companies with high occupational accident rates	Lost time injury frequency: 0.49 (17 lost time injuryaccidents) Meetings held to examine results at each group	★	Lost time injury frequency <0.1	P34
	Occupational health management	Stress reduction initiatives, etc.	Created self-check system using a simple stress questionnaire	★★★	Introduction of mental health education in job-level training	P35
		Expansion of health checks for retirees (including not only asbestos but also other substances listed in health service passbooks)	Enlisted 11 new retirees in the health management system	★★★	Ongoing implementation of health checks for retirees who request them	P35
		Continuing studies on replacement of items that contain asbestos	Continuing studies	★★★	Continuing studies	P35
Disaster Prevention	Achievement of zero facility-related accidents	Prioritized facility inspections based on lessons learned from accidents	Implemented as planned, but six accidents occurred in other units	★	Reemphasize “safety first” awareness.	P36
		Identification of causes of risks, continued follow-up of individual themes	Implemented at each plant	★★★	Continue implementing	P36
		Continue implementing the 3-year facility inpection tightening program with awareness that this is the final year	Implemented as planned Completed inspections of facilities that had not been inspected and high-voltage equipment	★★★	Continue implementing remainder of plan	P36
		Voluntary safety approval	Kurosaki Plant newly certified (December 2007) Kashima Plant certification canceled	★	Certification renewal scheduled for Yokkaichi Plant and Mizushima Plant	–
Environmental Conservation	Prevention of environmental accidents and problems	Maintenance of zero environmental accident record	Zero environmental accidents, but experienced minor problems	★★	Zero environmental accidents, zero problems	–
	Reduction of PRTR substance emissions	Implementation of countermeasures focusing on environmental concentrations	Reductions proceeded as planned, but benzene emissions not previously noted were discovered at the Sakaide Plant	★★	Continue, with emphasis on benzene measures	P47
	Reduction of VOC emissions	Continuing implementation of reduction plan	Facility measures proceeded as planned (Emissions reduced by 300t)	★★★	Advance facility measures being planned	P47
	Reduction of landfill disposals Effort to achieve zero emissions	Continuing efforts to reduce disposals at landfills by 20%/year	Landfill disposal for the entire Group reduced 33% versus the prior fiscal year	★★★	Continue reducing landfill disposal by 20%/yr advance plans for individual companies	P49
	Global warming countermeasures (CO_2 reduction)	Continuing promotion of energy conservation	The Energy-efficiency Environmental Technology Group established as a specialized unit	★★	Launch project covering all plants	P42
		3% improvement in transportation-related energy consumption per unit over three years	Energy consumption per unit reduced 3%	★★★	Implement plans for individual companies and units	P46
		Promotion of energy conservation in offices	Promotion system created Searched for a tracking tool for home energy consumption	★★	Promote the turning off lights at lunch and when leaving for the day, paper consumption reduction, and other activities	P46
Chemical Safety/ Quality Assurance	Compliance with international chemical safety regulations	Implementation of GHS classified labeling on all products by fiscal 2008, creation of material safety data sheets (MSDS) by 2010	In preparation for GHS classified labeling, conducted surveys to gather information on product contents and their dangers and toxicity. Began considering development of a system for preparing GHS-compliant MSDS	★★★	Develop and implement system for preparing GHS-compliant MSDS	P51
		Implementation of REACH project, preparation for registration by June 2008	Conducted product surveys for preliminary registrations, and submitted requests to a registration agent	★★★	Perform preliminary registrations and prepare for regular registrations	P29, P52
	Establishment and implementation of green management	Continued operation	Began examining system operations and improvements	★★★	Continue operating and improving systems	P25
	Computerization of product information management systems	Continued operation	Began examining system improvements while maintaining current operations, and development of a new system	★★★	Continue operating and improving systems	P24

VOICE

To Reemphasize "Safety First" Awareness

With deep regrets for the loss of four precious lives, MCC is has pulled together in reemphasizing "safety first" awareness.

Taking a Lesson from a Fatal Accident, We Have Made It Our Mission to Build Plants That Are Safe and Secure.

Yashiro Kajiwara
Executive Officer
General Manager,
Kashima Plant

Regarding the 2007 Accident

In December 2007, a major accident and fire occurred in the No. 2 ethylene production facility at the Kashima Plant. The lives of four employees of an affiliate were lost as a result of that fire.

I would like to express our most heartfelt condolences for the loss of these lives and to offer a sincere apology to the families of these workers. I would also like to apologize to local residents, business partners, and related organizations for the great distress and anxiety we caused for them.

Implementation of Recurrence Prevention Measures

Fully appreciating the seriousness of this accident, the Kashima Plant is enlisting all available resources to strengthen its safety management. To prevent a recurrence of the direct causes of the accident, we are implementing a series of improvements at the Kashima Plant, and other facilities, as well. These include facility safety measures, safety management measures, fire safety measures, and damage containment safety measures. Regarding safety culture shortcomings, which helped to set the stage for the accident, we are making improvements here, too, by promoting a serious movement to foster the development of a safety culture, and make the Kashima Plant one that is truly safe.

In addition, based on the belief that close cooperation with our partner affiliates is indispensable for improving plant safety and frontline worksite professional skills, we moving forward with measures aimed at enhancing communications with affiliates and joint safety activities.

Fostering a Safety Culture — Emphasis on the *"Three Actuals" (Actual Site, Actual Item, Actual Situation)*

Firmly establishing a safety culture requires that traditional safety initiatives be supplemented with activities aimed at establishing a culture in which individual employees have safety as their uppermost concern; naturally think of what they should do. and what their roles and responsibilities are, regarding safety; and take appropriate action.

To illustrate, as emphasis on the "Three Actuals" — actual site, actual item, actual situation — the fundamentals of site safety management, Kashima Plant management, including me, go to production facilities, clearly communicate the understanding that safety is the number one priority through direct verbal safety instructions to workers on the plant floor, observe plant conditions with our own eyes, listen to worker concerns, and cooperate with workers to resolve issues. We began doing this in February 2008.

With a deep appreciation of the weight of our mission to protect human life, we are working to steadily implement and further enhance measures to prevent future accidents and, to solidify these measures, earnestly working to foster the development of a safety culture. We are doing everything we can to regain the public trust as quickly as possible.

Importance of Communicating Even the Smallest Items and Examining Their Significance

Hirotaka Fujiwara
Shift Supervisor,
Oil Operation and
Contorol Section
Aromatics Group,
Production Department I,
Mizushima Plant

When the Kashima Plant accident occurred, I, as someone who is also involved in production, experienced the complicated emotions of incredulity and the chilling feeling that the same thing could happen at my own facility. Ten years ago, my feelings probably would have been dominated by the former. Now, however, with a generational change rapidly taking place in production plants and my strong feeling, as someone responsible for production facilities, that on-site professional skills must be improved, it is the latter feeling that is gradually coming to the fore.

In the past, workers learned under the supervision of more experienced colleagues. That way of passing on professional knowledge, however, has waned in effectiveness as facilities have grown larger and approaches to communication have changed. With the sense of urgency these conditions engender, I am committed to steadily and solidly implementing, and instructing others to take up, the practice of communicating even the smallest developments within plant sites and examining their significance.

Make Today Another Safe Day!

Yoko Amano
TRY Promotion Office,
Planning and
Management Department,
Yokkaichi Plant
* TRY: Top Runner Yokkaichi

Though we have been taking safety measures since long ago, the Shinryo Service (tank rupture) and Kashima Plant (fire) accidents in 2007 has given us cause to reconfirm our understanding of the importance of safety and accident prevention. The Shinryo Service accident, in particular, caused me to cringe with fear when I saw it and reminded me in a very real way of the dangers involved in the chemical industry.

Safety is not something to be taken for granted, and danger is a constant aspect of the work we routinely perform. People differ in their abilities to sense danger. And, while individual effort and training are important for improving safety, I believe it is also important for people to look out for one another and warn each other of dangerous situations.

Warning, or reprimanding, others can be very difficult, but, if we do so with the sincere feeling that each person is an irreplaceable individual, with concern for the safety of others, and with the intent to do everything possible to prevent injuries, even a reprimand can become an act of kindness. Toward that end, I believe steadfast efforts to maintain good communications on a daily basis, efforts to create highly transparent work environments, and invigorating individuals and workplaces will foster the development of a safety culture.

I, personally, want to always remember to be thankful to superiors and coworkers for the safe passing of each day. Make today another one in which you do everything you should to ensure it is a safe one!

The Importance of Each Individual Constantly Being Aware of Danger

Kazushi Sakamoto
Technology Management
Office, Performance
Product Development and
Management Department,
Head Office

It goes without saying that, for companies, each person is an replaceable individual, and that they are human resources for building the company. Having recently experienced multiple serious accidents, it is regrettable that we are having to reconfirm our “safety first” awareness, but that is the common objective of all Mitsubishi Chemical Corporation (MCC) employees, the company’s most precious assets. That said, however, in reality, it is impossible for people to maintain a constant state of alertness. It is important, therefore, to make awareness of danger normal by imbuing all employees with an awareness of the importance of safety, which underpins every aspect of daily life. What will result from a shared awareness of danger is the ability to maintain genuine “safe and stable production.”

Given this perspective, we should take to heart the idea that safe operations to date are no guarantee of safety in the future, even at sites with impeccable safety records, and, as individuals, return to fundamentals and recognize our strengths and weaknesses. It is also important that responsibility not just for our own safety, but also for that of our coworkers and colleagues at affiliates, become a normal part of our awareness.

Together with Customers

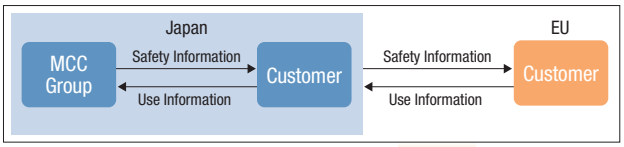
MCC takes various opportunities to further dialogues with customers, and works to appropriately respond to customer demands and requirements.

Working with Customers to Comply with REACH* Regulations

REACH regulations require that companies selling products incorporating chemical substances within the EU register via the designated information system not only information on the hazard and toxicity data for chemical substances, but also information on uses of the product (substance), and volumes handled, within the EU. Furthermore, registration requires that the customer cooperation be gained to gather various kinds of information on substance handling throughout the supply chain.

To appropriately and efficiently respond to the REACH regulations, Mitsubishi Chemical Corporation (MCC) is working together with various business partners to gather the information required to be registered. In addition, MCC is doing everything possible to respond to questions and requests concerning products in an effort to cooperate to the greatest extent possible with customer efforts to comply with REACH regulations.

* REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): To ensure that human health and the environment are protected against the effects of chemical substances, REACH regulations require registration, evaluation, and authorization for chemical substances distributed within the EU, and place usage and other restrictions on chemical substances requiring risk management.



Registration — Cooperation with Customers Inside and Outside Japan

Establishment of Chemistry Plaza Yokohama Showcase the Group's Technologies and Products

In October 2007, the Mitsubishi Chemical Holdings Corporation (MCHC) Group opened Chemistry Plaza Yokohama in the MCC Group's Yokohama Research Center. The purpose of this, the second, Chemistry Plaza is to showcase the Group's technologies and products. The first Chemistry Plaza was opened in the MCHC head office building. Chemistry Plaza Yokohama takes advantage of its location and research center to respond to customers' various technological interests by providing information on the broad technical foundations of the MCC and MCHC Groups and on future-oriented research activities.

The original Chemistry Plaza was opened in January 2007 in the MCHC head office building and, as of May 2008, had attracted 10,000 visitors from customer companies (manufacturing products like chemicals, automobiles, electrical equipment, and plastics), and academic and governmental institutions.

The MCHC Group is now planning to open a third Chemistry Plaza at MCC's Yokkaichi Plant as a way to advance dialogue with customers.

Chemistry Plaza Yokohama

Chemistry Plaza (Head office)

Visitors to the Kansai Coke and Chemicals Museum of Coke History Reach 1,500

The number of visitors to the Museum of Coke History, established by Kansai Coke and Chemicals at its Kakogawa Plant site, reached 1,500 in July 2008. Kansai Coke and Chemicals is a specialty manufacturer of coke used to make steel.

The Museum of Coke History is intended to be used mainly for the training of Kansai Coke and Chemicals employees, but it is also open to representatives of steel manufacturers and other customers and business partners.

Museum of Coke History

Annual Customer and Supplier Forum in Japan

The MCC Group began in 2002 to hold an annual customer and supplier forum with the aim of building customer confidence in the MCC Group.

The gatherings for fiscal 2007, the sixth year of this event, attracted approximately 1,900 guests to venues in Tokyo, Osaka, Nagoya, and Fukuoka. At each of these locations, guests were treated to an introduction to the MCC Group's future management strategies and activities. Included was a description of the company MCC aspires to be in 2025.

Together with Business Partners

Even as we strive to ensure legal compliance in our purchasing activities, we are also devoting significant efforts to securing the safety of the employees of affiliates.

Simulation-Based Training for Employees of Affiliates

To help ensure safety in the performance of construction and repair work performed at plant sites, the Mitsubishi Chemical Corporation (MCC) Group is implementing simulation-based training for the employees of affiliates.

So that simulation-based training can be performed in settings that accurately represent actual work environments and permit the conducting of drills, each plant site has been equipped with simulation-based training facilities tailored to the various types of accidents and hazards that could arise at that particular location. MCC's Naoetsu Plant, for example, is equipped to allow employees to gain an experiential sense of a fire or explosion, being caught by a V- belt, gear, chain, etc., and finger injuries, as well as what it feels like to work in high locations, operate a crane, assemble and disassemble scaffolding, etc. Fire and explosion simulation-based training was held in June 2008 for 120 employees representing approximately 30 affiliates.

Fire and explosion training

Preparation of the Purchasing Unit Compliance Code of Conduct

With the combination of events like the revision of the Antimonopoly Law and the implementation of the Financial Products Exchange Law, the public is taking an increasing interest in compliance and environmental problems.

MCC established its Purchasing Unit Ethics Guidelines in 1997, so that employees in its Purchasing and Logistics Department could pursue business activities with a strong sense of ethics. Though those guidelines have served that purpose, it is now necessary to reinforce ethical standards for not only employees in the Purchasing and Logistics Department, but also employees in the Production and Technology Department, which is involved in purchasing work, and other areas, as well.

To that end, MCC, in fiscal 2007, began revising the contents of the Purchasing Unit Ethics Guidelines and proceeded to prepare the Purchasing Unit Compliance Code of Conduct, which covers all employees involved in purchasing work. Implementation of these new guidelines began in June 2008.

VOICE

Kenji Otani
Purchasing and Logistics Department Manager,
Mitsubishi Chemical Corporation

The Purchasing Unit Compliance Code of Conduct incorporates both basic items purchasing unit employees must be aware of in pursuing their daily activities, and various conduct standards extending to non-business, ordinary matters like traditional mid-year and end-of-year gifts, and entertainment.

To help ensure that strict compliance with these guidelines by both Purchasing and Logistics Department employees and employees of companies to which purchasing work has been outsourced, I personally paid visits to employees where they work, at the head office and other locations, to explain the intent and specifics of the Purchasing Unit Compliance Code of Conduct. In addition, I'm planning to take steps to promote understanding of these guidelines among employees performing purchasing work in other departments, as well.

Disclosure of Purchasing Guidelines

To engage in fair transactions based on the MCC Group Principles (Refer to P1) and contribute to society together with our business partners, MCC has posted its principles and codes of conduct for purchasing activities on its website.

Purchasing Guidelines (Excerpted)

Principles
1. Purchasing competitive materials, equipment, and services
2. Openness and fairness
3. Partnerships and mutually beneficial relationships

Codes of Conduct
1. Compliance with laws and regulations
2. Fairness, impartiality, and transparency in decision-making proess
3. Clear distinction between private and business relationships

Requests for suppliers
1. Compliance with laws, regulations, and social norms
We request each supplier to comply with the following items, as well as with respective laws, regulations and social standards, both at home and abroad.
(1) Compliance with laws and regulations concerning the manufacturing and distribution of raw materials.
(2) Compliance with laws and regulations concerning labor, health, and safety, and development of proper working environments.
(3) Prohibition of racial and sexual discrimination, and respect for the dignity of each employee.
(4) Prohibition of bribery and unfair proceedings.
(5) Compliance with environmental laws and regulations.
2. Promoting sound business management
3. Consideration for the environmental issues
4. Non-disclosure of confidential information

* A full-text version is available on our website

Together with Employees

The MCC Group is working to create a vibrant workplace that allows employees who gathered in groups to exercise individuality and work with enthusiasm.

Human Resources and Organization are the Source of Company Growth

Based on its basic principle of respect for humanity and its belief that company growth is determined by the capabilities of human resources assembled in the company and by the organizational capabilities that develop human resources, the Mitsubishi Chemical Corporation (MCC) Group is pursuing various types of policies aimed at allowing individual employees to exercise their capabilities to fullest extent within a highly transparent organizational culture, and making it possible for employees to enjoy full and meaningful lives by supporting measures promoting sound balances of work and private lives.

The MCC Group, in part to achieve the objectives of its new *APTSIS 10* mid-term management plan, which was prepared to create a company group characterized by the words "growing, innovating, and leaping ahead," is actively working to secure and develop human resources, the MCC Group's most pressing concern.

