Long-term management policy and medium-term management plan

The Mitsubishi Materials Group drew up a new vision for the next 10 years and also formulated a new medium-term management plan in response to the changing business environment. We intend to make steady progress towards sustainable development as a “the world's leading business group” trusted by society.

Long-term management policy: Compass for the attainment of targets

In 1997, the Mitsubishi Materials Group formulated its “2010 Vision,” and, for 15 years, we have conducted business operations based on this policy. The changes in the business environment during this time have been remarkable, and still further changes are expected in the future. In light of these conditions, we drew up a vision for the Group that is suited to the times ahead, and formulated a new long-term management policy, which we announced in May 2014.

The vision set out in the long-term management policy is that “We will become the world’s leading business group committed to supporting recycling-oriented society through materials innovation, with use of our unique and distinctive technologies”. In this context, “materials” refers not only to resources, raw materials and products, but to everything of value that the Mitsubishi Materials Group provides, including services, solutions and personnel. We will employ technologies that differentiate us from our competitors to create new value, and our target state is summed up as “By achieving its target No.1 status and earning the trust of customers, each Mitsubishi Materials operation occupies an important position in each industry and market.”

In particular, we plan to further strengthen “the recycling-oriented business model unique to the Mitsubishi Materials Group” which includes resources, raw materials, processed goods and recycling.

Through these initiatives, we aim to become a corporation that makes a major contribution “For People, Society and the Earth” in line with our corporate philosophy.

Overview of long-term management policy (policy towards early 2020s)

- Corporate Philosophy
  For People, Society and the Earth
  We will become the world’s leading business group committed to supporting recycling-oriented society through materials innovation, with use of our unique and distinctive technologies

- Vision
  Image for scale of operations
  Net sales of ¥2 trillion or more and net income of ¥100 billion or more

- Resources
  Materials
  Processed goods
  Sustainable growth

- Global strategy
  Personnel strategy
  Technology and development strategy

- Recycling
  Cement
  Advanced Materials & Tools
  Aluminum Business
  Affiliated Businesses

- Metals
  Electronic Materials & Components
  Resources and Recycling

- Unique and distinctive technologies

- Long-term targets of each segment
  - Cement: No. 1 ROA in global cement industry
  - Mining: Captive mine ratio 50%
  - Smelting and refining: No. 1 globally in processing of precious metals scrap (E-scrap)
  - Copper processing: No. 1 globally in profitability
  - Advanced Materials & Tools: Cemented carbide products: Over 10% global share
  - High-performance alloy products: No. 1 ROS* in industry
  - Electronic Materials & Components: A high-profitability operator with the world’s No. 1 product lineup
  - Aluminum: No. 1 global market share in extruded multi-hole tubes for heat exchangers
  - No. 1 domestic market share in aluminum cans for beverage

*ROS: Return On Sales
Medium-term management plan (fiscal 2015-17): Challenge to be the world’s leading business group

In the medium-term management plan "Materials Premium 2013" to the previous fiscal year, the Company charted a basic policy of simultaneously implementing growth strategies and financial improvements. As a growth strategy, the Company focused on business development in overseas markets, especially in emerging countries, as well as realization of distinctive synergies as an integrated business entity under "Materials Premium."

As for the financial improvements, the Company achieved its plan for improvement to its net debt-to-equity (D/E) ratio (target: 1.5 times or lower, result: 1.3 times) due to a weakening yen exchange rate, an increase in net assets due to rising share prices and a decrease in interest-bearing debt from sale of assets.

However, the Group missed its targets for ordinary income and ROA. Reasons include a significant drop in dividends received from copper mines, failure to achieve the sales volume plan for cemented carbide products and a slump in silicon business operations. Consequently, improving profitability remains an issue to tackle with renewed effort going forward.

Building on the previous plan, the new medium-term management plan "Materials Premium 2016" is based on the concept “Challenge to be the world’s leading business group.” The new plan is positioned as the stage of strengthening our foundations, which is the first step towards achievement of our vision in the early 2020s.

The profitability-related management targets for Materials Premium 2016 are consolidated operating profit of ¥100 billion, consolidated ordinary income of ¥110 billion and ROA of 6% by fiscal 2017, which is the final year of the plan. With regard to ordinary income and ROA, we are once again trying to achieve the targets under our previous plan. We will seek to achieve the targets by increasing sales and profits across all segments, with expansion of US operations in the Cement business, overseas smelting and copper processing in the Metals business, and expansion of sales of cemented carbide products in the Advanced Materials & Tools business and electronic materials & components.

We will also make further financial improvements, making investments that are necessary to fortify the foundations while balancing this with operating cash flow. We aim to achieve a net D/E ratio of 1.0 or lower by fiscal 2017, the final fiscal year of the plan.

