

Strategy and CSR

President Message

We are committed to taking serious steps to realize our Corporate Philosophy as a way to meet stakeholder expectations as well as the demands of society.



The Mitsubishi Materials Group holds as its Corporate Philosophy “For People, Society and the Earth.” As we strive to realize that philosophy, it is our corporate social responsibility (CSR) and the basis of our management that we earnestly fulfill our obligations and expected role as a corporation as well as inform about and explain our activities within and outside the company and deepen mutual understanding through dialogue.

It is in line with this perspective that the Group identifies the seven areas of resources and recycling, environmental protection and technology, development and use of diverse human resources, occupational safety and health, responsibility throughout the value chain, stakeholder communication, and governance as material CSR issues. In particular, we focus on the issue of resources and recycling, taking into consideration its importance as a global social issue and the Group’s business characteristics and strengths. Based on our Corporate Philosophy, the Group envisions itself as becoming “the leading business group committed to creating a sustainable world through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth.” We are making efforts on a daily basis in pursuit of that vision.

Seen in this context, we want to express our deepest apologies for the considerable trouble we have caused our customers and stakeholders as a result of matters of non-conforming products in the Group. As President, I vow to take the lead in reviewing product safety, implement countermeasures to prevent recurrences, and work to speedily and fastidiously enhance our group governance structure. As a manufacturer, we will keep asking ourselves what we should do to reliably supply our customers with products that they can use without having to worry as well as how we should act to ensure their satisfaction.

We will be deepening and enhancing our CSR activities, thereby meeting stakeholder expectations and contributing to the sustainable development of society. In this, I would like to ask for all of your continued support and cooperation.

Naoki Ono President Mitsubishi Materials Corporation

A handwritten signature in black ink, appearing to read 'N. Ono', written in a cursive style.

» Mitsubishi Materials Group's Business Activities and the SDGs

Universal Long-Term Goals for the International Community

In September 2015, all 193 members of the UN signed up to the 2030 Agenda, a plan to eliminate poverty, unfairness and injustice wherever possible, protect the environment, and create a better future. One of the key features of the agenda was the Sustainable Development Goals (SDGs), which set out a vision for how the world should be by the year 2030. Following on from the Millennium Development Goals (MDGs), which the international community had been working on for 15 years since 2001, the SDGs are positioned as universal goals applicable to all countries.

Rather than relying solely on national governments, the SDGs also require companies and members of the public to take action all over the world. The SDG Compass is a guide to show companies how they should be using the SDGs, published jointly by the Global Reporting Initiative (GRI), UN Global Compact, and the World Business Council for Sustainable Development (WBCSD). It provides the following explanation.

“Unlike their predecessor, the Millennium Development Goals, the SDGs explicitly call on all businesses to apply their creativity and innovation to solve sustainable development challenges. The SDGs have been agreed by all governments, yet their success relies heavily on action and collaboration by all actors. The SDGs present an opportunity for business-led solutions and technologies to be developed and implemented to address the world's biggest sustainable development challenges.”

The Group's Business Activities and the SDGs

The Mitsubishi Materials Group is a diversified materials manufacturer with the corporate philosophy “For People, Society and the Earth.” We are also committed to achieving our vision – “We will become the leading business group committed to creating a sustainable world through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth.”

The adoption of the SDGs by the UN has reaffirmed that we are going in the right direction with our business activities as a group, and provided us with a springboard from which to assess critical long-term risks and opportunities, in terms of issues that we need to address and the path we need to take in the future.

Of the 17 goals set out under the SDGs, numbers 9 (industry, innovation and infrastructure), 12 (responsible consumption and production), 7 (affordable and clean energy), and 5 (gender equality) in particular tie in with areas in which we are implementing priority initiatives.

We intend to incorporate the SDGs into our strategies from the point of view of both increasing the competitiveness of our existing business, and creating new products and businesses. We will also be actively working with a wide range of outside partners, as we strive to create value over the medium to long term.



Supplying materials as backbone for infrastructure, industry and innovation worldwide

As a diversified materials manufacturer, we continue to supply basic materials indispensable to the world. With continuous innovation, we supply a wide range of products, systems and services that support designed to save energy, conserve resources and contribute to cleaner processes, as well as infrastructure development and industry all over the world.

In addition to developing products and technologies in each businesses, at the Central Research Institute we also carry out research and development on a long-term perspective with accumulating technologies such as “material analysis technologies,” “basic technologies to support materials, process and products development,” and “core technologies of reaction processes, metals, processing, interface, thin films.” We are particularly focused on developing environmental products and technologies as a priority area over the medium term.

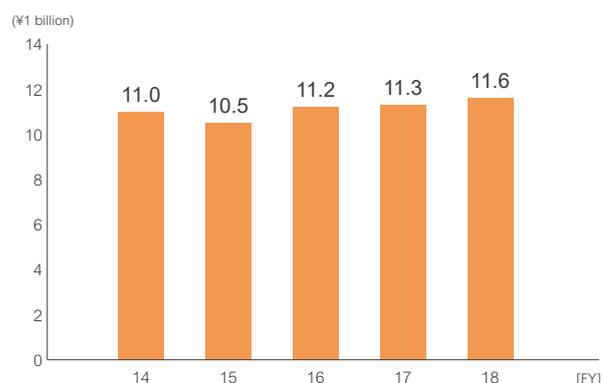
We are involved in collaborative activities with major universities. Meanwhile, we help to develop human resources for the future of scientific research.

Targets closely linked to our initiatives*

- By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. (Target 9.4)
- Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending. (Target 9.5)

* Specific targets set out under each of the 17 goals listed in the SDGs.