A Proactive Approach to Raising Human Rights Awareness throughout the Group

The MCC Group developed its Human Rights Promotion Guideline in 1980 based on its belief that respect for human rights is one of the most important social responsibilities companies should meet. Since then, the Group has been actively pursuing human rights education and information programs intended to deepen understanding and awareness of human rights problems, like those related to groups historically suffering discrimination in Japan, and enhance awareness of human rights.

The Human Rights Promotion Committee and its administrative organ, the Human Rights Office of the Human Resources Department, take the lead in training and education activities. Together they set forth the basic policies on human rights education for all MCC Group companies and identify most urgent human rights issues for each fiscal year. They also coordinate educational activities which encompass programs for all employee levels, including seminars for senior management, year-long training of in-house instructors, and specialized programs for employees working in specific areas. Regarding the training of internal human rights instructors, which began in fiscal 2004, up to 10 candidates are trained every year, with 39 now having successfully become internal instructors.

In fiscal 2007, a total of 485 human rights training sessions were held. Beginning in fiscal 2008, Human Rights E- Training via the company intranet will also be offered. Liaison committees have also been established in each region to coordinate the human rights promotion activities of Group companies.

To help further human rights education, employees and their families are asked to submit their suggestions for a human rights education slogan. In fiscal 2007, 14,554 entries were received.

MCC is a member of the Industrial Federation for Human Rights, Tokyo and each year submits an entry to that organization's slogan contest, with stellar results to date. In fiscal 2006, MCC's entry was selected as the best of all entries, and, in fiscal 2007, a slogan created by MCC employees was selected as the best slogan, among 468,000 entries, in the workplace division. That slogan reads, "if everyone is compassionate, a future of benevolence will be left to beautiful children of society."

Human Rights Promotion Guideline (Preamble)

In accordance with the Mitsubishi Chemical Holdings Group Corporate Ethics Charter, the Mitsubish Chemical Corporation Group, in recognition of the importance of human rights education and as a corporate social responsibility, aims to promote within The MCC Group understanding of discrimination historically suffered by certain groups in Japan, and other human rights problems, and build companies that see through, and do not tolerate, discrimination and harassment. Toward these ends, it hereby sets forth its Human Rights Promotion Guideline.

Human Rights Promotion Policy

The MCC Group, with regard to discrimination historically suffered by certain groups in Japan, the impetus for this initiative, and all other human rights problems, aims to be a corporate group that continuously pursues human rights education in accordance with the Human Rights Promotion Guideline, offers employees a healthy, productive work environment, and is a magnanimous organization recognized by society.

Top Human Rights Education Priorities for Fiscal 2008

The Mitsubish Chemical Corporation Group's most pressing human rights education priorities are as shown below.

1. Renewed understanding, awareness, and prevention of burakumin issues
2. Firmly implanting human rights education for overseas Group companies
3. Gender equality — the creation of working environments in which women can contribute and succeed on an equal basis with men
4. Prevention of gender, power, and other forms of harassment

Assigning Human Rights Counselors and Rapidly and Appropriately Responding to Human Rights Problems

To counter discrimination and harassment, it is important to not only establish prevention measures, but also put in place a system for responding to discrimination and harassment when they arise.

With aiding victims its number one concern, the MCC Group, in order to rapidly and appropriately respond to human rights problems, has assigned Human Rights Counselors to plants throughout Japan to receive questions and complaints. It is also holding annual training aimed at developing Human Rights Counselors.

TOPICS

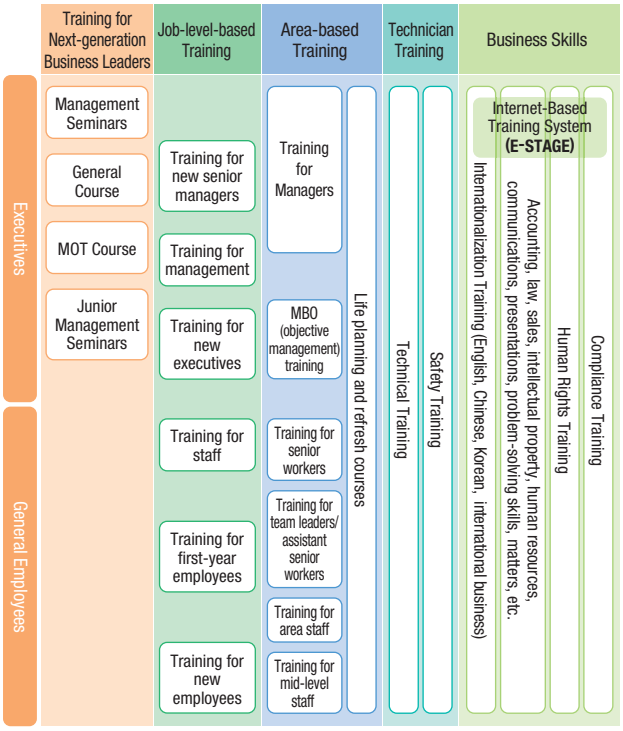
Overseas Human Rights Survey and Overseas Group Company's Human Rights Training

MCC, seizing on the opportunity provided by Mitsubishi Chemical Holdings Corporation (MCHC)'s joining the UN Global Compact in May 2006, began in 2007 to determine the status of human rights endeavors at overseas Group companies and the countries in which they are located, and conducting human rights training targeting Japanese employees on long-term assignments to overseas Group companies.

This training took place in the US and Taiwan in fiscal 2007, is scheduled to take place in China and Southeast Asia in fiscal 2008, and will be performed in other countries in succeeding fiscal years.

Though the problems differ from country to country, there are no guarantees of protection for dignity, freedom, and equality in many countries throughout the world, including Japan. With the Universal Declaration of Human Rights And the UN Global Compact serving as standards, the MCC Group is committed to continuously working to eliminate discrimination and harassment; create healthy, productive work environments; and help realize a tolerant society.

MCC Group Skill Training Programs



Establishment of the Human Resources and Organizational Development Departmen to Proactively Secure and Train Human Resources

Critical requirements for sustainably developing companies include securing, development, and motivation of human resources necessary for achieving strategies; identification of human resources with unique strengths; the provision of environments and opportunities in which people can fully exercise their capabilities; and the creation of healthy, productive work environments.

Accordingly, MCC, in order to more proactively pursue the securing and development of human resources, and create an organization and culture that are challenging and make the most of diverse human resources, established its Human Resources and Organizational Development Department in April 2008.

This new department is composed of three groups. In addition to the Hiring Group, these include the Personnel Development Group for developing the capabilities of, and training, employees, and invigorating career development and organizations; and the Diversity Promotion Group for promoting the activities of women and furthering the employment of both the elderly and people with disabilities as a way to support greater diversity in the workforce. The Human Resources and Organizational Development Department works in close cooperation with the human resources Department and other related units.

Focus on Enhancing Systems Promoting, and Promoting Efforts to Attain, a Healthy Work/life Balance

Providing an environment in which individual employees can fulfill roles not only at work, but also in their homes and neighborhoods, and lead fulfilling lives is becoming more and more important for not just increasing the vitality of, but also securing and keeping, human resources.

MCC is working to ensure that employees do not work excessive amounts of overtime and take their paid days off. At the same time, it is also establishing and enhancing work and home life support policies that allow employees to both pursue careers and meet childrearing and elderly care needs. With particular regard to childrearing support, MCC, based in part on views contained in the Measures to Support the Development of the Next Generation, moved in fiscal 2007 to enhance its systems for Childcare Leave, reduced working hours for childcare purposes, and half-day leaves. Furthermore, beginning in fiscal 2008, introduced a fertility treatment support policy and revised its various work systems related to motherhood protection and childrearing to make them more flexible.

MCC completed and distributed its guidebook on balancing work and childcare, which provides details on these policies, in June 2008, and is endeavoring in other ways to create a culture, and promote the use of systems, that support both work and home life.

Together with Employees

TOPICS

Promoting the Creation of a Network of Female Employees Who Are Pregnant or Raising Small Children

The Mothers' Lunchtime program provides information to employees who are pregnant or raising small children and supports the creation of a network for such employees. This program is offered in the Yokohama area, which has a large percentage of female employees.

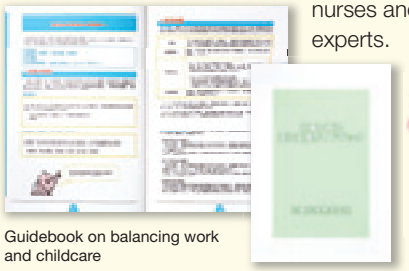
The Mothers' Lunchtime program offers employees precious opportunities to discuss topics like pregnancy and childrearing concerns and solutions, and tips for pursuing careers and raising children, over lunch. It also gives them a chance to receive advice from more experienced colleagues, nurses, supervising nutritionists, and career counselors.

Mothers' Lunchtime program

TOPICS

Issuance of the Guidebook on Balancing Work and Childcare

In June 2008, Mitsubishi Chemical Corporation (MCC) issued its guidebook on balancing work and childcare in connection with Measures to Support the Development of the Next Generation. The Guidebook includes explanations of procedures for working while pregnant, the periods prior to and after childbirth, taking childcare leave, the period following a return to work, and other matters. It also contains articles by employees who have experienced childbirth and childrearing, and advice from nurses and other experts.



Guidebook on balancing work and childcare

VOICE

Taking Childcare Leave Made It Possible for Me to Spend Precious Time with My Child, Something That Will Definitely Make for a Treasured Memory in the Future.

Takayuki Nishiyama
Administration Department, Sakaide Plant

For the birth of my third child, I took about three weeks of childcare leave. While my wife was in the hospital to give birth, I was in charge of caring for my two daughters and all of the housework. Every day was filled with activities like preparing breakfast, taking the kids to and from kindergarten, doing the laundry, shopping, preparing dinner, and reading to the kids, and I realized anew that housework is more difficult than I could imagine. I also made mistakes in caring for my daughters, who seemed to want to become babies again, and experienced other things that gave me a chance to really think about childcare. The best thing, however, was being able to spend lots of time with my children, which will make for a treasured memory in the future. In preparing to take childcare leave, I learned how to arrange my work and be flexible in how I approach it.

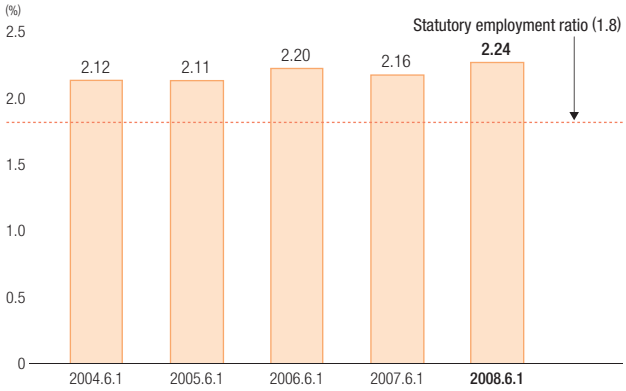
Taking the kids to and from kindergarten and handling all aspects of housework

Recognition as an Outstanding Employer of People with Disabilities

MCC is steadily moving forward with the establishment of special subsidiaries and the adjustment of working environments to help people with disabilities develop and exercise skills through participation in society and work.

After having achieved the statutory employment rate for people with disabilties in 2001, MCC has continuously and significantly exceeded the legally mandated employment rate. In 2007, MCC's performance was recognized by The Association of Employment Development for Citizens, Tokyo, which cited MCC as an "Outstanding Employer of People with Disabilities."

Disabled Employment Ratio (Mitsubish Chemical)



For more information on the Mitsubish Chemical Work and Home Life Support Policies, please refer to **P55**.

Occupational Safety

MCC is striving to achieve zero accidents for the entire MCC Group by raising safety awareness among employees and emphasizing safety activities.

Strengthening Simulation-based Training and Education, and RC Audits, with the Aim of Achieving Zero Accidents

Aiming to eliminate occupational accidents, the Mitsubishi Chemical Corporation (MCC) Group developed the MCC Group Accident Prevention and Safety Management Guidelines in 2005. These guidelines address topics like the importance of risk prediction and pointers during regular work*1 and during non-regular work*2 and Group companies are revising their own rules and standards to be consistent with them.

However, in recent years, despite the objective of reducing the MCC Group lost time injury frequency to 0.1 or lower, performance in this area has remained in the 0.1-0.5 range. Fiscal 2007 was particularly disappointing as the impact of the fire at the Kashima Plant resulted in an MCC Group rate of lost-worktime injuries of 0.49.

A breakdown of lost time injury accidents over the past five years shows that injuries during regular work account for 40% of the total, and are trending higher. Additionally, falls, chemical/thermal injuries, and drops make up more than half of accidents, by type. These data indicate shortcomings in communicating risk prediction in basic activities and inadequate communications in relation to directives and confirmations. One of the causes is thought to be a decline in worksite professional skills due to the declining number of experienced employees.

In response, the MCC Group is further strengthening the simulation-based training it has been conducting to help employees master basics and, thereby, increase safety awareness and workplace safety. Additionally, efforts were made in fiscal 2007 to ensure that Group company rules and standards regarding management methods for altered production processes, the reduction of hidden hazards, and training have been revised and current.

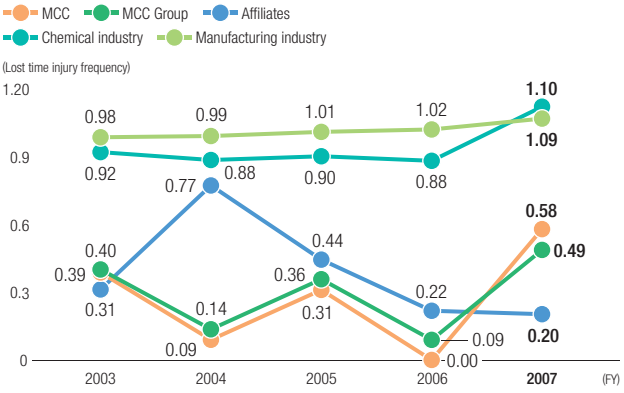
As an added measure, MCC and its Group companies will begin, in fiscal 2008, to implement RC audits, which will provide guidance and support for confirming the appropriateness and effectiveness, and ensuring the solid implementation, of safety activities.

*1 Routine work: Work that is repetitive and performed on an ongoing basis.
*2 Non-routine work: Work that is not performed on an ongoing basis.


Simulation-based training (Heights)

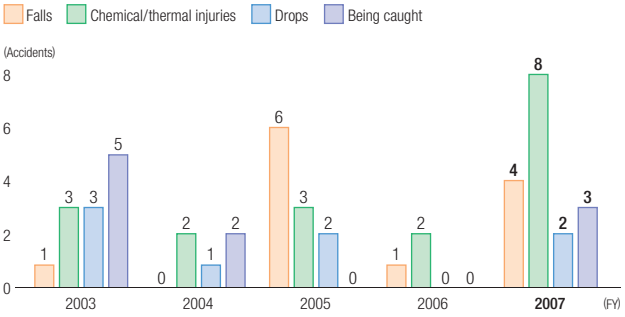

Simulation-based training (Spills)

Lost Time Injury Frequency

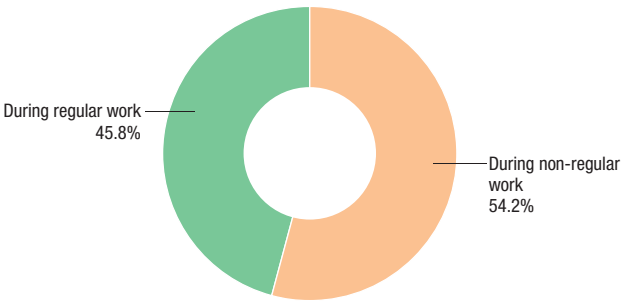


Lost time injury frequency = (No. of casualties due to occupational accidents / Working hours) ×1,000,000

Lost Time Injury Accidents by Types (MCC Group)



Breakdown of Lost Time Injury Accidents (FY2003-FY2007)



Occupational Health

MCC is attending to employee mental healthcare needs through the introduction of a counseling system, job-level training, and other steps.

Voluntary Workplace Environmental Monitoring Tailored to Chemical Substance Handling Conditions

Mitsubishi Chemical Corporation (MCC) continuously strives to improve workplace environments, so that employees can go about their work in good health and comfort.

MCC carries out not only legally required workplace environmental monitoring, but also voluntary measurements depending on chemical substance handling conditions and other factors, and has implemented exposure measurements. The results of monitoring and other information are used to make improvements to the working environment.

Moving Forward with Mental Health Measures and Education as Major Health Management Concerns

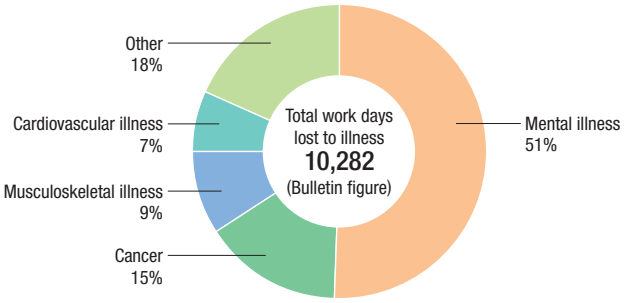
MCC is taking various companywide measures to promote good mental health, one of its most important health management concerns.

In addition to industrial physicians, nurses, and other full-time specialists, it has assigned psychiatrists and counselors to most of its production facilities on a contract basis as part of the detailed initiatives it is taking in areas like counseling and return-to-work support. In addition, the MCC Health Insurance Union has contracted with an outside institution to provide 24-hour mental health consultation services and, for some plants, has arranged for an Employee Assistance Program (EAP) to perform counseling services. Furthermore, stress measurement and other self-check functions are available on the company intranet. Through August 2008, these functions were used by a total of 2,100 employees.