Targets under the medium-term management plan (fiscal 2015-17)

<table>
<thead>
<tr>
<th>Management targets (Fiscal 2017)</th>
<th>Operating profit (100 million yen)</th>
<th>Ordinary income (100 million yen)</th>
<th>ROA (return on assets)</th>
<th>Net debt/equity ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 (662)</td>
<td>1,100 (769)</td>
<td>6% (4.3%)</td>
<td>1.0 or less (1.3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment targets (Fiscal 2017)</th>
<th>Cement</th>
<th>Metals</th>
<th>Advanced Materials &amp; Tools</th>
<th>Electronic Materials &amp; Components</th>
<th>Aluminum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (100 million yen)</td>
<td>2,290 (1,901)</td>
<td>8,100 (7,509)</td>
<td>1,680 (1,458)</td>
<td>880 (677)</td>
<td>1,750 (1,515)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>350 (191)</td>
<td>300 (237)</td>
<td>230 (140)</td>
<td>70 (40)</td>
<td>80 (55)</td>
</tr>
<tr>
<td>Ordinary income (100 million yen)</td>
<td>350 (188)</td>
<td>400 (378)</td>
<td>230 (139)</td>
<td>60 (21)</td>
<td>70 (47)</td>
</tr>
</tbody>
</table>
Group-wide growth strategies

The medium-term management plan sets out three Group-wide growth strategies for achieving targets: (1) Fortifying the foundation for growth; (2) Strengthening global competitiveness; and (3) Pursuing a recycling-based business model. Corporate departments will also implement strategies to support these.

(1) Fortifying the foundation for growth

- Enhancing safety management systems and securing stable operations
- Strategic investment
- Improving financial position continuously

Recognizing that “Safety and Health are the First,” we will reinforce safety measures and safety training to enhance our safety management systems and foster a safety ethos and culture.

We will also make aggressive strategic investments to achieve sustainable growth. Total investment will be ¥330 billion, an increase of ¥55 billion from the previous plan, and around 40% of this, or ¥130 billion, will be invested in maintenance and upgrading, including investment in safety. We will also allocate around 60% of this, or ¥200 billion, for expansion, rationalization and new investment to drive new growth.

Cumulative investment plan, fiscal 2015-17

<table>
<thead>
<tr>
<th>Total investment</th>
<th>¥330 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and upgrading</td>
<td>¥130 billion (around 40%)</td>
</tr>
<tr>
<td>Expansion/rationalization/new</td>
<td>¥200 billion (around 60%)</td>
</tr>
<tr>
<td>Of which strategic investments</td>
<td>¥100 billion</td>
</tr>
<tr>
<td>(Breakdown) Mining (¥30 billion)</td>
<td></td>
</tr>
<tr>
<td>M&amp;A, etc. (¥70 billion)</td>
<td></td>
</tr>
</tbody>
</table>

We will also improve our financial position, securing management resources by raising profitability through “business selection and focus.”

(2) Strengthening global competitiveness

- Expansion of existing locations and deployment of new production and sales locations with focus on emerging countries
- Development of new customers and markets (strategic marketing)

To tap into global market growth, we will expand our existing locations in Asia, the United States, Europe and elsewhere and also strategically deploy new production and sales locations mainly in emerging countries to further accelerate global business expansion. We plan to expand our sales and production network from its current size of 119 locations in 27 countries to 141 locations in 31 countries by the end of fiscal 2017. In our deployment of new production locations, we will make the Asia region our primary target and expand our sales network worldwide, with emphasis on cemented carbide products and electronic devices.

As a result of these initiatives, we plan to increase our overseas sales to around ¥570 billion, an increase of 25% from fiscal 2014, and achieve an overseas sales ratio of 35%.

(3) Pursuit of a recycling-based business model

- Medium- and long-term growth through the pursuit of a recycling-oriented value chain
- Establishing a business model that utilizes Materials Premium, that derives from our unique strength as a conglomerate.

In each business, we will build and strengthen a recycling-oriented value chain which stretches from resources to materials, processed products and recycling. We will also pursue the possibilities of Materials Premium, generating synergies between segments. In particular, we will maximize Materials Premium with respect to materials and processed goods and actively make approaches to the social infrastructure, automobile and electronics industries.

Furthermore, as new environmental recycling businesses, we also plan to go into the automobile recycling business in collaboration with automakers and the business of rehabilitating dumpsites.

In this way, we aim to contribute to a sustainable society and achieve medium- and long-term growth.