Beginning in fiscal 2008, training for new hires, employees with one year of experience, newly appointed managers, and other employees is being enhanced with mental health content appropriate to the experience levels of training participants.

Training for newly appointed managers

Work Days Off Due to Illness (MCC 2007)



TOPICS

Regarding Asbestos

MCC currently does not manufacture products with asbestos. However, in the past it has used asbestos for the manufacture of caustic soda (diaphragm metho), for research purposes, and in insulation and gaskets, packing, and other materials.

Regular physical examinations, based on rules for preventing asbestos-related illness, are being performed on current employees who have handled asbestos in the past and, as of August 2008, no health impacts due to asbestos have been detected.

MCC is also having physical examinations performed for retirees who handled asbestos during their time at work (regardless of the degree of contact), and request such examinations. Furthermore, to ensure that all appropriate measures are being taken, MCC began in fiscal 2007 to make free physical examinations available even to those who handled materials other than asbestos and would not formally qualify for asbestos-related physical examinations.

Through the asbestos-related health management measures MCC has taken to date, three retirees have been approved for workerman's compensation coverage due to mesothelioma or other asbestos-related illness, and one retiree is currently applying for coverage. As a result of physical examinations, 36 retirees have, so far, been approved for asbestos-related health services.

For more information on workdays missed due to mental illness, please refer to **P55**.

Disaster Prevention

Through reemphasis on “safety first awareness” and strengthening of worksite professional skills, the MCC Group is working for zero facility-related accidents.

Revising Priorities for Zero Facility-related Accidents

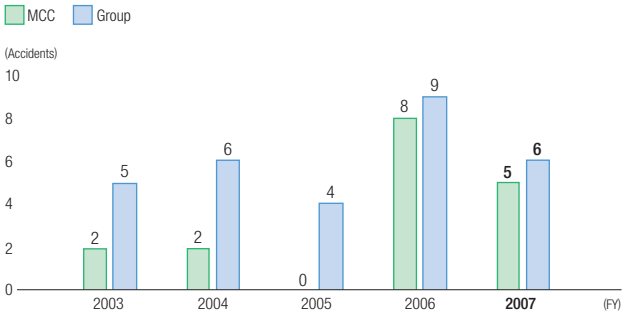
Mitsubishi Chemical Corporation (MCC) is firmly committed to preventing accidents and, through safety activities, has aimed for the achievement of zero facility-related accidents.

Despite its efforts, however, the MCC Group has experienced several accidents in recent years. In May 2007, a Shinryo Service tank ruptured at the Yokkaichi Plant, and in December of the same year, a major accident took the lives of four affiliate employees at the Kashima Plant. Additionally, in April 2008, one employee of an affiliate was seriously injured in a fire at the Kurosaki Plant. Fully realizing the seriousness of these accidents, the MCC Group determined that improving production site safety required a return to fundamental safety activities and is implementing the *APTSIS 10* mid-term management plan with a particular focus on reemphasizing “safety first” awareness and strengthening worksite professional skills (Refer to P27-28). With eyes fixed on the goal of zero facility-related accidents, the Group will also strengthen and maintain the following three activities that have been a part of its safety initiatives to date.

Safety Review (SR)

To reduce risks associated with potential hazards, safety inspections are performed in three areas — Existing processes, facilities, and procedures.

Number of Facility-related Accidents



Facility Reliability Improvement

As a measure to address the aging of facilities, the MCC Group began in fiscal 2004 to implement stricter overall facility inspections. In addition, in fiscal 2007, it instituted reviews of facility inspection plans and other aspects of management, as facility SRs.

Development and Implementation of Super-Stability Technologies

Super-Stable Operation Technologies (SSOT) for production operations and Super-Stable Maintenance Technologies (SSMT) for facilities are being developed and implemented to provide technical support to efforts to achieve super stable operations.

Improving Process, Facility, and Work Procedure Safety, through SA and SR Activities

The MCC Group has historically conducted Safety Assessment (SA) Activities for evaluating production method and process safety in the development, construction, and operation phases of efforts aimed at starting the production of new products or improving existing processes. In addition, to help ensure the consistent implementation of these activities, it has also worked to make improvements in areas like rule creation and revision, so that Safety Assessments can be performed ahead of time when changes are made to facilities, or operation conditions or other aspects of processes.

For existing processes, facilities, and work procedures, the Group established SR instructor teams* at all plants and factories in 2003. These teams comprehensively, systematically, and continuously evaluate risks associated with potential hazards and have pursued Safety Review Activities aimed safety conditions to higher levels.

MCC, for its part, will continue its efforts to enhance safety by ensuring that SA and SR activities are firmly adopted, consistently implemented, and further developed.

* The SR instructor team is composed of retired and senior engineers who have abundant knowledge and experience about processes and safety measures. The instructors participate in SRs of plants to help them to perform assessments with objective perspectives, identify latent hazards and use risk analysis techniques in order to mitigate various potential risk factors.

For more information on the effectiveness of operational and facility problem reduction via Super Stable Operation Technology, refer to **P55**.

Disaster Prevention

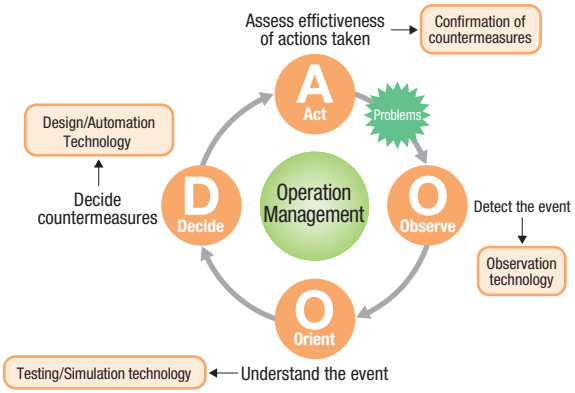
Enhancing the Plant Safety and Stability through Super-stability Technologies

Plant operations become unstable due to various factors, like pipe corrosion or clogging and temperature fluctuations. Mitsubishi Chemical Corporation (MCC) pursues the development of super stabilization technology for eliminating plant instability and maximizing super-stability technologies, and applies its own Super-Stable Operation Technologies (SSOT) and Super-Stable Maintenance Technologies (SSMT).

SSOT continuously improves plant operations in accordance with the Observe-Orient-Decide-Act (OODA) cycle (Refer to the diagram below) and is characterized by the development and regulation of valuable technologies that each OODA cycle stage, and by systematic plant operations. MCC devotes significant effort to rapidly detecting minute changes in product characteristics, color, flow volume and speed, sounds, etc. during operations, identify causes, and immediately making operation condition or other adjustments to prevent accidents and other problems. Substantial efforts are also made to gather information that can be used to develop or improve facilities.

The purpose of SSMT, in comparison, is to improve and maintain facility reliability, which is required for stable operations. Through efforts focused on the SSMT Project, launched in 2005, MCC is developing and introducing high-precision, efficient inspection and diagnostic technology based on elemental technologies for purposes like analyzing corrosion and assessing residual useful lives. It has also considering the merits of organizing working groups that would help to upgrade routine maintenance technologies and improve facilities by addressing topics like enhancing pipe management and improving measures for addressing external corrosion.

The OODA Cycle and Development of Elemental Technologies



Transfer of the Safety and Stable Operation Know-how of Seasoned Operators and Engineers

For continuing safe and stable operations it is critical that the skills and capabilities of operators and managers be maintained above a certain level and improved. However, with the generational change that is currently underway, seasoned operators and engineers with precious experience are being lost, so the transfer of their know-how is a key concern.

MCC, therefore, is actively working to build a database for sharing information on how to deal with matters like labor accidents and problems with facilities, and using it to transfer expertise.

Technology dissemination database

Item	Description
Occupational accident records	Historical occupational accident records for horizontal dissemination of knowledge
Problem records	Data about operational, facility, quality and environmental problems
Process near-misses	Prediction/detection sheets for potential process hazards
Know-why	Theoretical background about process conditions
One-point lessons	One-point lesson sheets about regular/non-regular operating technologies

Tool that uses video and flow charts, and incorporates know-how and "know-why," to explain work procedures. This tool provides clear explanations and a simple way to research matters like past problems and conditions requiring risk prediction.

Focus on Logistics Safety through Accident Prevention Drills

MCC, together with Mitsubishi Chemical Logistics, works to prevent distribution-related accidents. It also holds accident prevention drills for various types of distribution-related accidents at least once a year at its major logistics centers. Weaknesses identified through training are immediately rectified, and a system capable of responding smoothly to emergencies has been put in place.

Together with Local Communities

In places throughout the world where it is pursuing business operations, the MCC Group is also advancing a wide variety of activities that contribute to the development of local communities.

Startup of Volunteer Activities Contributing to the Sound Development of Children in China

Verbatim Asia Pacific Shenzhen, an overseas affiliate of Mitsubishi Kagaku Media, holds monthly get-togethers for children.

In connection with these events, it launched in 2008 volunteer activities in which employees visit primary schools in underpriveledged areas to contribute books and school supplies, and play with children. In March 2008, volunteers visited a Guangdong primary school 400 km from their offices.

Through these activities, Verbatim Asia Pacific Shenzhen is contributing to the sound development of children and their communities.

Visiting a primary school in Guangdong Provice

Information Exchange Launched to Benefit Regional Medical Institution and Safety

Mitsubishi Chemical Corporation (MMC)'s Mizushima Plant, together with Okayama Kyokuto Hospital, held an April 2008 event to increase awareness of the importance of risk prediction in medical environments.

Okayama Kyokuto Hospital, which is trying to eliminate medical mistakes and improve the delivery of safety and security to patients by promoting training to help medical professionals on risk prediction, and MCC's Mizushima Plant, which goes to great lengths to ensure safety at its facilities, held this event to share information on risk prediction.

During the event, eight representatives of Okayama Kyokuto Hospital, including its head, took a tour of the Mizushima Plant, and heard the Production Department's explanation of measures it takes to ensure safety. Later, representatives of the Mizushima Plant listened to examples of how steps the hospital takes to try to recognize danger signs in a medical environment, and the two groups then engaged in a discussion.

There are plans to continue holding these events regularly in the future to help improve safety measures.

Event to share information on early risk prediction

Accord Signed with City of Kitakyushu to Take Security Measures Against Potential Chemical Disasters

In January 2008, MCC's Kurosaki Plant entered into an accord with the City of Kitakyushu to take joint measures for addressing potential NBC disasters*.

Under this accord, three business concerns, including the Kurosaki Plant, and two universities will advise and support the city as it develops measures for addressing the potential of nuclear, biological, and chemical accidents. This is the first time for a chemical company to participate in such an accord in Japan.

As part of its efforts to actively meet its responsibilities as a member of the local community, the Kurosaki Plant will contribute to the City of Kitakyushu's efforts to create a safe, secure community.

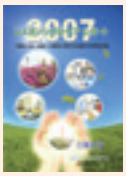
Signing of the accord with the City of Kitakyushu

* NBC disaster: Disaster of a Nuclear, Biological, or Chemical nature

MCC Site Report

Kurosaki Plant

Yokkaichi Plant



Mizushima Plant

Kashima Plant

Naoetsu Plant

Tsukuba Plant

Matsuyama Plant

Sakaide Plant

Yokohama Center

Odawara Plant

Method for Receiving

http://www.m-kagaku.co.jp/aboutmcc/RC/brochure.html
(Japanese only)

Communication and Social Contributions

The MCC Group promotes activities supporting the development of the next generation's leaders and pursues various other forms of communication and social contributions.

Supporting Young Designers and Advancing Design through Competitive Awards

Since fiscal 2006, Mitsubishi Chemical Corporation (MCC) has been helping to sponsor the Mitsubishi Chemical Junior Designers Award, Japan's only competive awards for graduation design projects. Fiscal 2007 awards recognized 14 projects, including a tissue box decorated with 11 species facing extinction due to logging.

Through awards for graduation projects representing the culmination of what students have learned and their first step toward professional careers, MCC is aiming to both support young designers and contribute to the advancement of design.

Fiscal 2007 awards ceremony

Enthusiastically Developing Activities Encouraging Curiosity and a Spirit of Scientific Investigation in Children

In July 2007, Mitsubishi Chemical Group Science and Technology Research Center hosted a visit by seven students from Oizumu Junior High School (affiliated with Tokyo Gakugei University).

Center employees led the students on a tour of the facilities, providing concrete responses to questions like "What to I have to do to become a research scientist?" and "What are MCC's technical strengths?" Students were also provided with clear explanations of how MCC technologies and products could be applied in the development of future humanoid robots and other topics highlighting the possibilities and fascinating aspects of chemistry.

In the future, the MCC Group will continue to enthusiastically develop activities that encourage children to be curious about the world and develop a spirit of scientific investigation.

Students listening to an employee's explanation

Participation in Yume Kagaku 21 to Communicate the Wonders of Chemical Technology to Children

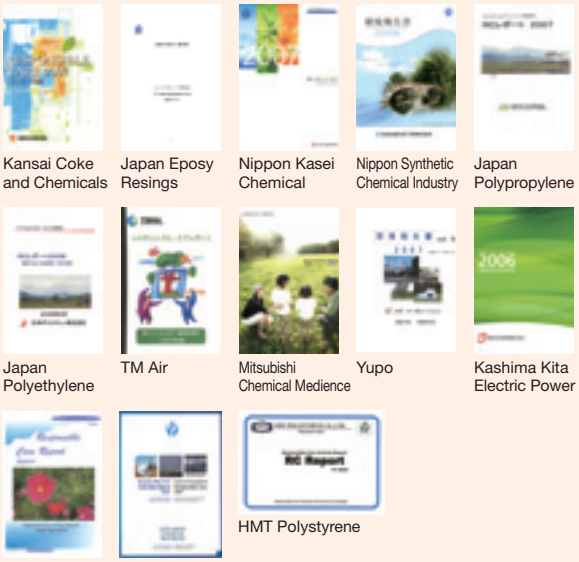
In May 2006, Mitsubishi Chemical Holdings Corporation (MCHC) announced its participation in the UN Global MCC participated in Yume Kagaku 21, an event held by the Japan Chemical Industry Association in August 2007 at the National Museum of Emerging Science and Innovation. The purpsose of this event was to promote understanding of chemistry and the chemical industry's contributions to society.

MCC's booth featured chemical experiments under the theme "the wonder of color." Aimed at students between the third-year of primary school and junior high school, and led by MCC employees, these experiments were viewed by approximately 280 kids over the three-day event. Experiments included one that showed how pigment extracted from flower petals changes with the addition of acidic and alkaline solutions, another that used LEDs to demonstrate how the three primary colors of light become white when combined, and others, as well.

It is MCC's hope that the primary and junior high school students who participated in this event carried away from it a heightened interest in chemistry.

Children performing experiments at MCC's booth

CSR Reports of MCC Group Companies Promoting RC



Kansai Coke and Chemicals
Japan Eposy Resings
Nippon Kasei Chemical
Nippon Synthetic Chemical Industry
Japan Polypropylene
Japan Polyethylene
TM Air
Mitsubishi Chemical Medience
Yupo
Kashima Kita Electric Power
Mitsubishi Chemical Infonix
Mitsubishi Chemical Indonesia
HMT Polystyrene

Contributions to International Society

The MCC Group is pursuing business activities in line with the 10 principles of the UN Global Compact and actively working to help realize a sustainable global society.

Pursuing Business Activities Based on the 10 Principles in the Four Parts of the UN Global Compact

In May 2006, Mitsubishi Chemical Holdings Corporation (MCHC) announced its participation in the UN Global Compact, which seeks support and implementation of 10 principles in four areas — human rights, labor, environment, and anti-corruption.

The Mitsubishi Chemical Corporation (MCC) Group, as a member of the MCHC Group, is also contributing to international society by pursuing business activities in line with the principles of the UN Global Compact.

Participation in International Activities Supporting the Development of a Sustainable Global Society

MCC is actively participating in international activities supporting the development of a sustainable global society.

In the area of measures to stop global warming, the MCHC Group (and MCC as a member of the MCHC Group) participated in the debate regarding recommendations to the Gleneagles Dialogue*3 advanced by the World Economic Forum (WEF)*1 and the World Business Council for Sustainable Development (WBCSD) *2. The recommendations, were formally introduced at the July 2008 Toyako Summit, and the MCHC Group announced its support of them.

In addition, through the International Council of Chemical Associations (ICCA), which has a membership comprised of chemical industry associations from throughout the world, the MCHC Group is also working to help achieve the UN's objective of minimizing the negative human health and environmental impacts of chemical substances by 2020.

*1 The World Economic Forum is a nonprofit organization that brings together participants including the leaders of approximately 1,000 of the world's top companies, national leaders, and prominent people from various fields to discuss economic and environmental problems at its annual meeting in Davos, Switzerland.

*2 The World Business Council for Sustainable Development is a nonprofit organization whose members, the heads of approximately 200 companies from throughout the world, come together to discuss sustainable development.

*3 The Gleneagles Dialogue is a forum at which government ministers, the World Bank, international energy concerns, and others discuss clean energy development and measures to stop global warming. It was initiated at the 2005 Gleneagles Summit.

Support for School Establishment Projects by Developing Countries

Since its announcement of its support for the UN Global Compact, the MCHC Group, as a member of international society, has been working to solve the problem of poverty. In 2006, it began to work with NGOs and local people in developing countries to support school establishment projects led by local people. These projects aim to provide children with a chance at an education and to use schools as focal points for spurring improvements in overall community capabilities and vitality.

Projects in the West African nation of Sierra Leone and Nepal were supported in fiscal 2007. In fiscal 2008, support is being provided to projects in Burkina Faso, also in West Africa, and Cambodia.

Primary school in Sierra Leone
Photo by Plan Japan

Supporting Local Cultural Research and Development in India

MCC and MCC PTA India (MCPI) in the Indian state of West Bengal contributed approximately \5 million to the India-Japan Cultural Centre in August 2007. That facility was established by the Information and Cultural Affairs Department of the Government of West Bengal for the purposes of studying and researching Bengali culture, and promoting the study of Japanese language and culture.

MCPI, which is planning to expand its terephthalic acid production capacity in 2009, will continue to promote the development of the state of West Bengal through economic and cultural contributions.

Presentation of a list of contributors at the opening of the India-Japan Cultural Centre

Disaster Relief Funds

The MCHC Group provides financial and other types of support to aid areas hit by natural disasters.

As part of the MCHC Group, it helped to contribute ¥1 million to help victims of the cyclone that struck southern and central Myanmar in May 2008, and ¥10 million to aid victims of the earthquake that struck China's Sichuan Province in the same month. We at the MCC Group would like to offer our deepest sympathies to the victims of that disaster and express our hopes that stricken areas get back on their feet as soon as possible.

FEATURE

Measures to Combat Global Warming

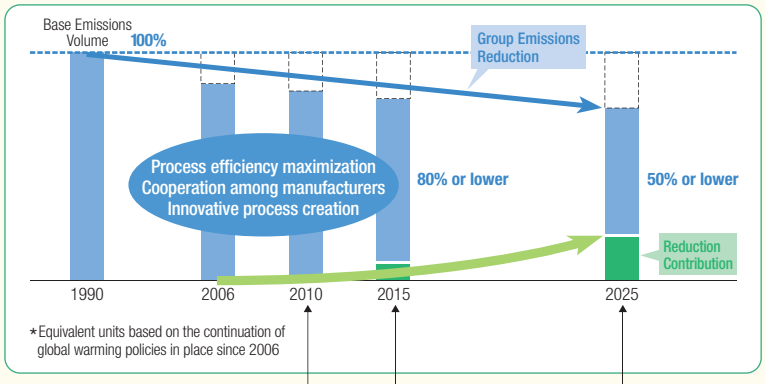
As a member of the chemical industry and the MCHC Group, the MCC Group is working to combat global warming based on clear quantitative objectives.

Global environmental problems — in particular, the need to reduce and limit greenhouse gas emissions — are problems facing all of humanity and must be addressed by overcoming industry and the national boundaries.

For its part, the Mitsubishi Chemical Holdings Corporation (MCHC) Group is working to achieve greenhouse gas reduction targets (See the diagram below) included in its *APTSIS 10* mid-term management plan. The Mitsubishi Chemical Corporation (MCC) Group accounts for over 90% of the MCHC Group's total CO_2 emissions and holds the key to achieving the MCHC Group's global warming gas reduction targets. As such, the MCC Group is both continuing with fuel conversion, effective heat source use, introduction and updating of energy efficiency devices, and other measures it has already been implementing, and using measures like process efficiency maximization, improvement of the efficiency of energy and feedstock usage through business partnerships within industrial complexes, and creation of innovative processes to reduce greenhouse gas emissions. Furthermore, aiming to reduce greenhouse gas emissions through products, technologies, and services, the MCC Group is working to change its business structure from one reliant on high-energy-consumption products to one focused on producing a high-performance, high-value-added products by focusing on the development of products like polymers critical for creating vehicles that weigh less, organic photovoltaic modules, solid-state lighting, and organic EL displays. The MCC Group will advance the reduction of CO_2 emissions together with customers, and throughout the product life cycle, by actively promoting these products, technologies, and services in the market.

To help tackle the problem of global warming, the MCHC Group launched the "Global Comfort Project "(Refer to the description it right) in fiscal 2008. MCC, too, is an active participant in this project and is working to achieve concrete results in terms of greenhouse gas reductions.

Greenhouse Gas Emission Reduction Targets (In equivalent units of CO_2)



Reduce greenhouse gases at least 20% by 2010 (compared to FY1990) in terms of specific energy consumption.

Reduce greenhouse gases emissions (combining "Group emissions reductions" and "reduction contributions") to 80% or less of the FY1990 level by 2015.

Reduce greenhouse gases emissions (combining "Group emissions reductions" and "reduction contributions") to 50% or less of the FY1990 level by 2025.

“Global Comfort Project” Launched in Fiscal 2008

The MCHC Group, aiming to bring its overall capabilities to bear in helping to resolve the problem of global warming, has established a coordinating function within its Management Strategy Office, and launched the “Global Comfort Project,” which is open to participation by technology and production, environment and safety, and R&D staff at MCHC and each of the Group companies, in April 2008. This project will pursue greenhouse gas reduction, environmental solution proposal, and other activities through the four working groups discussed below.

1. Addressing International Society and Industry

The MCHC Group will share views with, and make recommendations to, the World Economic Forum, World Business Council for Sustainable Development, International Council of Chemical Associations, the Japan Chemical Industry Association, and other bodies regarding environmental issues and the reduction of greenhouse gasses.

2. Specific Greenhouse Gas Reduction Initiatives

Mitsubishi Chemical, Mitsubish Plastics, and Mitsubishi Tanabe Pharma, the three core Group companies, will make investments aimed at reducing CO_2. The Mitsubishi Chemical Group, for its part, is planning investments of ¥5 billion over three years.

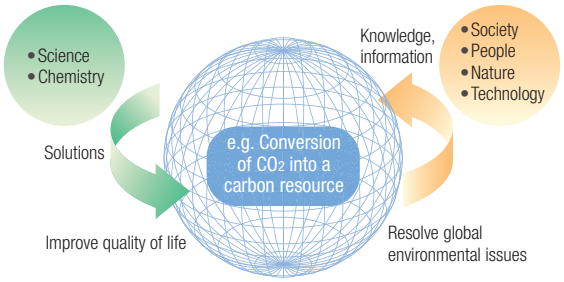
3. Next-generation Growth Business and Other Innovation Initiatives

The MCHC Group is working to bring next-generation growth businesses focused on sustainable development up to a profitable status as soon as possible, and promoting the develop of new products that help to reduce greenhouse gases.

4. Establishment of the Institute of *KAITEKI* Biosphere (tentative)

The MCHC Group is considering the establishment (possibly in April 2009) of a new research facility that would focus on improving quality of life by providing solutions to global warming and other global environmental problems. These solutions would be based on chemistry and other sciences, as well.

Institute of *KAITEKI* Biosphere (tentative)



Establishment targeted for April 2009

To help ensure the steady implementation of project measures across the Group, the position of Chief Sustainability Officer (CSO) was established in July 2008. This position, the responsibility of which will be project oversight, will be filled by the manager of MCHC’s Management Strategy Office. The same person will fill both roles to make sure that measures consistent with the Group’s management and business strategies, and the strategies central to the *APTSIS 10* mid-term management plan, are implemented.

CO_2 Reduction Initiatives for Plants

Strengthening of Systems for Promoting CO_2 Reductions

A group for promoting CO_2 reduction activities from a technological perspective has been assembled at the MCC head office and CO_2 reduction promotion teams have been organized at individual plants. This group and these teams set reduction targets for their respective locations, oversee reduction progress, and regularly share information.

Promoting Energy Efficiency and Developing New Technologies

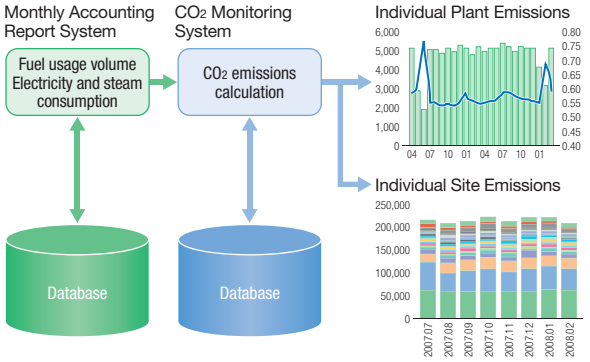
In addition to energy efficiency measures at individual plants, MCC is advancing measures, like ones for sharing heat among multiple plants and promoting cooperation in meeting needs for electricity and steam among multiple companies within industrial complexes, to achieve even greater energy efficiency.

To promote effective use of energy, MCC also uses coke oven gas (COG), a byproduct of the process for making coke used in steel manufacturing, and developed a technology for manufacturing benzene, a raw material for synthetic rubber and other products. The ability of the latter to use CO_2 as a raw material makes it a groundbreaking technology contributing to both energy efficiency and CO_2 reduction.

Development of a CO_2 Monitoring System

MCC has developed and installed in each of its plants a CO_2 emissions calculation system that improves CO_2 emissions management and analysis. CO_2 emissions are calculated based on usage volumes for a wide variety of raw materials and fuels, but this system, working in concert with a database tracking fuel usage, and electricity and steam volumes, makes it possible to more clearly visualize related CO_2 emissions.

Monitoring System



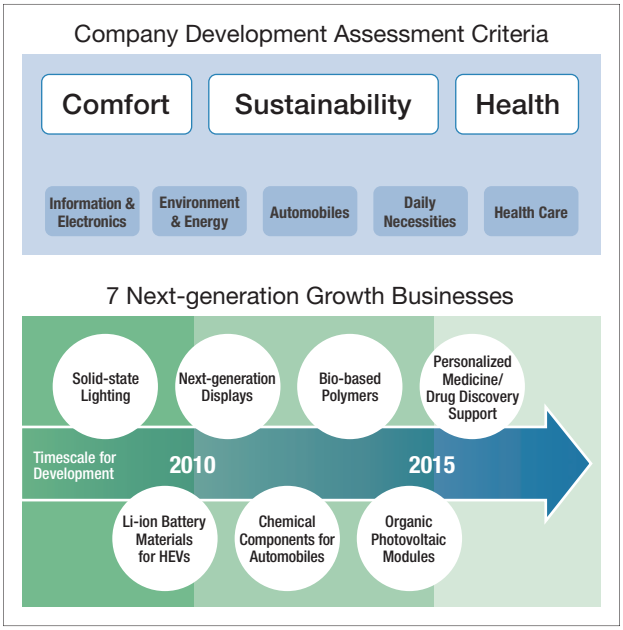
Environmentally Sustainable Products and Technologies

Applying its overall capabilities, the MCC Group is developing and providing environmentally sustainable products and technologies that support daily life and society and help to improve and protect the global environment.

Basic Position on Product and Technology Development

Within its *APTSIS 10* mid-term management plan, the Mitsubishi Chemical Holdings Corporation (MCHC) Group has selected 7 next-generation growth businesses. The Mitsubishi Chemical Corporation (MCC) Group, therefore, is aiming to achieve profitable operations as early as possible for solid-state lighting, Li-ion secondary battery materials hybrid vehicles, next-generation displays, chemical components for automobiles, biopolymers, organic photovoltaic modules, and personalized medicine/drug discovery support.

Underpinned by the Group philosophy — "Good Chemistry for Tomorrow" — efforts will be made to help solve global warming, resource and energy depletion, and health problems by developing and providing the above environmentally sustainable products and technologies.

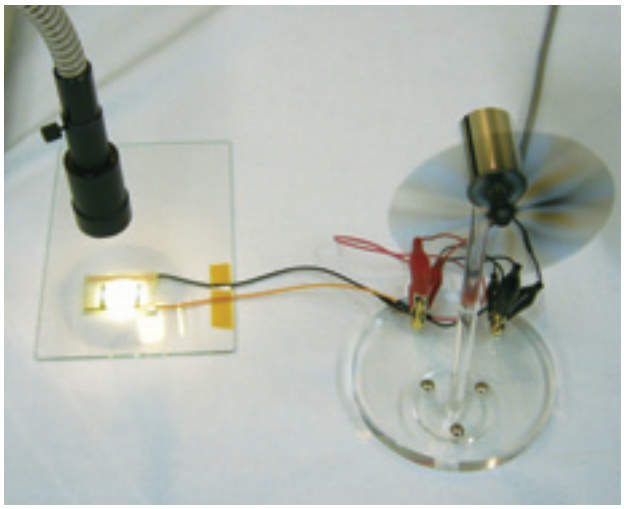


Example 1 Rising to the Challenge of Developing "Conversion Coating" Organic Photovoltaic Modules and Promoting the Adoption of Solar Power

Photovoltaic Modules are being viewed as a source of extremely clean energy because they convert sunlight directly into electricity, without emitting CO_2. Although efforts to develop and promote the use of solar cells are accelerating throughout the world, MCC is focusing on the development of organic photovoltaic modules.

MCC's organic photovoltaic modules are characterized by their use of newly developed "conversion coating" organic semiconductor technology. Conversion coating organic semiconductor technology combines organic synthesis, coating, and device development technologies MCC has developed over the years, and uses a special solvent to form a coating film, and then a semiconductor film simply through the application of a heating process. That makes it possible to easily form organic photovoltaic modules on a substrate like plastic or metallic film, and advances efforts to make Photovoltaic Modules that are lightweight, flexible, and inexpensive. It also opens the door to the production of solar cells that are colorful and offer a wide range of design possibilities, and application on building walls, automobiles, interior goods, agricultural materials, ubiquitous devices, etc. are anticipated.

As a whole, the MCHC Group has numerous other peripheral materials and useful technologies that will be used to accelerate the development of photovoltaic-modules-related businesses.



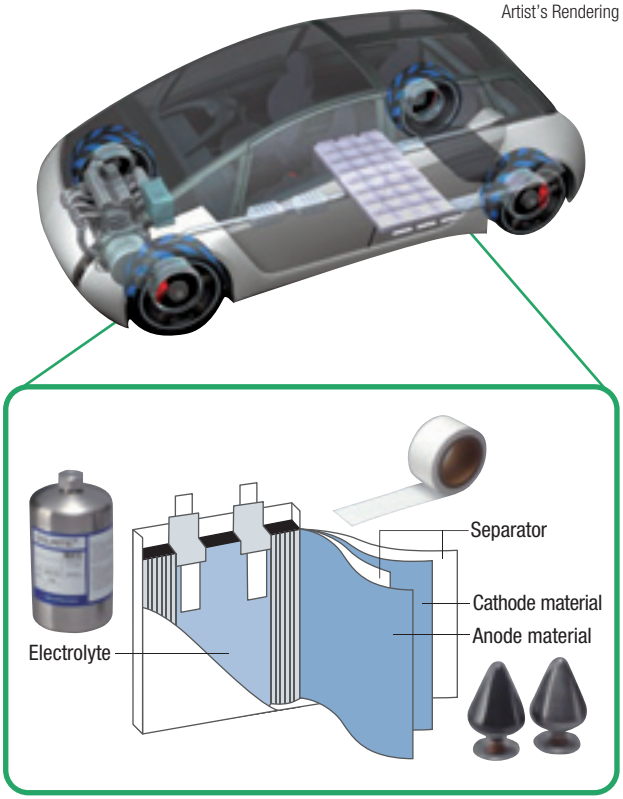
Organic thin-film organic photovoltaic modules under development (at left). Electricity generated when light equal in intensity to sunlight is applied, is being used to run the fan (at right).

Example 2 Pushing Forward with Development of Li-ion Secondary Battery Materials to Help Make Next-generation Hybrid Vehicles of Reality

Needs for major improvements in fuel efficiency and clean energy are growing as the problem of global warming worsens and crude oil prices climb ever higher. As such, hybrid vehicles, which use both traditional fossil-fuel engines and electric motors to achieve significantly improved fuel efficiency, emit much smaller amounts of CO_2 and other greenhouse gases than do traditional gasoline and diesel vehicles and, therefore, have become the focus of attention as low environmental load "eco-cars." Li-ion secondary batteries (LiB) are said to be the key to the evolution of hybrid cars. If LiBs, which offer much greater capacity than the nickel-metal hydride batteries generally used in present hybrid cars, are successfully commercialized, they will greatly extend the distance that can be traveled on a single charge.

The MCC Group is the only manufacturer handling all of the main components of LiBs — electrolytes, cathodes, anodes, and separators. The MCC Group has a long track record of success in developing and producing LiB materials for miniature electronic devices. The proprietary material design, chemical reaction control, and battery evaluation technologies developed through this experience are now being applied to develop extremely safe and durable high-power, long-life LiB materials for vehicles, and contribute to the successful development of the next-generation hybrid car.

Artist's Rendering



Example 3 Develment of a Polymerization Process Employing a New Catalyst to Greatly Reduce Waste

MCC is developing highly efficient catalysts and production processes for reducing resource and energy usage in petrochemical processes. One result of these efforts is the low-environmental load THF ring-opening polymerization process employing a solid acid catalyst.

This technology is used in the process for manufacturing Poly oxy tetramethylene glycol(PTMG), demand for which has skyrocketed in recent years due to its excellent elasticity as a textile raw material. By substituting a new catalyst, a composite oxide, for the highly acidic former catalyst, fluorosulfuric acid, in the same process, the waste (salts including fluorine) generated from neutralizing acid was effectively reduced to zero. It was expected that for every 1kg of PTMG produced waste would be reduced by 0.15kg, and that has proven to be the case in commercial production underway since 2000. In recognition of the value of this technology, MCC was presented with the Green Sustainable Chemistry (GSC) Network's Minister of Economy, Trade, and Industry Prize at the seventh GSC Awards.