Corporate strategies supporting growth

- Human resource strategies
- Technology and development strategies
- Low-cost strategies

We are also planning a range of corporate strategies to support growth, including cultivating human resources who are capable of working in the international arena and group management and deploying them appropriately, realizing a culture to foster human resources who have the ability to take on challenges and get things done, speeding up development, differentiating our technologies and products, and reducing costs related to procurement, equipment and processes.
## Operating strategies by segment

In our medium-term management plan, we formulated operating strategies for each segment including the following:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business outlook</th>
<th>Business strategy</th>
</tr>
</thead>
</table>
| **Cement**                   | - Medium- and long-term growth in demand in Southern California in the United States  
- Increased demand in emerging countries  
- Strong domestic demand due to earthquake disaster reconstruction, and hosting of Tokyo Olympics | - Expand cement supply system and expand the ready-mix concrete business in the United States  
- Deploy new locations in emerging countries (exports, joint ventures with local capital, construction of new terminals, etc.)  
- Establish optimum production and distribution system for existing plants in Japan and expand environmental recycling business. |
| **Metals**                   | **[Smelting]**  
- Easing in tight demand-supply situation of copper ore due to slowdown in the Chinese economy  
**[Smelting and copper processing]**  
- Increased export pressure in China due to overcapacity  
- Delay in recovery of domestic demand and increase in overseas demand  
**[Copper processing]**  
- Intensifying price competition with products from emerging markets | **[Mining]**  
- Launching of new mine development (Zafranal in Peru, etc.)  
**[Smelting]**  
- Strengthening of recycling operations; responding to increasing generation of precious metals scrap by expanding collection and pretreatment capacities  
- Utilizing slag (smelting by-products) effectively  
**[Copper processing]**  
- Establishment of slitting* facilities and sales location in emerging countries  
- Expanding sales of new alloy MNEX® for volume-zone markets in emerging countries  
- Cultivating new markets with lead-free products ("ECOBRASS®") and discoloration-resistant antimicrobials products ("CLEANBRIGHT®") |
| **Advanced Materials & Tools** | - Demand is continuously expanding for products used for automobiles, aircraft and medical equipment. | - Expansion and development of overseas locations  
**[Cemented carbide products]**  
- Expansion of sales for automobiles, aircraft and medical equipment through industry-based teams  
- Expansion of sales networks and production locations, focusing on emerging countries  
- Enhancing tungsten recycling  
**[High-performance products]**  
- Expanding existing production locations and opening new ones  
- Improving quality and reducing costs of eco-car parts |
| **Electronic Materials & Components** | **[Advanced materials]**  
- Demand is expected to increase for semiconductors, products used in displays and heat-dispersion substrates for railways and industrial equipment  
**[Electronic devices]**  
- More widespread use of inverters due to energy-saving regulations.  
Demand for sensor products will expand due to introduction of emissions regulations in Europe | **[Advanced materials and electronic devices]**  
- Strengthening of production and sales systems for advanced materials and devices  
- Promotion of marketing-driven development of high value-added products  
**[Silicon]**  
- Establishment of systems for safety and production technology at Yokkaichi Plant  
- Ensuring early stabilization of overall silicon business |
| **Aluminum Business**        | **[Rolling and processing]**  
- Domestic demand will hit a ceiling and market expansion in emerging countries will cause intensifying competition.  
**[Can manufacturing]**  
- Domestic demand is stable but beverage producers are becoming more selective for can suppliers. | **[Rolling and processing]**  
- Strengthening of existing overseas locations for extruded multi-hole tubes for heat exchangers and sheet metal  
- Serving needs for light weight and low-cost in automobiles and electronics  
**[Can manufacturing]**  
- Strengthening bottle can sales overseas  
- Strengthening collaboration among collection, casting and rolling in aluminum-can recycling |
| **Others**                   | - Growing social expectations and needs in relation to environmentally friendly energy | - Promotion of geothermal power generation projects throughout Japan  
- Upgrading of existing hydroelectric plants |
The Mitsubishi Materials Group’s Approach to CSR

Our Approach to CSR

The Mitsubishi Materials Group drew up a new vision for the next 10 years and also formulated a new medium-term management plan in response to the changing business environment. We intend to make steady progress towards sustainable development as a "the world’s leading business group" trusted by society.

Incorporating Social Expectations into Management Practices

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

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

Identifying Material Issues and Reinforcing Initiatives

In light of changes in the external environment, during the second half of fiscal 2008 we reviewed all factors that could have a serious impact on the corporate value of the Mitsubishi Materials Group over the medium to long term (material issues) from a companywide perspective, focusing in particular on sustainability on a global scale. As a result, we successfully identified nine material issues and established a clearer emphasis for our future activities. We intend to actively address these nine material issues to firmly establish management practices based on a stronger awareness of our stakeholders’ needs, whilst also striving to achieve sustainable growth for both the company and society as a whole.

Taking on Board Emerging Societal Needs, and Revising our Corporate Philosophy and Code of Conduct

“The 10 Articles of our Code of Conduct,” which serve as the Mitsubishi Materials Group’s code of conduct, were formulated in 1997 and subsequently revised in 1998 and 2003. Reflecting shifts in public awareness and changing needs since then, however, as well as principles set out by the likes of the International Council on Metals and Mining (ICMM), of which we are a member, in April 2010 we revised specific details of our Code of Conduct and added the following items.