New catalyst PTMG plant

Combating Global Warming

Energy-related CO_2 accounts for a significant portion of the MCC Group's greenhouse gas emissions, so the Group is working to cut its CO_2 emissions through painstaking energy conservation activities.

New Mid-term Management Plan Consistent with Industry Goals Launched in Fiscal 2008

The Kyoto Protocol, which includes provisions on the reduction of CO_2 and other greenhouse gas emissions, was adopted at the Conference of Parties to the UNFCCC (COP3) held in Kyoto in the summer of 1997, and ratified by Japan in June 2002.

In the chemical industry, as well, the Japan Chemical Industry Association (JCIA) adopted, in 1997, voluntary environmental action plans regarding measures to stop global warming. And activities aimed at achieving industry-level objectives, like reducing manufacturing division unit energy consumption 10% relative to fiscal 1990, by fiscal 2010, were approved. The JCIA later revised upward its voluntary action plans in October 2007, just before the beginning of the initial Kyoto protocol commitment period, adopting the goal of a 13% reduction (relative to fiscal 1990) over the five-year period beginning with fiscal 2008 and ending with fiscal 2012, and a nonbinding objective of a 20% reduction over the same time frame.

Within this context, Mitsubishi Chemical Corporation (MCC) included the goal of cutting its own unit energy consumption by at least 20% (relative to fiscal 1990) by fiscal 2010 in its *APTSIS 10* mid-term management plan, which it embarked upon in fiscal 2008.

Chemical Industry Voluntary Action Plan Objective
(As revised in October 2007)

1. Reduce manufacturing division average unit energy consumption over a five-year period (fiscals 2008-2012) by 13% relative to fiscal 1990, with a nonbinding objective of a 20% reduction.
2. Formulate energy efficiency action guidelines for head office, sales, and other such units, and begin implementing related activities in April 2008.
3. Initiate household sector energy efficiency activities being promoted by the chemical industry.
4. Prepare information on the Japanese chemical industry's energy efficiency and environmental technologies and provide it to relevant parties in developing countries.
5. Continue developing and promoting the use of new energy-efficient materials.

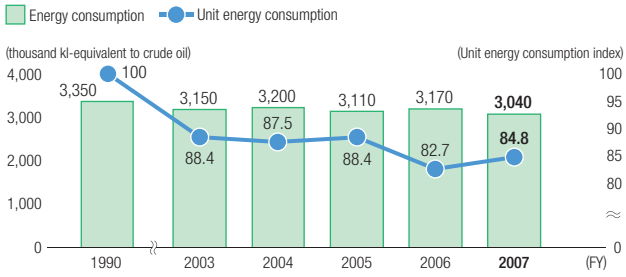
Fiscal 2007 CO_2 Emissions 14.5% Lower Than the Fiscal 1990 Standard

MCC has consistently achieved its objective of reducing its unit energy consumption by 1% annually since fiscal 1995.

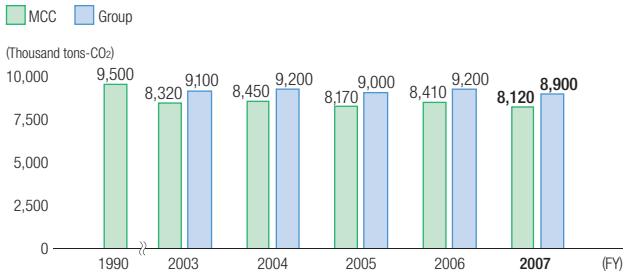
The implementation of various energy efficiency measures aimed at achieving this objective continued in fiscal 2007. However, with long-term shutdowns following plant accidents and production rates lowered by major scheduled maintenance, unit energy consumption increased 2% compared to the prior fiscal year. On the plus side, though, production process improvements and other factors reduced CO_2 emissions by about 300,000 tons versus the prior fiscal year, a level 14.5% below that for fiscal 1990. In addition, the MCC Group as a whole lowered its CO_2 emissions by 3%.

Because the Kyoto protocol requires absolute reductions in CO_2, MCC is not only striving to reduce energy consumption units, but also working to reduce CO_2 emissions from two perspectives, Group emissions and emission reduction contributions (Refer to P41-42).

Energy Consumption (MCC)



CO_2 Emissions*



*CO_2 emissions are calculated based on energy consumption figures reported in accordance with the Act on Rational Use of Energy. However, because of differences in emissions coefficients, figures may differ from those reported in accordance with the Act on Promotion of Global Warming Countermeasures.

For more information on emissions of five greenhouse gases, please refer to **P55**.

3% Reduction in Energy Consumption Units Achieved through Larger Shipping Lots

The Law Concerning the Rational Use of Energy, implemented in April 2006, includes new requirements for manufacturers to reduce the amount of energy used in shipping their products beginning in October 2007.

MCC, having been designated a "specified business operator" (shipping volume of 30,000,000 ton-kilometers or more) in May 2007, worked with its main logistics contractor, Mitsubishi Chemical Logistics, to build a system for joint energy usage rationalization, and is now working to achieve the objective of reducing energy consumption units by 1% annually.

In accordance with the Law Concerning the Rational Use of Energy, MCC is also undertaking efforts to determine its logistics-related results, and prepare and submit energy efficiency plans. MCC submitted to the Kanto Bureau of Economy, Trade and Industry its fiscal 2006 energy consumption report and fiscal 2007 energy-efficiency plan in September 2007, and its fiscal 2007 energy consumption results and fiscal 2008 energy-efficiency plan in June 2008.

For fiscal 2007, energy consumption units declined 3% compared to the previous fiscal year, surpassing the 1% objective. This was achieved by increasing lot volumes shipped by vessel and tank truck. Plans for fiscal 2008 call for the supplementation of these measures with steps like the addition of fins to ships for greater fuel efficiency, and the installation of on-board terminals and eco-tires on trucks to promote environmentally friendly driving.

Result of Efforts to Reduce Energy Consumption Units

	Fiscal 2006	Fiscal 2007	Versus previous fiscal year (%)	Reduction (%)
Energy (GJ)	1,180,000	1,130,000	96.2	3.8
Crude oil equivalent (KL)	30,000	29,000	96.2	3.8
hipping weight (10,000 tons)	4.6	4.6	98.6	1.4
Shipping volume (1 million ton-kilometer)	1,500	1,490	98.8	1.2
Avg. distance (km)	326	326	100.2	−0.2
Energy consumption unit (KL/1 million ton-kilometers)	20.2	19.6	97.0	3.0

"Team Minus 20%" Promoting Environmental Activities in the Home and Office

In April 2007, the MCC Group launched "Team Minus 20%," a groupwide project aimed at promoting proactive environmental load reduction activities by individual employees at home and in the office. Team Minus 20% examined specific activities, mainly measures to stop global warming, in detail. In January 2008, it completed action plans that are intended to build on prior measures and be implemented at the Mitsubishi Chemical Holdings Corporation (MCHC) Group-level in both homes and offices. The team is now working to promote groupwide understanding of these plans.

The action plan for offices is comprised of three steps: 1) Implementation of various energy conservation activities, with the MCHC head office building, which also houses MCC's head office, serving as a model; 2) Sharing of information on examples and results from 1) throughout the MCC Group, and further development of ongoing activities by branch offices and Group companies as they also act on this information, and 3) Quantitative measurement of the entire Group's achievements.

The initial phase of this plan supplements ongoing summer season "Cool Biz" measures at the MCHC head office with steps like automatic switching off of lights at lunchtime, reduction of the number of fluorescent tubes in use, more efficient use of air conditioning, and procurement of green electricity, with the goal of reducing electric-power-related CO_2 emissions by 20% or more.

Turning to households, tools (overseen by the Japan environment Association) provided by the Ministry of the Environment are being used by employees to quantitatively measure their own household CO_2 emissions and deepen their understanding of the need for CO_2 emission reductions. In September 2008, all MCHC group employees were asked to begin keeping home environmental accounting records.

Pamphlet calling for participation in the keeping of home environmental accounting records

Overall Chemical Substances Discharge Reductions

The MCC Group is working in unison to determine its overall chemical substance discharge volume and cut VOC emissions 50% versus fiscal 2000 figures, by fiscal 2010.

Steady Reductions of PRTR*1 Overall ischarges Result in 140 Tons Decline Versus Fiscal 2007

Mitsubishi Chemical Corporation (MCC) is performing and announcing the results of annual studies on discharges (including VOCs*2) and transfers of the substances regulated under the PRTR*1 Law and the 480 substances specified by the Japan Chemical Industry Association.

The MCC Group has been steadily reducing its overall discharges since fiscal 2005. For fiscal 2007, actions like introducing floating roofs for acetone tanks, burning off waste gas, and improving the capacity of cyclohexane recovery equipment resulted in a discharge reduction of approximately 250t. That brought PRTR discharges down to 1,566 tons, approximately 240 tons less than in the previous fiscal year.

Focusing specifically on substance is controlled by the PRTR Law, changes in the manufacturing of polycarbonate led to lower methylene chloride usage and lower styrene emissions. As a result, fiscal 2007 discharges came to approximately 474 tons a 2% reduction versus the prior fiscal year.

TOPICS

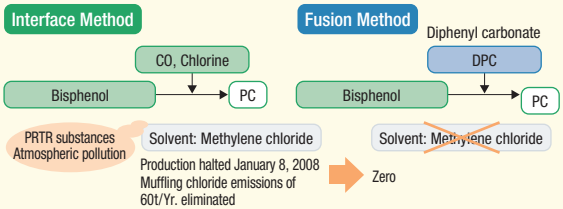
Elimination of Methylene Chloride Emissions through a Change in Polycarbonate* Manufacturing (MCC Kurosaki Plant)

MCC introduced its proprietary fusion method at the polycarbonate plastic and intermediate manufacturing facilities newly completed in March 2008 at its Kurosaki Plant, and succeeded in reducing its methylene chloride emissions.

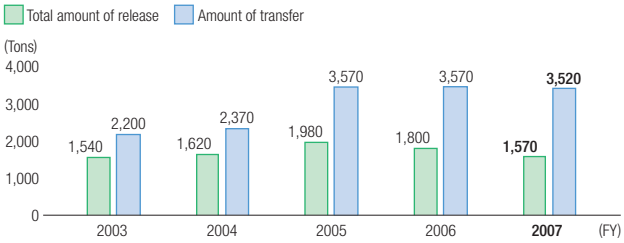
The previous interface method involved the use of methylene chloride as a solvent, which was difficult to recover. The fusion method, in comparison, uses no solvents, and, therefore, make it possible to greatly reduce the burden on the atmosphere.

MCC will use its new manufacturing method to meet the world's growing demand for polycarbonate, and reduce its burden on the environment.

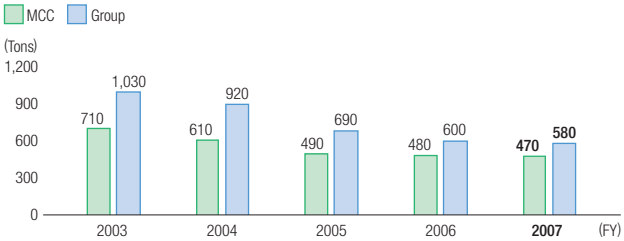
*Polycarbonate is a prime example of an engineering plastic. It excels in transparency, shock resistance, heat resistance, and weather resistance, and is used in automobile parts and materials, and a wide variety of other applications.



Total Amount of Release and Transfer of Monitored Chemicals



Emissions of Substances Regulated under the PRTR Law

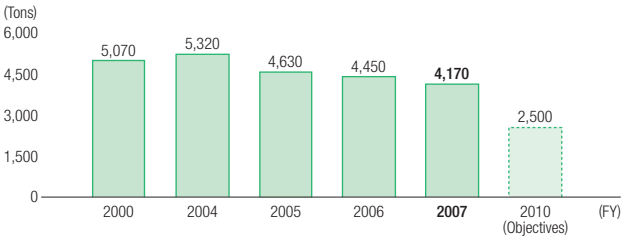


VOC Emissions Reduction through Recovery and Detoxification

VOCs are said to be a cause of photochemical smog, and the MCC Group is committed to reducing its VOC emissions 50% versus fiscal 2000, by fiscal 2010. To achieve that goal, it is developing measures to recover and detoxify VOCs that would otherwise be released into the atmosphere.

Measures like installation of floating roofs on acetone and other tanks, introduction of solvent recovery systems, and installation of lines to carry waste gas to existing incinerators will be expanded, and major reductions are expected from fiscal 2008 to fiscal 2009.

VOC Emissions (MCC Group)



*1 The PRTR (Pollutant Release and Transfer Register) Law requires the collection and disclosure of data indicating the types, volumes, and sources of hazardous chemical substances released into the atmosphere or transferred away from plants as constituents of waste materials.

*2 VOCs, or "Volatile Organic Compounds" include substances like toluene and xylene. Considered one of the sources of photochemical oxidents (photochemical smog), VOCs came under regulation for the first time with the passage of the revised Air Pollution Control Action 2006.

For details on 21 substances for which emissions were 10 tons/Year or greater and on overall emissions of substances subject to voluntary management, please refer to **P56**.

Preventing Air, Water, and Soil Pollution

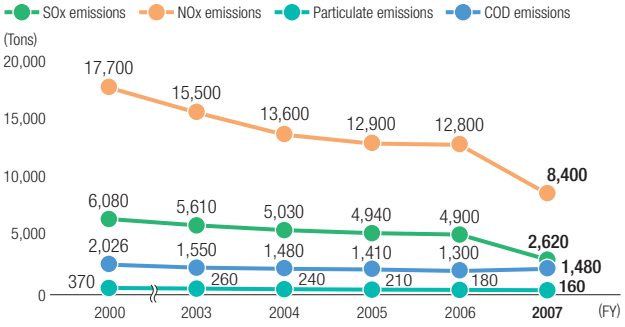
Through ongoing technical advances and capital expenditures, the MCC Group has greatly reduced pollutant emmissions.

Stopping Air and Water Pollution through Legal Compliance and Voluntary Controls

The chemical industry handles a wide range of chemical substances and consumes massive quantities of fossil fuels, which are sources of nitrogen oxide (NOx) and sulfur oxide (SOx). The Mitsubishi Chemical Corporation (MCC) Group, therefore, is continuously taking steps like adopting the use of facilities for removing particulates, NOx, and SOx from atmospheric emissions, and enhancing wastewater treatment to control discharges of organic substances.

In connection with these activities, the Group not only complies with the Air Pollution Control Act and the Water Pollution Control Act, it has also created, and strictly abides by, its own tough voluntary standards based on ordinances in the prefectures where it has production facilities, and other regulations.

Air and water Pollution Control (MCC)



Continuing Voluntary Studies and Appropriate Measures for Addressing Soil and Groundwater Contamination

MCC voluntarily undertakes studies of soil and groundwater contamination conditions at all of its plants. In fiscal 2007, studies at two plants detected heavy metals in excess of standards, but, in both cases, the sources are thought to be from soil brought in for land reclamation, not from industrial activities.

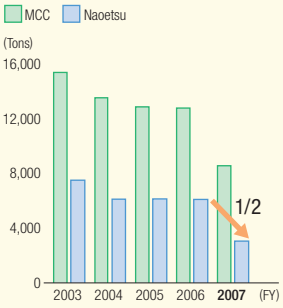
At locations where contamination is detected, governmental authorities are notified either in compliance with regulations or voluntarily, and decontamination, monitoring, and other measures are implemented on an ongoing basis under prefectural or municipal guidance. To date, study results have been reported to authorities in Kashima, Nagoya, Yokkaichi, Mizushima, Naoetsu, and Kurosaki, and appropriate measures will be pursued on an ongoing basis.

TOPICS

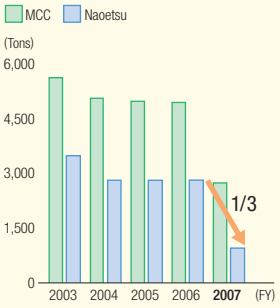
Major NOx and SOx Reductions through Discontinuation of Diesel Power Generation (MCC Naoetsu Plant)

Beginning in the 1970s, MCC's Naoetsu Plant used diesel generators to provide electricity for plant operations and sold excess power to an electric utility. Beginning in May 2007, however, the plant began meeting all of its power needs with electricity purchased from a power company, and it now sells power only when requested to do so by the power company. The resulting reduction in diesel generator usage and a switch from bunker C to low-sulfur bunker A fuel oil has reduced NOx emissions by 3,100t, and SOx emissions by 1,900t.

Nitrogen Oxide Emissions



Sulfur Oxide Emissions



TOPICS

Strengthening Wastewater Management Establishing Voluntary Standards and a Dedicated Management Department (MCC Kurosaki Plant)

To strengthen its wastewater management, MCC's Kurosaki Plant, in fiscal 2007, began managing wastewater at individual discharge points and established clear voluntary standards, and monitoring and measurement methods, for each process discharging wastewater. It also centralized wastewater management by establishing a dedicated department to oversee the operations and management of facilities for processing and purifying wastewater before discharge outside the plant. These measures have resulted in better operations and management, and the plant will continue to enhance its wastewater management in the future.

For more information on particular, SOx, NOx, and COD emissions, please refer to **P57**.

Waste Reduction and Recycling

Advancing reduce, reuse, and recycling measures, the MCC Group is aiming to achieve zero emissions* by fiscal 2010.

Cutting Final Landfill Disposal at the Group and Group-company-levels

The Mitsubishi Chemical Corporation (MCC) Group, in contributing to the formation of a recycling-based society, is moving ahead with the reuse and recycling of sludge, waste plastic, and other industrial waste, with the goal of achieving zero emissions* by fiscal 2010.

After the addition of Nagoya Plant waste transferred from Mitsubishi Chemical MKV, fiscal 2007 waste generation at MCC came to 166,000t, about the same as in the previous fiscal year. Without the additional waste, MCC waste generation would have been approximately 1,400t (about 1%) lower than the figure for the previous fiscal year.

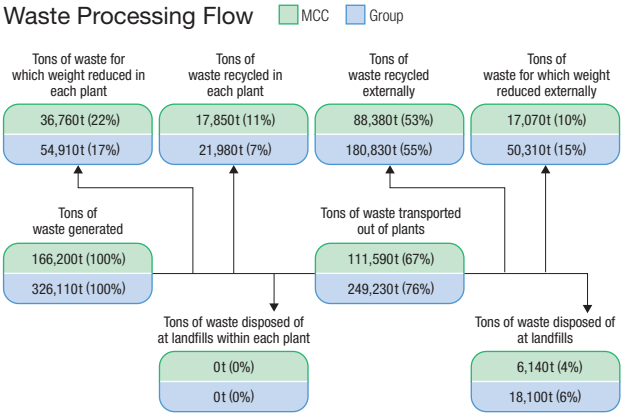
On another front, the rate of waste recycling increased to 64%, from 56% a year ago. This improvement resulted from progress in the recycling of inorganic sludge, incinerator ash, and filtration residue as raw materials for cement and paving.

As a result of the above, the final landfill disposal volume in fiscal 2007 fell 48%, to 6,100t, from 11,800t in the previous fiscal year, while the final landfill disposal rate declined to 4%, from 7%. By plant, the Sakaide, Nagoya, Odawara, and Yokohama Plants have all achieved zero emissions, while nearly all other plants reduced their final landfill disposal rates versus year-earlier results. For the MCC Group as a whole, the final landfill disposal rate decreased to 6% for fiscal 2007, from 7% the previous year.

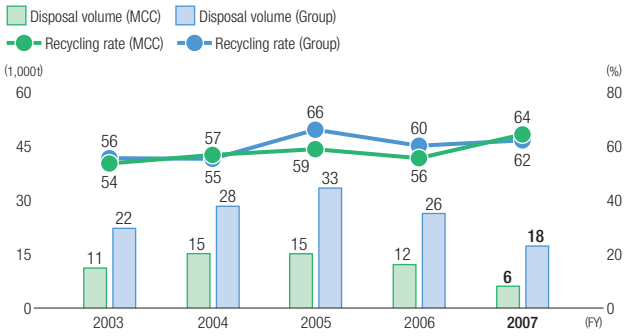
Moving forward, efforts to reduce waste discharges and increase recycling rates will continue, on the way to achieving the fiscal 2010 objectives.

*The MCC Group considers "zero emissions" to have been achieved when final landfill disposal volume falls below 1% of waste generated — a final landfill disposal rate of less than 1%.

Waste Processing Flow



Final Landfill Disposal Volume and Recycling Rate



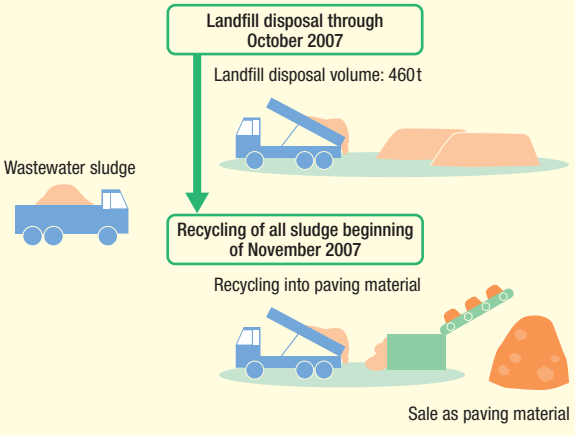
TOPICS

Landfill Disposal Halved by the Recycling of Wastewater Processing Sludge (MCC Mizushima Plant)

In the past, MCC's Mizushima Plant used sedimentation separation to remove suspended solids in its water purifying process, removed water from the resulting residue (inorganic sludge), and then had the remaining sludge disposed of in a landfill.

To reduce the landfill disposal of this sludge, the Mizushima Plant moved forward with an endeavor to recycle it into paving material. In fiscal 2006, 10t a month were used to test the process, and in November 2007 the plant moved to recycle all of its wastewater sludge in this way. As a result, fiscal 2007 wastewater sludge landfill disposal came to only 460t, about half of the 970t sent to landfills in fiscal 2006. For the Mizushima Plant as a whole, the final landfill disposal rate declined to 8% in fiscal 2007, from 15% in fiscal 2006.

Plans call for the Mizushima Plant to continue its recycling efforts in fiscal 2008 and beyond, and completely eliminate the landfill disposal of wastewater sludge.

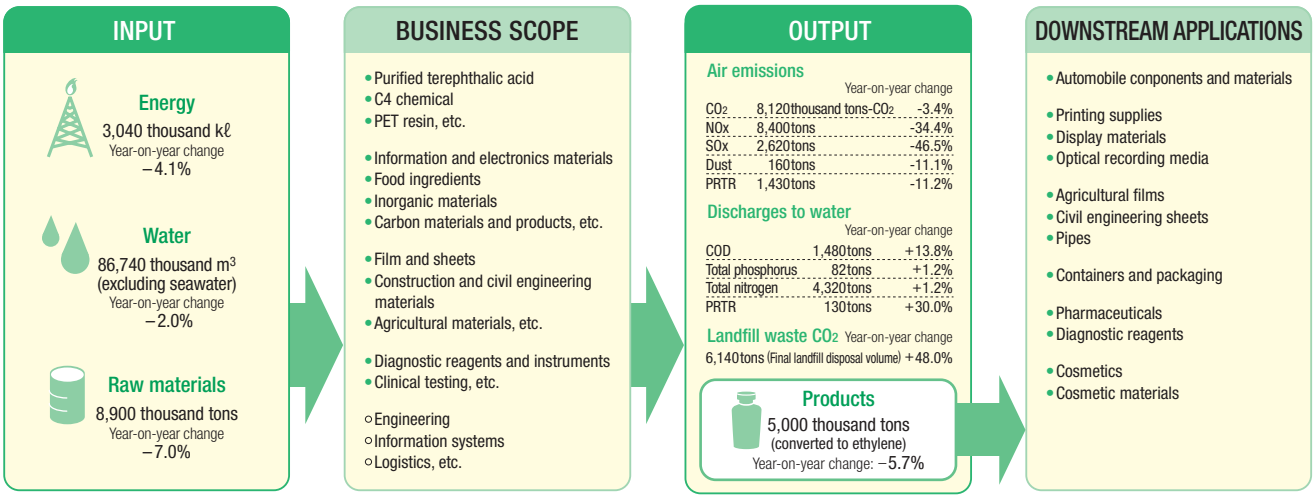


Material Flow/Environmental Accounting

The MCC Group is calculating and disclosing environmental conservation and safety investments and expenditures based on guidelines issued by the Ministry of the Environment.

Continuously Identifying and Measuring Material Flows

The Mitsubishi Chemical Corporation (MCC) Group is working to identify material flows (resource inputs and environmental load) in order to more effectively reduce its environmental load. Summarized here are MCC's inputs (energy, water, and raw material volumes) and outputs (product production volume, and waste and other emissions) by business area and final application.



Fiscal 2007 Environment and Safety Investments of ¥4.1 Billion and Expenses of ¥35.7 Billion

For fiscal 2007, investments aimed at cutting VOC and other atmospheric pollutant emissions, reducing environmental load through the installation of monitoring devices, and other such initiatives came to about ¥4.1 billion. Of that total, ¥1.5 billion was invested in new construction and improvement of VOC recovery facilities; ¥900 million in improvements to soot-emitting facilities; ¥600 million in improvement and new construction of facilities for centrally managing wastewater source control and processing facilities; and ¥1.0 billion in installation of conveyor pipes for adapting to raw material diversification and reducing resource usage.

Environmental and safety expenses totaled approximately ¥35.7 billion due to the incurrence of pollution prevention costs to improve air and water quality, and voluntary safety costs to promote safe production and emergency response capabilities.

Investment and Expenditure Relating to Environmental Protection and Safety

Millions of yen

Costs of Our Activities Relating to Environment Conservation			2007		2006	
Activity			Investment	Cost	Investment	Cost
1	Environmental conservation cost to reduce environmental impacts generated in our sites due to our manufacturing and service activities (on-site cost)		4,031	21,399	7,794	19,591
	Breakdown	1) Pollution prevention cost	2,644	15,259	1,026	13,549
		2) Global environmental conservation cost	0	1,015	23	936
		3) Resource recycling cost	1,387	5,126	6,746	5,106
2	Environmental conservation cost in our management activities (environmental management activity cost)		0	881	0	1,086
3	Environmental conservation cost in our research and development activities (research and development cost)		0	1,753	0	1,972
4	Environmental conservation cost in our social activities (social activity cost)		81	502	15	548
5	Cost to address damages to the environment (environmental damage cost)		31	16	10	11
6	Other environmental conservation costs (other costs)		0	765	0	1,010
Subtotal			4,143	25,317	7,819	24,217

Costs of Our Activities Relating to Environment and Safety		2007		2006	
Category		Investment	Cost	Investment	Cost
1	Cost to comply with safety legislation (safety legislation cost)	126	3,442	7	2,943
2	Cost of voluntary risk management for safety (voluntary risk management cost)	354	6,034	106	5,050
3	Cost of safety management activities (safety management cost)	0	862	0	966
Subtotal		480	10,338	113	8,958
Total		4,623	35,655	7,932	33,176

For more information on eco-efficiency assessments, please refer to **P57**.

Chemical Substance Management

To deliver safety and security, the MCC Group identifies the characteristics of chemical substances and uses that information to properly manage substances through each phase from development, through production, use, recyling, and disposal.

Basic Position on Comprehensive Safety Management for Chemical Substances

The Mitsubishi Chemical Corporation (MCC) Group properly develops information on all chemical substances it handles, including not just those it produces, but also raw materials, byproducts from manufacturing processes, waste, and products into which these are recycled. In addition, its Safety Assessment Committee tests these substances in advance for their toxicity in humans, environmental impact, production process safety, etc., as part of a strict voluntary management system (Refer the diagram below).

Safety Information: Proactive Collection and Appropriate Provision to Customers

The MCC Group joined the Japan Challenge Program*1 in fiscal 2005 to proactively collect information on the toxicity and hazards of the chemical substances it handles, and is now using these results to enhance its safety information.

The MCC Group uses information it collects to prepare Material Safety Data Sheets (MSDS), which are used to provide proper handling and other types of information to customers. Some MSDSs are also posted on the Internet for public access (http://www.mcc-msds.net). At present, efforts are underway to revise MSDSs for GHS*2 compliance. The MCC Group is also actively participating in the Joint Article Management Promotion-consortium*3 (JAMP), and using tools like MSDSplus*4, which communicates information on chemical substances contained in products, in tandem with MCC's Green Information Management (Refer to P25), to provide information on chemical substances through the supply chain.

Material Safety Data Sheets (MSDS)

Chemical Substance Risk Assessment Flow in Product Development

Assessments Performed by Assessing Information at Each Stage

Basic Research	R&D	Development of Manufacturing Process	Manufacturing
Collection and assessment of safety data at Laboratories Overall assessment by Safety Assessment Committee	Collection and assessment of safety data at pilot phase	Collection and assessment of safety data from manufacturing facilities	Routine safety inspection of manufacturing plant facilities
• Prior survey of safety data on chemical substances to be used or generated • Check for hazards to human health or the environment • Check production process and handling dangers	• Process safety assessment • Product safety assessment • Human health impact assessment • Environmental impact assessment	• Process safety assessment • Product safety assessment • Human health impact assessment • Environmental impact assessment • Green management and assessment	• Work environment monitoring • Confirmation of environmental emissions • Provision of chemical substance safety information via MSDSs • Provision of logistics safety information via yellow cards, etc. • Green management

↔ Decide whether or not to proceed to the next stage

↔ Decide whether or not to develop manufacturing process

↔ Decide whether or not to start full-fledged production (final decision)

Environmental and Safety Database, Other Information

Advancing REACH Regulation Compliance and Other International Chemical Substance Management Activities

In June 2007, the EU implemented its new REACH*5 chemical substance management regulations for the protection of human health and the promotion of environmental safety. To comply with these regulations, MCC began in 2007 to construct a groupwide project that links relevant units and Group companies, and is administered by MCC's Environment, Safety and Quality Department. Since that time the project has expanded its activities with the principal purpose of regularly sharing information and approaches.

In fiscal 2007, the Group embarked on specific efforts to fulfill REACH registration requirements. Examples of these efforts included reconfirmation of products exported to the EU, selection of substances requiring registration, sharing of information with customers and raw material suppliers, and the designation of a registration agent.

In fiscal 2008, the Group began performing preliminary registrations*6 in June, undertaking SIEF*7 preparations, and responding to requirements regarding substances that are candidates for registration with the EU*8.

The MCC Group is also participating in the overall chemical substance management initiatives of the International Council of Chemical Associations (ICCA), and cooperating with activities aimed at achieving the internationally agreed objective of minimizing the adverse effects of chemical substances on human health and the environment by 2020.

*1 The Japan Challenge Program is a collaborative effort by industry and the Japanese government to accelerate the collection of safety information on existing chemical substances and disseminate it broadly to the public.

*2 The Globally Harmonised System of Classification and Labeling of Chemicals, or GHS, seeks to use easily understood symbols on chemical product labels and safety data sheets to communicate information on constituent chemical substance hazard types and degrees determined in accordance with uniform international rules. Examples of hazardous characteristics include but are not limited to explosiveness, flammability, toxicity to humans, and environmental impacts.

*3 The Joint Article Management Promotion-consortium, or JAMP, is a cross-industry organization for creating and promoting the use of systems for properly managing information on chemical substances included in parts, molded components, etc. and smoothly disclosing and communicating it throughout the supply chain.

*4 MSDSplus is a common safety data sheet used to communicate the chemical substance information prepared by JAMP to raw material manufacturers, final product manufacturers, and all parties in between.

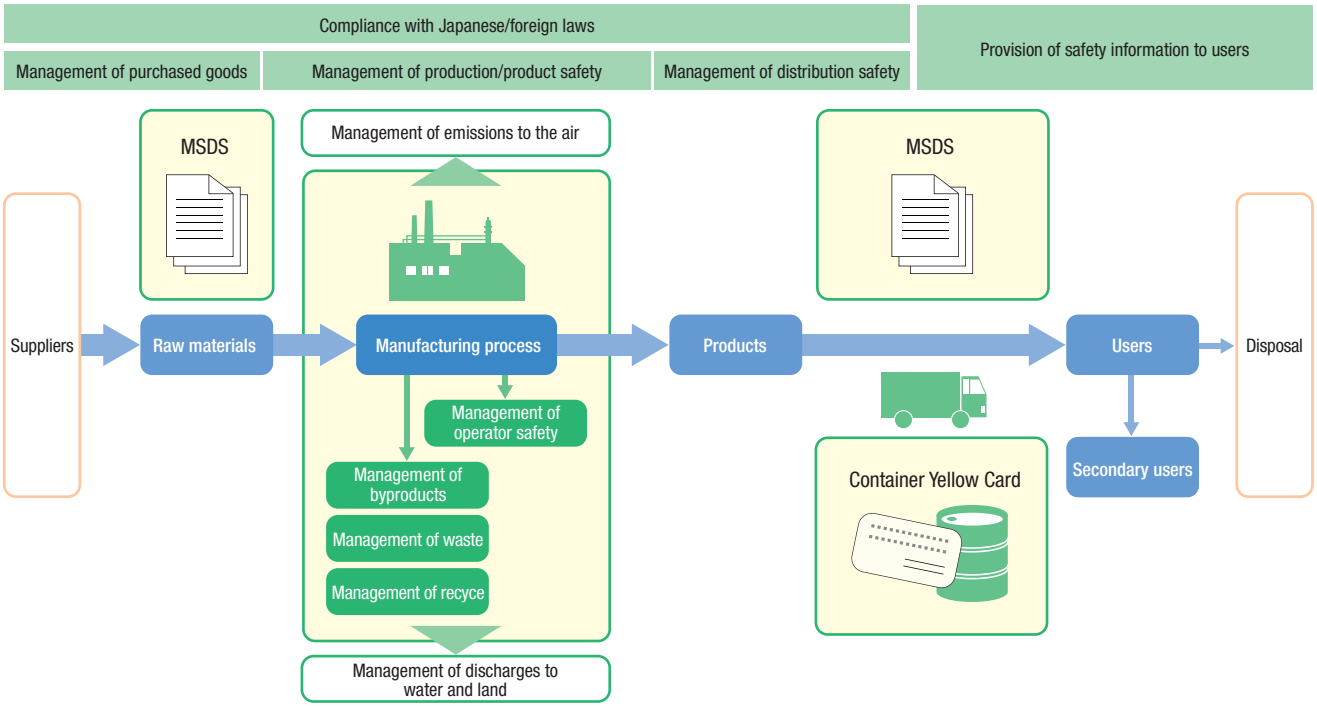
*5 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations help ensure the safety of chemical substances for both human health and the environment, by requiring registration, evaluation, and authorization for chemical substances distributed within the EU, and placing restrictions on chemical substances requiring risk management, and their uses.