Additions to Specific Details under the 10 Articles of Our Code of Conduct (April 2010)
- Sustainable development of society
- Working to create a low-carbon society
- Taking into consideration biodiversity
- Implementing and maintaining sound corporate governance
- Prohibiting child labor and forced labor
- Striving to achieve a work-life balance
- Continually improving occupational health and safety performance
- Ensuring that products are designed, used, reused, recycled and disposed of responsibly

Having developed a new vision under our long-term management policy in April 2014, we have made partial revisions to reflect our Corporate Philosophy and Code of Conduct. Our vision acts as a compass, guiding long-term management here at Mitsubishi Materials.
Corporate Philosophy

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

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

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

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

We will continue to address the requirements of the world in this new era, such as technical innovation, development of information technology, globalization and a heightened awareness of environmental protection, through our fair business activities, and to create new materials* on the Earth with an aspiration to contribute to the sustainable development of society.

At the same time, we will carefully and efficiently use natural resources and raw materials, which are gifts of the Earth, and will aim to be the leading corporate group that contributes to society based upon resource recycling.

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

* Materials include all kinds of value that the Mitsubishi Materials Group is capable of offering, such as raw materials, products, services, solutions and human resources.

Code of Conduct

The 10 Articles of Our Code of Conduct

Article 1 We will seek to create a Mitsubishi Materials Group receptive to diverse personalities and value perceptions by encouraging each member of the Group to be fully motivated and committed to self improvement.

Article 2 We will engage in efficient business management and pursue sustainable corporate development.

Article 3 We will respect the basic human rights of all people and create a spirited, safe and comfortable work environment.

Article 4 We will conduct fair and equitable business transactions by providing safe, high-quality products, systems and services at reasonable prices.

Article 5 We will endeavor to secure the understanding and trust of society, and will maintain a harmonious coexistence with society.

Article 6 We will comply with laws and regulations and conduct fair business activities with common sense.

Article 7 We will carry out our duties with integrity, in line with the rules and standards established by the Company.

Article 8 We will endeavor to protect the environment, and will apply every measure for effective uses and recycling of natural resources.

Article 9 We will carry out proactive corporate communications, and will respect the values and inherent rights of all people with regard to information.

Article 10 We, as members of the international community, will contribute to the development of each region where we maintain a presence.

CSR Definition

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

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

These actions will underpin a position of trust in society.

CSR Direction

1 Respecting relationships with people: Reinforcing ties to stakeholders

Through mutual communications, plants and companies under the Group umbrella will go to great lengths to maintain favorable perceptions of the Group — as held by shareholders, customers, suppliers, employees and other stakeholders — deepen their understanding of stakeholder points of view, and work hard to ensure a high level of stakeholder satisfaction.

2 Respecting promises made to society: Ensuring thorough compliance and risk management practices

We will systematically reinforce levels of compliance and risk management to ensure legal compliance — a vital prerequisite for expanding corporate activities — and to prevent business-related problems from arising.

3 Respecting the Earth: Reducing environmental impact

In our activities, which serve to reduce environmental impact, we will direct efforts toward such measures as saving energy and resources, cutting waste and limiting the use of hazardous substances.
Purpose of identifying material issues

- **Business Strategy**
  To identify potential business risks and opportunities in the interests of the sustainability of society as a whole and to pinpoint the most important issues from a business standpoint so as to incorporate them into our business strategy.

- **Accountability**
  To disclose details relating to material issues that are of particular interest to our stakeholders and likely to have a significant impact on their decisions on an ongoing basis via our Corporate Social Responsibility Reports.

Identifying material issues (FY2008)

We set out to pinpoint risks and opportunities relating to 30 of our corporate divisions and in-house companies.

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

Regularly reviewing material issues and stepping up initiatives

As we operate within a constantly changing environment, both internally and externally, we accept that we need to continually reappraise previously identified material issues, and have continued to do so on a regular basis since fiscal 2010. In April 2012, four years after we initially identified our nine material issues, we carried out the following review.

Validating material issues

We quantified the overall “significance” of risks and opportunities and reappraised them from the perspectives of our stakeholders (impact + demand) and corporate management (importance).

Although we didn’t identify any new material issues that aren’t covered under the current nine headings, we intend to step up initiatives in response to issues that have increased in importance and incorporate our findings into our reports.
### Mitsubishi Materials’ Nine Material Issues

Points revised in April 2012 to reflect their increased significance are underlined. We are committed to stepping up initiatives in all related divisions and will continue to disclose details of initiatives in our reports wherever possible.