*6 The preliminary registration provision supports the incremental application of REACH regulations to existing chemical substances. The system provides for registration deadline extensions for substances preliminarily registered during the six months beginning with June 1, 2008 and ending on November 30.

*7 The Substance Information Exchange Forum (SIEF) is intended to simplify information exchanges between manufacturers and importers, avoid duplicate testing of the same items, and promote the exchange of data and information for developing common substance classifications and labels.

*8 Substances that are candidates for registration with the EU include those that are carcinogenic, persistent, tend to bio-accumulate, are chronically toxic, or otherwise thought to have significant adverse effects on human health or the environment.

Chemical Safety Management



P2 MCC Group Companies Implementing RC Activities

◎……Mitsubishi Chemical Corporation (MCC) subsidiary subject to the Japanese Corporate Law: Group performance data collected and published in this RC Report
○……MCC Subsidiary subject to the Japanese Corporate Law (Overseas): Excluded from Group performance data collected for this RC Report
No symbol……Excluded from Group performance data collected for this RC Report

Performance and Functional Products
◎ Kasei Optonix, Ltd.
◎ Japan Epoxy Resins Co., Ltd.
◎ Shinryo Corporation
◎ Nippon Kasei Chemical Company Limited
Frontier Carbon Corporation
◎ Mitsubishi Chemical Analytech
◎ Calgon Mitsubishi Chemical Corporation
◎ Mitsubishi-Kagaku Foods Corporation
◎ Yuka Denshi Company Limited
◎ Ryosho Sangyo Co., Ltd.
○ Tai Young Chemical Co., Ltd.
○ Tai Young High Tech Co., Ltd.
○ Mitsubishi Kagaku Imaging Corporation
○ Mitsubishi Chemical Infonics Pte Ltd.
○ RESINDION S.R.L.

Health Care
API Corporation
◎ Mitsubishi Chemical Medience Corporation

Petrochemicals
◎ V-Tech Corporation
◎ Echizen Polymer Co., Ltd.
Kashima-Kita Electric Power Corporation
KASHIMA Power Corporation
KAWASAKI KASEI CHEMICALS LTD.
◎ THE KANSAI COKE AND CHEMICALS CO., LTD.
San-Dia Polymers, Ltd.
J-PLUS Co., Ltd.
Dia-Nitrix Co., Ltd.
Chuo Rika Kogyo Corporation
TM AIR CO., LTD.
Techno Polymer Co., Ltd.
Nippon Ester Co., Ltd.
The Nippon Synthetic Chemical Industry Co., Ltd.
◎ Japan Polychem Corporation
Japan Unipet Co., Ltd.
PS Japan Corporation
Mitsubishi Engineering-Plastics Corporation
◎ Mitsubishi Chemical Agri, Inc.
YUPO CORPORATION
◎ Yokkaichi Chemical Co., Ltd.
Ryoto Hiryo Co., Ltd.
Sam Nam Petrochemical Co., Ltd.
Sam Yang Kasei Co., Ltd.
○ Tai Young Nylon Co., Ltd.
○ Ningbo Mitsubishi Chemical Co., Ltd.
○ Beijing Ju-Ling-Yan Plastic Company Limited
○ PT. Mitsubishi Chemical Indonesia
○ Mitsubishi Chemical Performance Polymers, Inc.
○ MCC PTA India Corp. Private Limited

Others
◎ Joetsu Techno Center Limited
◎ Dia Media Co., Ltd.
NITTO KAKO CO., LTD.
◎ Mitsubishi Chemical Engineering Corporation
◎ Mitsubishi Chemical Group Science and Technology Research Center, Inc.
◎ Mitsubishi Chemical Logistics Corporation
◎ RYOYO CHEMICAL Co., Ltd.
◎ RHOMBIC CORPORATION
○ Mitsubishi Chemical America Inc.

P21 RC Promotion Organization

ISO 9001 Registration

Company	Plant
Mitsubishi Chemical Corporation	Yokkaichi (7/1999), Tsukuba (2/2000), Mizushima (3/2000), Kashima (3/2001), Matsuyama (6/2000), Kurosaki (7/2000), Sakaide (12/2000), Odawara (12/2000), Naoetsu (2/1999), Nagoya (4/2000)
V-Tech Corporation	Yokkaichi (7/1999), Mizushima (3/2000)
Echizen Polymer Co., Ltd.	Echizen (12/2001)
Kashima-Kita Electric Power Corporation	Kashima (10/2004)
KASHIMA Power Corporation	Kashima (5/2002)
Kasei Optonix, Ltd.	Odawara (8/2001)
KAWASAKI KASEI CHEMICALS LTD.	Whole Company (10/2005)
THE KANSAI COKE AND CHEMICALS CO., LTD.	Kakogawa (3/1998), R&D Center Kakogawa (6/2004), Amagasaki Branch (Eco Action 21 3/2007), Head Office (Eco Action 21 11/2005)
San-Dia Polymers, Ltd.	Nagoya (2/2001), Ogaki (2/2005)
Japan Epoxy Resins Co., Ltd.	Yokkaichi (4/2002)
Shinryo Corporation	Whole Company (4/2002)
Dia-Nitrix Co., Ltd.	Mizushima (3/2000), Otake (10/1999), Yokohama (3/2001), Toyama (1/2000), Kurosaki (7/2000)
Dia Media Co., Ltd.	Whole Company (4/2002)
Chuo Rika Kogyo Corporation	Head Office/Hirakata Plant (9/2001), Head Office/Sales Department (9/2001), Ibaraki Plant (9/2002), Kumamoto Plant (9/2002), Tokyo Branch (9/2002)
Techno Polymer Co., Ltd.	Yokkaichi West (3/1998), Yokkaichi East (7/1999)
NITTO KAKO CO., LTD.	Head Office/Plant (6/2001)
Nippon Ester Co., Ltd.	Okazaki (10/2001)
Nippon Kasei Chemical Company Limited	Kurosaki (7/2000), Onahama (3/2003)

Company	Plant
The Nippon Synthetic Chemical Industry Co., Ltd.	Whole Company (7/2001)
Japan Polyethylene Corporation	Kawasaki Plant in Minami and Ukishima (5/1999), Kawasaki Plant in Chidori (10/1998), Oita Plant (12/1998), Mizushima (3/2000), Kashima (3/2001)
Japan Polypropylene Corporation	Yokkaichi Plant (1/2001), Kawasaki Plant (10/1998), Goi Plant (12/1999), Mizushima (3/2000), Kashima (3/2001)
PS Japan Corporation	Yokkaichi Plant (7/1999)
Mitsubishi Engineering-Plastics Corporation	Whole Company (11/2002)
Mitsubishi Chemical Agri, Inc.	Kurosaki (7/2000), Mizushima (7/2000)
Mitsubishi Chemical Analytech	Yokkaichi Test Center (7/1999), Mizushima Test Center (3/2000), Kashima Test Center (3/2001), Yokkaichi Analytical Operations Center (4/2006), Tsukuba Analytical Operations Center (4/2006)
Mitsubishi Chemical Group Science and Technology Research Center, Inc.	Kurosaki (7/2000), Yokkaichi (7/1999), Mizushima (3/2000)
Calgon Mitsubishi Chemical Corporation	Kurosaki (7/2000)
Mitsubishi Chemical Logistics Corporation	Kyushu (1/2000), Kashima (7/2002), Chubu (4/2001), Chugoku (6/2001), Kawasaki (11/2005), Amagasaki (12/2005), Shikoku (12/2001)
Mitsubishi Chemical Medience Head Corporation	Office/Central Laboratory (9/2002)
Yuka Denshi Company Limited	Yokkaichi (1/2002), Tsukuba (1/2002), Suzuka (2008/1)
YUPO CORPORATION	Kashima Plant/Laboratory (3/2000)
Yokkaichi Chemical Co., Ltd.	Whole Company (3/1999)
RYOYO CHEMICAL Co., Ltd.	Whole Company (8/2003)

ISO 9001 Registration

Company	Plant
Mitsubishi Chemical Corporation	Matsuyama (3/1995), Kashima Ion (12/1994), Tsukuba (12/1995), Kurosaki (2/1995), Odawara (1/1996), Sakaide (5/1995), Yokkaichi (1/1995), Kashima (3/1996), Mizushima (2/1995), Naoetsu (1/2006)
V-Tech Corporation	Mizushima (12/2003)
Echizen Polymer Co., Ltd.	Echizen (2/1999)
Kasei Optonix, Ltd.	Odawara (1/2002)
KAWASAKI KASEI CHEMICALS LTD.	Whole Company (4/1998)
JTHE KANSAI COKE AND CHEMICALS CO., LTD.	Kakogawa (3/2005), R&D Center (1/2004), Head Office/Business Promoting Department (1/2004)
San-Dia Polymers, Ltd.	Nagoya (2/2000), Ogaki (2/2000)
Japan Epoxy Resins Co., Ltd.	Yokkaichi (10/1999), Head Office/R&D Center (10/2007)
Shinryo Corporation	Whole Company (4/2002)
Dia-Nitrix Co., Ltd.	Kurosaki (7/2002), Mizushima (12/2003), Otake (7/2003), Yokohama (4/2003), Toyama (5/2002)
Dia Media Co., Ltd.	Whole Company (4/2002)
Chuo Rika Kogyo Corporation	Head Office/Hirakata Plant (12/1998), Head Office/Sales Department (12/1998), Ibaraki Plant (1/2000), Kumamoto Plant (1/2000), Tokyo Branch (1/2000)
TM AIR CO., LTD.	Kashima (8/1995), Whole Company (Head Office/Yokkaichi/Mizushima/Kurosaki 8/2004)

Company	Plant
Techno Polymer Co., Ltd.	Yokkaichi West (5/2000), Yokkaichi East (5/2000)
NITTO KAKO CO., LTD.	Head Office/Plant/Sales Department (4/1999)
Nippon Kasei Chemical Company Limited	Kurosaki (2/1995), Onahama (1997/3)
The Nippon Synthetic Chemical Industry Co., Ltd.	Whole Company (7/2001)
Japan Polyethylene Corporation	Whole Company (3/1995)
Japan Polypropylene Corporation	Whole Company (3/1995)
PS Japan Corporation	Whole Company (7/2001)
Mitsubishi Engineering-Plastics Corporation	Whole Company (11/1997)
Mitsubishi Chemical Analytech	Whole Company (12/1999)
Mitsubishi Chemical Engineering Corporation	Whole Company (12/2003)
Calgon Mitsubishi Chemical Corporation	Kurosaki (7/2003), Fukui (12/2003)
Mitsubishi-Kagaku Foods Corporation	Head office (8/2002)
Mitsubishi Chemical Logistics Corporation	Kyushu (5/2003), Kashima (10/2003), Chubu (10/2003), Osaka (1/2003), Chugoku (8/2003), Nakanihon (5/2005), Amagasaki (2005/5), Kawasaki (5/2005), Higashinihon(2005/5), Tokyo (2005/5), Shikoku (11/2002)
Mitsubishi Chemical Medience Corporation	Food Inspection Division (12/1999), Drug Development Services Division (11/2000), Site Management Services Department (5/2005)
Yuka Denshi Company Limited	Whole Company (7/2000)
YUPO CORPORATION	Kashima Plant/Laboratory (3/1996)
Yokkaichi Chemical Co., Ltd.	Whole Company (12/1995)
RHOMBIC CORPORATION	Compound Department (3/2004)

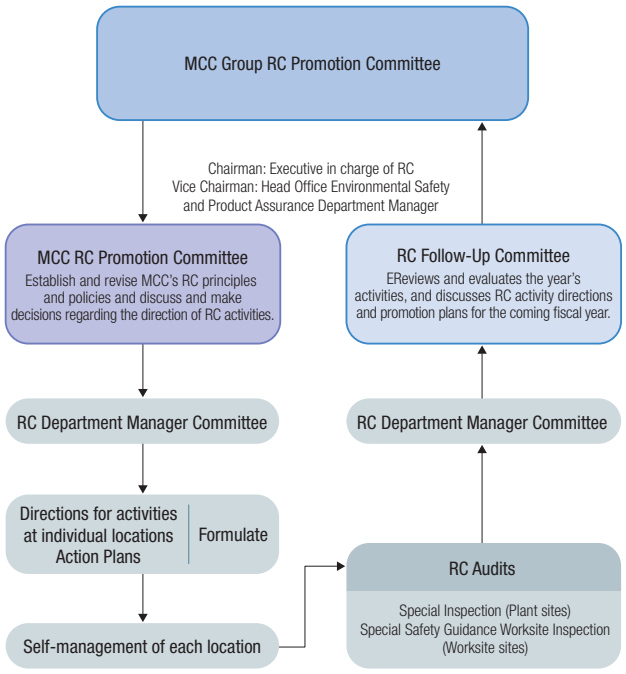
OHSAS18001 Registration

Company	Plant
Mitsubishi Chemical Corporation	Tsukuba (3/2004), Odawara (11/2004)
THE KANSAI COKE AND CHEMICALS CO., LTD.	Kakogawa (3/2003), R&D Center Kakogawa (3/2004)

Comparison between RC and ISO standards

	RC	ISO
Organization	To manufacture chemicals To handle chemicals	Complete in all industrial sectors
Activity	Environmental conservation Disaster prevention Occupational safety and health Chemical/product safety Quality assurance (MCC Group)	ISO 14000 Series OHSAS18000 Series ISO 9000 Series
Scope	System and performance	System
Verification/ Registration	Self-management, in principle System and performance (JRCC)	System (registered organization)

MCC's RC Promotion System



P33 MCC Work/Life Balance Policies

Childbirth/Childcare

System	Details	Fiscal 2007 Performance
Childcare Leave System	Can be taken through the end of the first month of March following the child's third birthday. Can be taken multiple times. Can be taken even with a stay-at-home spouse. Childcare financial support (1/2 of bonus payment, when absent for entire bonus period).	95 Women (100%) 4 Men (1.1%)
Childcare Short Break System	Up to 2 hours per day. Can be taken through the end (March 31) of the child's third year of primary school . Can be taken even with a stay-at-home spouse. Can involve starting work earlier, ending work later, or a combination of the two.	156 Women (68%) 1 Man
Fertility Treatment Support Policy	Reimbursement for half of fertility treatment (advanced reproductive medicine) costs, up to ¥500,000 per year, for either the employee or the employee's spouse. Days off for fertility treatment. Ability to use expired annual vacation for fertility treatment.	

Nursing Care

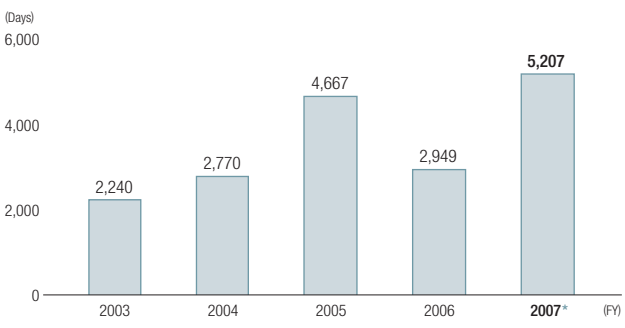
System	Details	Fiscal 2007 Performance
Nursing Care Leave System	A cumulative total of 1 year of leave to care for a particular person suffering a particular condition. Nursing care financial support (1/2 of bonus payment, when absent for entire bonus period).	3 Employees
Nursing Care Short Break System	Up to 2 hours per day. No restrictions on eligibility period (Period approved by the company). Can involve starting work earlier, ending work later, or a combination of the two.	7 Employees
Nursing Care Financial Support	Assistance to help cope with the mental and physical burdens of caring for elderly relatives. ¥200,000 is paid to employees caring for a first-degree relative (whether dependents or simply living together) with a care requirement rating of 4 or higher.	46 Employees

Work-Hour Reduction

System	Details	Fiscal 2007 Performance
Annual Paid Vacation	Up to 22 days depending on years of continuous service	79.1% of employees 44.7% of management
Life Support Days Off	To promote the taking of continuous days off, this system provides 1 additional paid day off (3 days for workers turning 30, 35, 40, 45, or 55) when an employee takes 2 or more consecutive days off (1 award per year).	84.0% of employees 45.4% of management

P35 Labor Safety

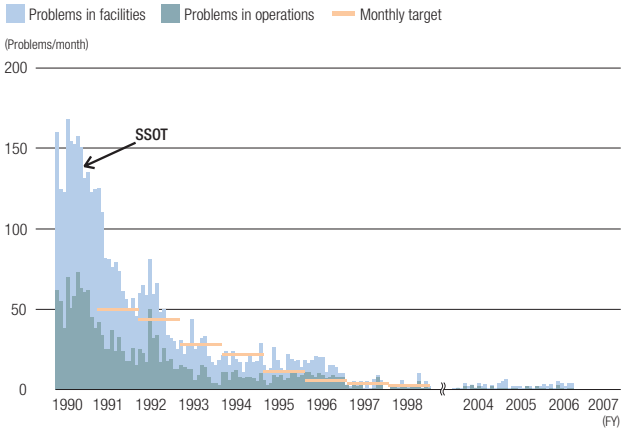
Lost workdays due to mental illness (MCC)