<table>
<thead>
<tr>
<th>Governance</th>
<th>Resources and Recycling</th>
<th>Environment</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>① Promoting Internal Control</td>
<td>③ Securing Resources to Guarantee the Steady Supply of Products</td>
<td>⑤ Striving to Preserve the Environment and Combat Global Warming</td>
<td>⑨ Training and Harnessing a Diverse Range of Human Resources</td>
</tr>
<tr>
<td>In addition to ensuring sound, legitimate management in accordance with the law, it is essential as a company to continually enhance objective auditing and supervisory capabilities, effectively manage risks, and improve the transparency of business management. We are therefore working to establish internal control systems that are both efficient and effective, strengthen our groupwide risk management framework, including business continuity plans (BCP), enhance internal auditing capabilities, and reinforce governance in the context of group management including overseas operations.</td>
<td>Risks relating to the procurement of resources are on the increase due to factors such as growing demand for resources in emerging nations, the increasing dominance of major resource suppliers and the rise of resource-based nationalism amongst resource-producing countries. We are therefore pushing ahead with initiatives such as promoting active exploration, investing in mines and strengthening relationships with mining and mineral companies, whilst also taking into account local residents and the surrounding environment in resource-producing countries. We are also taking steps such as diversifying raw material sources in an effort to secure sufficient resources to maintain stable product supplies.</td>
<td>Companies are finding themselves under increasing pressure to continually reduce the environmental impact of their business activities and take action to help prevent global warming. We make every effort to proactively respond to environmental regulations and to protect the environment and biodiversity through initiatives such as forest certification. We also implement various measures aimed at combating global warming, including reducing emissions based on clear greenhouse gas reduction targets, visualizing and sharing data, and actively developing a range of environmental technologies in areas such as alternative energy and energy saving.</td>
<td>All companies need to secure, train and make effective use of talented human resources in order to ensure sustained growth. We therefore make every possible effort to secure and harness a diverse range of human resources, offer a full program of employee training and enable employees to achieve a work-life balance, through initiatives such as creating pleasant, worker-friendly environments. In the future, we believe that it will be crucial to secure and train global human resources who are capable of making a valuable contribution at overseas premises and group companies in particular.</td>
</tr>
<tr>
<td>PP. 35-40</td>
<td>PP. 41-42</td>
<td>PP. 47-58</td>
<td>PP. 61-64</td>
</tr>
<tr>
<td>② Contributing to a Recycling-Oriented Society Through Recycling Business</td>
<td>④ Promoting Environmental Technology and Products</td>
<td>⑥ Creating Safe and Healthy Working Environments</td>
<td>⑩ Responding to Social and Environmental Risks Throughout the Supply Chain</td>
</tr>
<tr>
<td>As a resource-poor country, Japan is facing a growing need to establish a recycling-oriented society. The Great East Japan Earthquake threw the spotlight on waste treatment technologies at cement plants, alongside treatment technologies at nonferrous metal smelting plants. This has placed even greater expectations on the Mitsubishi Materials Group, due to our wide-ranging recycling technologies and processes. With an emphasis on global business development, we are constantly taking on challenges in new technical areas too, including recovering rare metals from urban mines, in an effort to contribute to the creation of a recycling-oriented society.</td>
<td>The urgent need to develop products that reduce environmental impact, conserve resources, save energy, and contain no harmful substances is driving up demand on the global market. We are therefore actively promoting the development of eco-products and processes through initiatives such as developing alternative materials to replace scarce resources, developing products that are free from environmentally harmful substances, and introducing low environmental impact manufacturing processes.</td>
<td>Ensuring employee health and safety must always be one of the top priorities of any company. In addition to establishing a Companywide Zero Accident Committee and Companywide Zero Accident Labor-Management Meeting and continually promoting companywide health and safety activities at Mitsubishi Materials, we are also proactively providing support measures in areas such as mental healthcare.</td>
<td></td>
</tr>
<tr>
<td>PP. 43-46</td>
<td>PP. 59-60</td>
<td>PP. 65-66</td>
<td>PP. 67-68</td>
</tr>
<tr>
<td>⑦ Promoting Communication with Stakeholders</td>
<td>⑧ Promoting Communication with Stakeholders</td>
<td>⑪ Promoting Communication with Stakeholders</td>
<td>⑫ Promoting Communication with Stakeholders</td>
</tr>
<tr>
<td>In order to promote CSR activities, it is essential for companies to keep track of global trends and identify the needs and expectations of their stakeholders, so that they can incorporate them into their management activities. Companies also need to disclose any corporate information that is of interest to their stakeholders. We make every effort to disclose as much information as possible via our Corporate Social Responsibility Reports and the Mitsubishi Materials website and promote dialogue with our stakeholders at every opportunity, whilst also expanding the range of communication channels we have available through initiatives such as dialogue with stakeholders.</td>
<td>In order to promote CSR activities, it is essential for companies to keep track of global trends and identify the needs and expectations of their stakeholders, so that they can incorporate them into their management activities. Companies also need to disclose any corporate information that is of interest to their stakeholders. We make every effort to disclose as much information as possible via our Corporate Social Responsibility Reports and the Mitsubishi Materials website and promote dialogue with our stakeholders at every opportunity, whilst also expanding the range of communication channels we have available through initiatives such as dialogue with stakeholders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP. 69-74</td>
<td>PP. 69-74</td>
<td>PP. 69-74</td>
<td>PP. 69-74</td>
</tr>
</tbody>
</table>
Activities during fiscal 2014 and priorities for the future