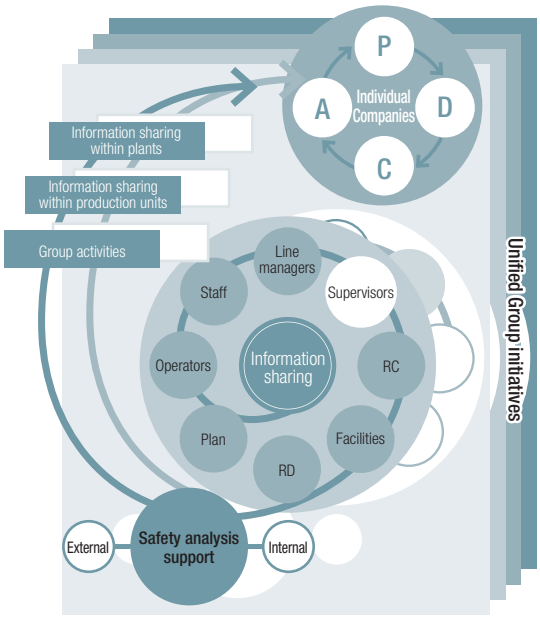
* Bulletin values

P36 Disaster Prevention

Effectiveness of SSOTs in Reducing Problems in Operations and Facilities (MCC Mizushima Plant)

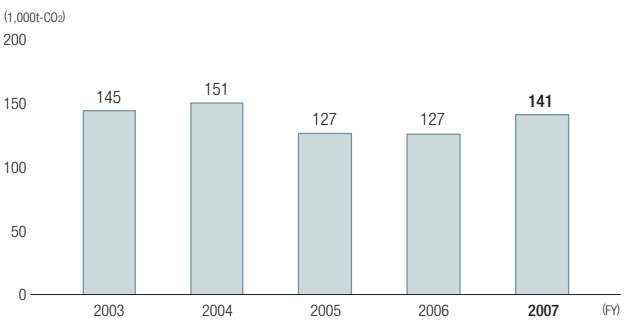


Safety Review (SR) Activity Spiral



P45 Stopping Global Warming

5 greenhouse gas* emissions (MCC Group)



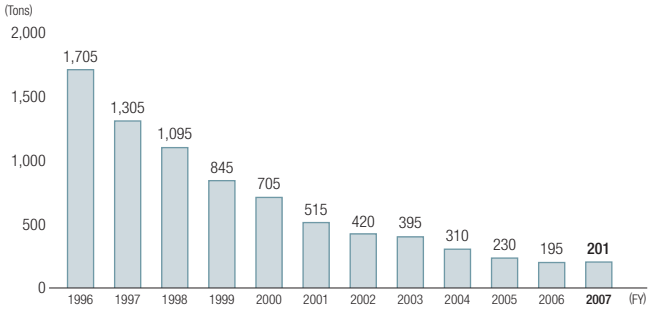
* gases: Methane, dinitrogen monoxide, hydrofluorocarbon (yearly volume filled), perfluorocarbon (yearly volume filled), sulfur hexafluoride

P47 Total Chemical Substance Emission Reductions

Details of 20 substances for which emissions are over 10 tons per year

PRTR No.	Chemical substance	Location of discharge			Total release	Amount of chemicals transferred
		Air	Water	Land		
	C4-C8 Hydrocarbon	537	0	0	537	126
	Acetone	132	0	0	132	583
299	Benzene	109	0	0	109	19
177	Styrene	84	1	0	85	56
	Methyl alcohol	72	9	0	81	745
	Isobutyl alcohol	62	0	0	62	1
	Phosphorous and its compounds	3	52	0	55	88
	Tetrahydrofuran	51	0	0	51	30
	Cyclohexane	46	0	0	46	12
227	Toluene	44	0	0	44	141
304	Boron and its compounds	0	42	0	42	0
145	Methylene chloride	40	0	0	40	40
	Ammonia	40	0	0	40	0
288	Bromomethane	31	0	0	31	0
77	Chloroethylene	25	1	0	26	0
63	Xylene	14	0	0	14	0
	Butyl aldehyde	14	0	0	14	0
	Hexane	13	0	0	13	139
7	Acrylonitrile	11	0	0	11	0
	Creosotes	10	0	0	10	0
	Triethylamine	1	9	0	10	0
	Total of emissions over 10 tons/year	1,340	113	0	1,453	1,981
	Total of PRTR substances	1,433	133	0	1,566	3,524

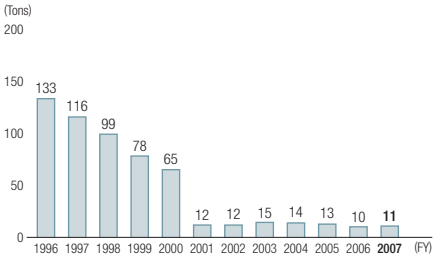
Total emissions of substances covered by voluntary control systems (MCC)



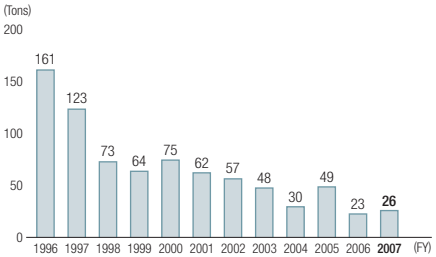
Chemicals covered by voluntary control systems on the basis of the Air Pollution Control Law

Acrylonitrile, PVC monomer, dichloromethane, 1, 2-dichloroethane, tetrachloroethylene, trichloroethylene, 1,3-butadiene, benzene, formaldehyde, acetaldehyde, chloroform and nickel compounds

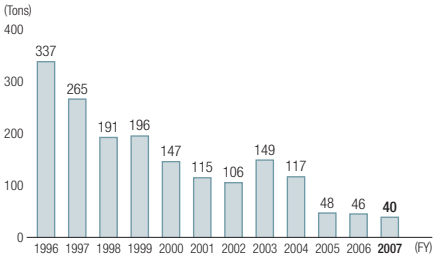
Acrylonitrile



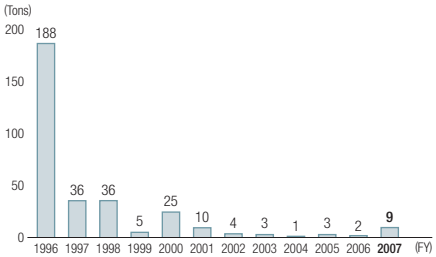
PVC monomer



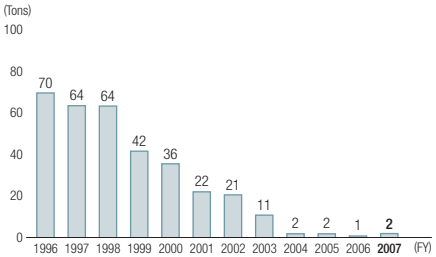
Dichloromethane



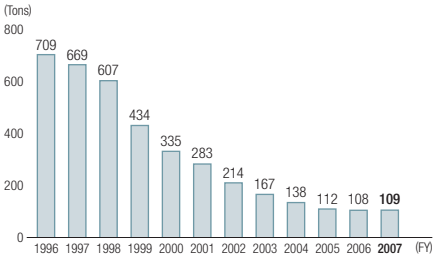
1,2-Dichloroethane



1,3-Butadiene



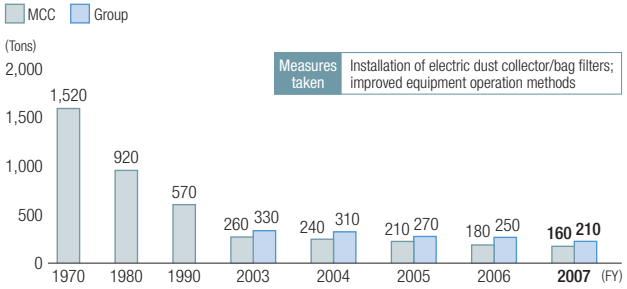
Benzene



P48 Initiatives Aimed at Preventing Atmospheric, Water, and Soil Pollution

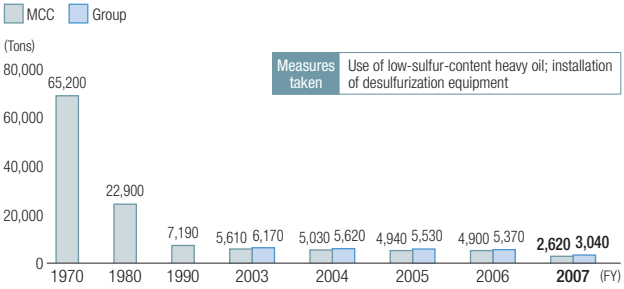
Dust

Air-borne particulates emitted through combustion and heating in electric furnaces



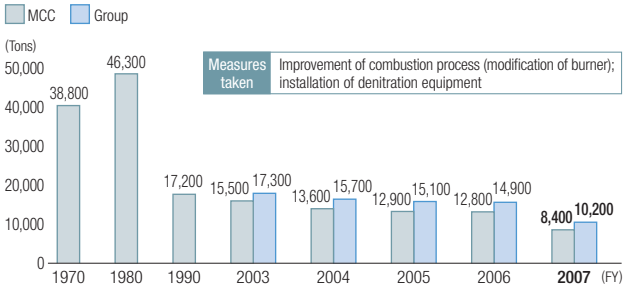
SOx (sulfur oxides)

A cause of acid rain as well as of respiratory diseases such as bronchitis and asthma



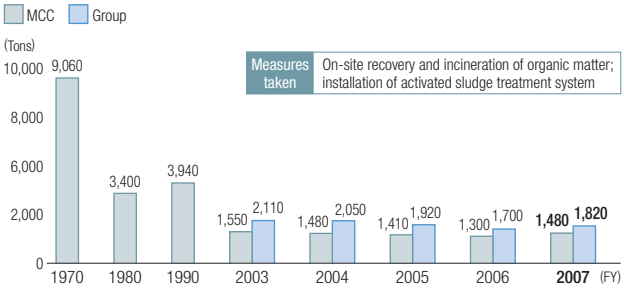
NOx (nitrogen oxides)

A cause of photochemical smog



COD (Chemical Oxygen Demand)

A numerical value to represent the amount of oxygen required to chemically decompose organic matter dissolved in water. COD gets higher as organic matter in water increases



P50 Environmental Accounting

Eco-efficiency Index (MCC)

To quantitatively identify the effects of environment-related expenditures in an integrated fashion, the CRA (Comparative Risk Assessment) approach used by the National Institute for Environmental Studies was consulted, and, as described below, weights were assigned to environmental loads and indices were created for environmental load reduction impacts. The integrated environmental load index, which uses fiscal 1998 as its base year, declined to 0.48*1. Furthermore, eco-efficiency, defined as "Revenue/Environmental load," is used as an integrated evaluation index for environmental management. Overall eco-efficiency, based on the weights given below, was determined to be 2.7 times that of the base year. It is thought that an ongoing focus on reducing landfill waste volume will be critical for achieving the fiscal 2010 target*2, and efforts to increase recycling rates will be continued.

*1 Efforts to significantly reduce NOx emissions and the volume of waste disposed of in landfills began in fiscal 2007 and have helped to improve the environmental load index.

*2 Values calculated assuming the following conditions. CO_2: 8.6% reduction vs. 1990. PRTR: 50% reduction vs. fiscal 2000. Landfill waste: Zero emissions. NOx, COD: Ongoing 5% annual reductions. Revenue: Fiscal 2005 level.

Integration coefficient (an)

Global atmospheric change (CO_2 emissions)	0.24
Global atmospheric pollution (SOx, NOx)	0.12
Organic chemicals substance pollution (PRTR emissions)	0.32
Water contamination (COD)	0.12
Massive consumption, massive waste (landfill disposal volume)	0.20

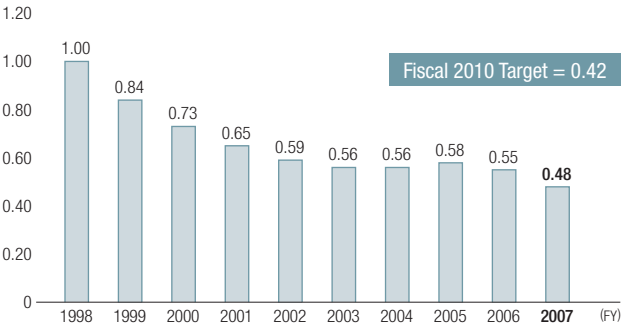
$$\text{Integrated Environmental Load Index} = \Sigma a_n \frac{EL_n\,(\text{Target year})}{EL_n\,(\text{Base year})}$$

EL_n: Individual environmental loads

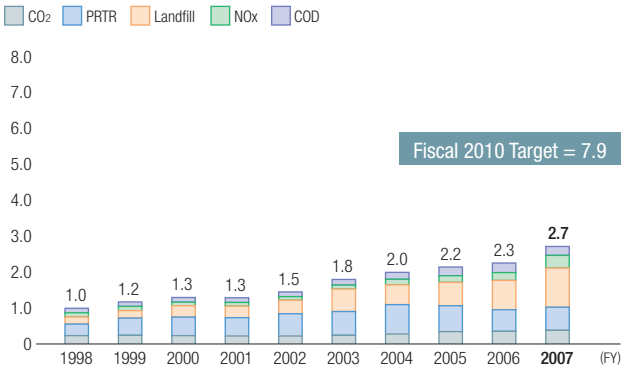
$$\text{Integrated Eco-efficiency} = \Sigma a_n \frac{EE_n\,(\text{Target year})}{EE_n\,(\text{Base year})}$$

EE_n: Eco-efficiency for individual environmental loads

Integrated Environmental Load Index



Integrated Eco-efficiency



Responses to Last Year's Third-party Opinion

Below is a summary of changes made for this year's CSR report, in response to opinions on the fiscal 2007 report.

Overview of Comments Regarding the RC Report 2007	Responses by MCC
Acceleration of technology development and group company cooperation to reduce emissions of CO_2 and other greenhouse gases.	The Mitsubishi Chemical Holdings Corporation (MCHC) Group's mid-term management plan (fiscal 2008 to fiscal 2010) incorporates greenhouse gas reduction targets, and Mitsubishi Chemical Corporation (MCC), as a member of the MCHC Group, is working to help achieve those targets **(P41)**. For example, to cut CO_2 emissions from production activities **(P42)**, it is promoting significant energy efficiency improvements by strengthening CO_2 emission reduction measures in its plants. In addition, it is pushing ahead with R&D for reducing CO_2 emissions via products **(P43-44)**, and taking action to reduce CO_2 emissions related to logistics, offices, and households **(P46)**.
Creating a framework for supporting the development of a foundation for EHS (environment, health, human rights, safety) in the supply chain.	Regarding Group companies in the supply chain, the MCC Group has endeavored to take EHS and other RC activities to a higher level through its traditional active promotion of information sharing within the Group. Regarding chemical product safety, in particular, the Group has developed a Green Information Management System **(P25)** and actively participates in JAMP activities to promote the communication of information on chemical substances included in products across industries and throughout the supply chain **(P52)**.
Concerning Eco-efficiency Indices, the MCC Group now uses those indicators to set management targets and is paying particular attention to enhancing throughout its operations, from R&D to production, initiatives aimed at achieving significant reductions in the volume of waste disposed of at landfills.	Though index values themselves are not yet being used as management targets, eco-efficiency results are analyzed, barriers to achieving targets are identified, and required responses are incorporated in the RC Action Plans. As a consequence, the promotion of recycling brought about a significant decrease in landfill waste disposal **(P49)**, and R&D has produced solid results **(P44)**.

Third-party Opinion on the CSR Report 2008

Hideto Kawakita
CEO
International Institute for Human, Organization and the Earth (IIHOE)
International Institute for Human Organization and the Earth (IIHOE): This non-profit organization was established in 1994 to work for the democratic and harmonious development of all life on earth. Its main activity is management support for citizen groups and social workers, but it is also extensively involved in CSR support for large corporations. http://blog.canpan.info/iihoe/ (Japanese only)

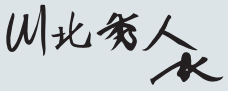
This opinion was written based on the content of this report and on an interview with the person in charge of CSR at Mitsubishi Chemical Corporation (MCC). Regarding its CSR initiatives, it can be said that MCC has begun to properly implement the PDCA management cycle for environmental load reduction and a wide range of other initiatives.

Points Deserving High Ratings

- MCC is taking a more active approach toward the development of technologies and products that can greatly reduce environmental load (P43-44), has stepped up efforts regarding the control of chemical substance and waste emissions (P47-49), and is seeing these endeavors gradually produce results.
- The number of employees taking advantage of the system allowing them to take short breaks for child or nursing care has increased. Systems exist only if they are used and I hope to see steps to make it easier to use systems for taking time off and short breaks in the future.
- MCC continues to participate in the Mitsubishi Chemical Junior Designers Awards (P39). In the future, I would like for the company to actively increase exposure opportunities for winning works. These could include exhibitions at its facilities and inclusion in publications.

Points in Need of Greater Effort

- Regarding companywide safety measure reviews and enhancement (P5-6, 34, 36) following the Kashima Plant accident, how information sharing and communications with affiliates will be pursued should be clarified. In addition, taking this as an opportunity, the company, in the interest of actively supporting the development of an EHS (Environment, Health, Human Rights, and Safety) foundation within the supply chain, should take specific actions to establish a framework for evaluating and actively supporting progress on specific items at the Group company level, and disclose progress in establishing that framework.
- Regarding dialogues with stakeholders (P15), which are cited as being a critical element of CSR promotion, I would like to see a clear description of how opportunities to deepen dialogues with particularly important stakeholders will be created on an ongoing basis.



MITSUBISHI CHEMICAL

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