Having identified main categories based on our nine material issues, we map out the purpose of our activities, set ourselves targets and carry out CSR activities accordingly. We intend to report on and examine the results of our activities during fiscal 2014, including self-assessment grades, and incorporate our findings into our activities for the future.

Results of activities during fiscal 2014 and targets/plans for improvements from fiscal 2015 onwards

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Main Categories</th>
<th>Purpose of activities</th>
<th>Activities During Fiscal 2014</th>
<th>Self-assessment grades</th>
<th>Target/plans for activities from fiscal 2015 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td></td>
<td>Establish an evaluation framework for internal control over financial reporting and an internal auditing system</td>
<td>Made steady progress in rectifying deficiencies by developing more in-depth auditing techniques through documentary survey and providing feedback based on survey results</td>
<td>A</td>
<td>Look at ways to reduce labor while maintaining the characteristics of documentary survey (completeness, manual function, CSR function, risk appraisal indicator function, etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Improve internal auditing at overseas premises, especially in emerging countries</td>
<td>Refined overseas documentary survey based on the laws and regulations and practices of each country, and produced a survey form for Thailand in FY2014</td>
<td>A</td>
<td>Produce documentary survey form for Indonesia in FY2015, and improve the auditing framework at these overseas business premises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support subsidiaries in improving their business operations</td>
<td>Provided support with two subsidiaries at their request</td>
<td>A</td>
<td>Provide support for business process improvement to domestic non-consolidated subsidiaries that are to be consolidated (Target: Support improvement of 3 companies)</td>
</tr>
<tr>
<td>Compliance</td>
<td></td>
<td>Establish a framework to ensure that all group employees undergo CSR and compliance training at least once a year</td>
<td>Group employees undergoing CSR training this year (Target: 15,000 + Actual: 13,528)</td>
<td>B</td>
<td>Hold more in-depth Compliance Panel meetings (promote measures to strengthen compliance through internal cooperation)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Raise awareness of and effectively operate the in-house reporting system</td>
<td>Promoted in-house reporting systems during training sessions and other activities (reports received in fiscal 2014: 22)</td>
<td>B</td>
<td>Extensively promote in-house reporting systems and take appropriate action</td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
<td>Establish in-depth risk management practices</td>
<td>Planned and produced concrete proposals for measures to reinforce links between crisis management and risk management</td>
<td>B</td>
<td>Pave reinforcement of links between accidents and incidents, crisis management and risk management; Ensure systematic follow-up in relation to overseas companies;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reinforce the crisis management framework</td>
<td>Revised domestic and overseas crisis management manuals</td>
<td>A</td>
<td>Check the status of development of manuals at group companies; Develop a framework for cooperation with support facilities and carry out desktop exercises to verify and check this framework</td>
</tr>
<tr>
<td>Information security</td>
<td></td>
<td>MMC and domestic group companies: Updated the PCDA cycle in activities, and strengthened technical security measures for smart devices</td>
<td>MMC and domestic group companies: Maintain and increase levels of security mainly through repeated implementation of the PCDA cycle in activities</td>
<td>B</td>
<td>MMC and domestic group companies: Maintain and increase levels of security mainly through repeated implementation of the PCDA cycle in activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overseas group companies: Strengthened technical security measures and coordinated with management systems</td>
<td>[FY2014 target: 12 business premises + Actual: 16 business premises]</td>
<td>B</td>
<td>Overseas group companies: Reinforce technical security measures, and improve and expand coordination with management systems (FY2015 target: 16 companies)</td>
</tr>
<tr>
<td>Securing Resources to Guarantee the Steady Supply of Products</td>
<td>Ensuring stable extraction of raw materials</td>
<td>Cement</td>
<td>Ensured the long-term stable supply of limestone resources through the joint venture between Higashitani Mine and the adjacent mine (Target supply to Kyushu Plant: 2.2 million tons + Actual: 2.23 million tons)</td>
<td>A</td>
<td>Limestone supply target for Kyushu Plant (FY2015 target: 3.2 million tons)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advanced materials &amp; technology</td>
<td>Participated in Zafraanal project</td>
<td>A</td>
<td>Subject to change depending on operation of the joint venture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electronic materials &amp; components</td>
<td>Further diversified sources of tungsten raw materials</td>
<td>A</td>
<td>Diversify tungsten ore purchasing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electronic materials &amp; components</td>
<td>Sought to strengthen relationships with major suppliers and promoted diversification of procurement sources</td>
<td>A</td>
<td>Adapt to changes in demand and continue to diversify procurement sources</td>
</tr>
<tr>
<td>Recycling</td>
<td></td>
<td>Secure stable supplies of coal as a source of energy</td>
<td>Delivered new coal to users and continued to expand the scope of usable coal</td>
<td>A</td>
<td>Achieve repeat deliveries of new coal delivered to users</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accepting and processing a steady stream of waste (Cement)</td>
<td>Processed and treated approximately 4.061 million tons of wastes and agricultural wastes (approx. 47% of tonnage)</td>
<td>A</td>
<td>Increase intake of thermal power plant coal ash, sewage sludge, etc. and continue to improve grade of limestone for this use; Increase the range of new items processed (increased ash from municipal waste, etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contributing to society by treating wastes from the earthquake (approx. 89,000 tons processed at our Hidaka and Amorim Plants at the request of local authorities in FY2014)</td>
<td>Contributed to society by treating wastes from the earthquake (approx. 89,000 tons processed at our Hidaka and Amorim Plants at the request of local authorities in FY2014)</td>
<td>A</td>
<td>Complete acceptance at the request of the local authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expanding recycling operations (Metals)</td>
<td>Reinforced domestic and overseas collection framework, and expanded overseas collection activities</td>
<td>A</td>
<td>Establish overseas business premises to reinforce overseas collection framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Using sampling facilities capable of handling high-grade raw materials, in line with the diversification of raw materials being collected overseas</td>
<td>Used sampling facilities capable of handling high-grade raw materials, in line with the diversification of raw materials being collected overseas</td>
<td>A</td>
<td>Establish overseas business premises to reinforce overseas collection framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoting recycling of tungsten (Advanced Materials &amp; Components)</td>
<td>Expanded volume of cemented carbide scrap recovered</td>
<td>B</td>
<td>Undertake awareness raising activities to expand recovery sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoting recycling of fluorescent resources (Electronic Materials &amp; Components)</td>
<td>Secured recovery sources and improved recycling rate</td>
<td>B</td>
<td>Continue to improve technologies in order to expand the scope of materials we can process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Facilitating the ESR as part of aluminium can operations (Aluminium)</td>
<td>ESR - Reduce, Reuse, Recycle</td>
<td>B</td>
<td>Provide support for Universal Can Corporation, etc. in order to achieve the Japan Aluminium Can Recycling Association’s action plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycling increasing sophisticated home appliances and become the leading processor of waste in Japan (Mineral Resources &amp; Recycling)</td>
<td>Implemented the “Development of Technology for Recovery of Rare Metals from Scraped Vehicles” Project under a grant from NEDO</td>
<td>A</td>
<td>Expand recycling of increasingly sophisticated home appliances; Expand applications of vehicle recycling technologies</td>
</tr>
</tbody>
</table>

Self-assessment grades:
- A: Target achieved
- B: Target mostly achieved
- C: Target not achieved
<table>
<thead>
<tr>
<th>Material issue</th>
<th>Main Category</th>
<th>Purpose of activities</th>
<th>Activities During Fiscal 2014</th>
<th>Self-assessment</th>
<th>Targets/plans for activities from fiscal 2015 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complying with environmental regulation</td>
<td>Environmental Preservation</td>
<td>Continuing to reduce environmental impact</td>
<td>• Enhanced training on environmental legislation, and expanded to overseas offices</td>
<td>A</td>
<td>• Gather information on overseas environmental regulation and dissemination information internally</td>
</tr>
<tr>
<td>Promoting biodiversity-oriented activities</td>
<td>Environmental Preservation</td>
<td>Undertaking awareness-raising activities in relation to future environmental regulation, including enforcement of the Minamata Convention</td>
<td>A</td>
<td>• Raise awareness of biodiversity through internal/environmental training</td>
<td></td>
</tr>
<tr>
<td>Ensuring sustainable management of company-owned forests</td>
<td>Environmental Preservation</td>
<td>Hupuoka Forest: Responded to local government requests to relocate the main camp and some office buildings</td>
<td>A</td>
<td>• Create a database of company-owned forests using forest information systems such as GFA and GIS</td>
<td></td>
</tr>
<tr>
<td>Promoting energy-saving initiatives</td>
<td>Environmental Preservation</td>
<td>Improved operations</td>
<td>A</td>
<td>• Further reinforce energy management, including obtaining a 3-star energy-saving diagnosis, and exchange information on successful improvements and new technologies, etc.</td>
<td></td>
</tr>
<tr>
<td>Promoting geothermal development</td>
<td>Environmental Preservation</td>
<td>• Conducted geothermal surveys and development in new areas and engaged in dialogue with communities</td>
<td>A</td>
<td>• Strengthen cooperation relationships with joint venture partners</td>
<td></td>
</tr>
<tr>
<td>Promoting the exploitation of themes and the development of technologies</td>
<td>Environmental Preservation</td>
<td>• Determined themes as the focus for new business development in the medium- and long-term</td>
<td>A</td>
<td>• Promote new business development</td>
<td></td>
</tr>
<tr>
<td>Promoting human resource development</td>
<td>Human resource development</td>
<td>• Recruited local members of staff in India, and began to research the market, customers and systems</td>
<td>A</td>
<td>• Exploit global training for young employees</td>
<td></td>
</tr>
<tr>
<td>Establishing culture of corporate citizenship (micromanagement) and promoting group-wide internal reform initiatives</td>
<td>Human resource development</td>
<td>• Continued to publicize, raise awareness of and promote group-wide internal reform activities, organized company panel meetings and planned and organized opportunities for exchange in the workplace</td>
<td>A</td>
<td>• Promote shop floor reform initiatives incorporating a wide range of improvement methods, including TPM, TQM or JIT, and promote the horizontal deployment of successful improvements through the use of best practice, including exchange in the workplace</td>
<td></td>
</tr>
<tr>
<td>Promoting disabled employment</td>
<td>Human resource development</td>
<td>• Implemented measures to boost motivation for disabled employees</td>
<td>A</td>
<td>• Implement measures to maintain and boost motivation for disabled employees.</td>
<td></td>
</tr>
<tr>
<td>Promoting a work-life balance</td>
<td>Human resource development</td>
<td>• Established partially paid vacation leave and a childcare fee subsidy program; introduced a lump-sum benefit for early return from childcare leave, etc.</td>
<td>A</td>
<td>• Continue to maintain 2.5% rate of disabled employment</td>
<td></td>
</tr>
<tr>
<td>Ensuring health and safety</td>
<td>Health and safety</td>
<td>• Enhanced training on environmental legislation, and expanded to overseas offices</td>
<td>A</td>
<td>• Continue to hold presentations for important customers</td>
<td></td>
</tr>
<tr>
<td>Responding to Social and Environmental Risks Throughout the Supply Chain</td>
<td>CSR procurement and quality management</td>
<td>• Published the Procurement &amp; Logistics Dept’s CSR Procurement Guidelines on our website and increased awareness of our CSR Procurement Standards among suppliers (Target: 100 companies → Actual: 29 companies)</td>
<td>C</td>
<td>• Maintain list of suppliers and continue to raise awareness amongst suppliers who are unaware (Target: 50 companies)</td>
<td></td>
</tr>
<tr>
<td>Replacing management of chemical substances contained in products</td>
<td>CSR procurement and quality management</td>
<td>• Developed an internal framework in relation to the issue of conflict minerals, and formulated and released a company-wide policy (General Affairs &amp; CSR Dept.)</td>
<td>A</td>
<td>• Maintain list of suppliers and continue to raise awareness amongst suppliers who are unaware (Target: 50 companies)</td>
<td></td>
</tr>
<tr>
<td>Ensuring timely and appropriate disclosure, and promoting understanding of our business</td>
<td>Communication with stakeholders and investors</td>
<td>• Gathered information through participation in seminars, etc., and disseminated information through regulatory coordinating committee meetings, etc.</td>
<td>A</td>
<td>• Continue to operate our conflict mineral management system. Undergo third-party audit, and renew certification for gold (SMBA) and tin (EICC) each year</td>
<td></td>
</tr>
<tr>
<td>Promoting customer satisfaction (CS) initiatives (MJC Business Dept., Affiliated Corporations Div.)</td>
<td>Communication with customers</td>
<td>• Conducted questionnaires at mail order call centers and jewelry fairs</td>
<td>A</td>
<td>• Improve organizational framework for customer satisfaction (CS) on a regular basis via mail order, fairs, websites, etc.</td>
<td></td>
</tr>
<tr>
<td>Expanding and improving exhibitions and information meetings for important customers, etc.</td>
<td>Communication with customers</td>
<td>• Organized exhibitions and information meetings for important customers (FY2014 target: 4 exhibitions/meetings → Actual: 6 exhibitions/meetings/supervision)</td>
<td>A</td>
<td>• Continue to hold important customers meetings (FY2015 target: 5 exhibitions/meetings)</td>
<td></td>
</tr>
<tr>
<td>Promoting disclosure and improve communication</td>
<td>Other types of communication</td>
<td>• Organized a fifth stakeholder meeting, and shared views on the possibilities and challenges of renewable energy, validated and reassessed our nine existing material issues</td>
<td>B</td>
<td>• Organize a sixth stakeholder meeting</td>
<td></td>
</tr>
</tbody>
</table>