■ Research and development spending (consolidated)



Contributing to a recycling-oriented society from a global perspective

We are constantly thinking about ways to effectively use and reuse the limited resources we need for manufacturing, and engage in recycling operations in every business field. As well as making full use of the resources and materials that nature has given us, we recycle waste and byproducts in an effort to help create a sustainable world.

Contributing to a recycling-oriented society is positioned as a key element of our corporate philosophy, vision and management strategy, in terms of creating value that will help to resolve social issues.

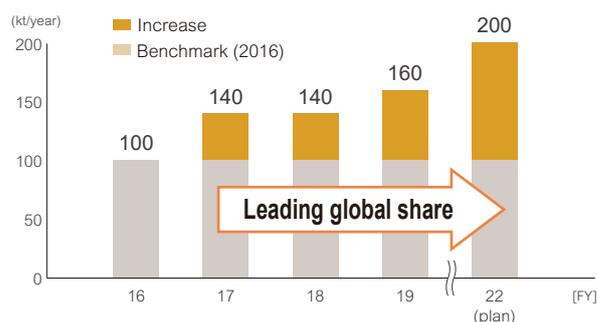
In our strategy of “creating value by building a recycling-oriented society” under our current medium-term management plan, we have made it a priority to make better use of urban mines (E-Scrap, including waste substrates from electronic devices). We now have world-leading E-Scrap intake and processing capacity within the Group, and are steadily increasing the amount of E-Scrap that we process.

We are continuing to work on further advances in recycling technology, and to develop more efficient means of collection and processing, so that we can expand possibility of resources recycling.

Targets closely linked to our initiatives

- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. (Target 12.5)

■ E-Scrap processing capacity





Expanding renewable energy supply and striving to improve energy efficiency

We have a long history of supplying renewable energy. Our business in this area dates back to 1898, when we developed the Nagata Hydroelectric Plant to supply power to Osarizawa Mine in Kazuno, Akita prefecture (opened as a gold mine, and later run as a copper mine, before closing in 1978). Making the most of the technology we had built up through our mining business, we later moved into geothermal development, commenced operations at the Ohnuma Geothermal Plant in the same area in 1974. We currently have hydroelectric plants in six locations, geothermal plants in two locations, and large-scale solar power plants in five locations. We are also working on new geothermal projects in four locations in Japan.

At the same time, we are promoting to use harness ground-source heat, which is regarded as a promising new source of renewable energy. We have developed a commercial system that runs on heat pump technology, and have already supplied over 100 systems domestically. We are also developing technology that will improve work efficiency.

Regarding energy efficiency at key production facilities, we set out the goal toward 2020, and steadily aim to achieve it.

Targets closely linked to our initiatives

- By 2030, increase substantially the share of renewable energy in the global energy mix. (Target 7.2)
- By 2030, double the global rate of improvement in energy efficiency. (Target 7.3)



Creating more opportunities for women to maximize their potential

We are committed to promoting greater roles for female employees, for the purpose of “securing domestic workforce under declining birth rate circumstance,” and “creating new added value from diverse human resources working together.”

We formulated Basic Principles on Women’s Empowerment in September 2015. In order to steadily take three steps, “securing and retaining female employees,” “expanding career options,” and “enabling women to play a greater role in the company,” we set out specific measures and targets for us to achieve by the year 2020. These activities are based on three key perspectives: “creating a better corporate culture,” “raising awareness amongst female employees and reforming career options,” and “improving systems and working environments.”

We regard promoting greater roles for women as part of our efforts to reform our corporate culture. We think it important to create a company where not only women, but also diverse human resources such as the elderly, disabled people, people from abroad, etc., can work together effectively and healthily both in body and mind.

Instead of being influenced by a temporary surge in momentum, we are determined to continue implementing activities on an ongoing basis.

Targets closely linked to our initiatives

- End all forms of discrimination against all women and girls everywhere. (Target 5.1)
- Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women. (Target 5.b)

» Mitsubishi Materials Group's Approach to CSR

Incorporating Social Expectations into Management Practices

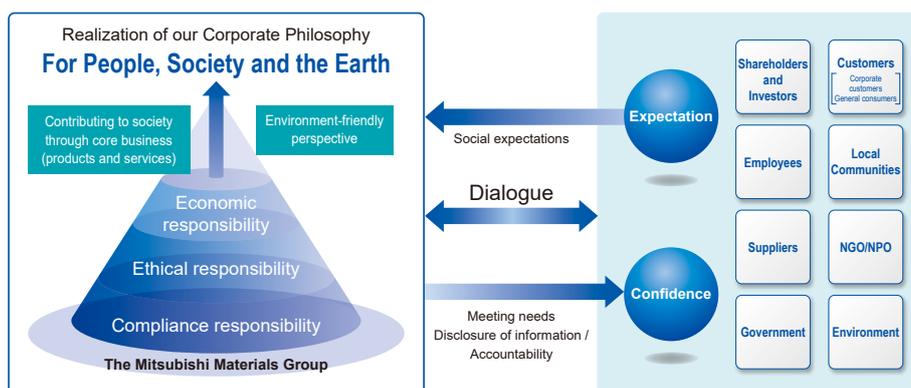
In order to put the group's corporate philosophy into practice, we define corporate social responsibility (CSR) as faithfully carrying out the role required and expected of us as a company, disclosing and sharing details of our activities, both inside and outside the company, and deepening mutual understanding through dialog.

To put it another way, promoting CSR means incorporating society's needs into our management activities. Our corporate philosophy system reflects the principles set out by the International Council on Mining & Metals (ICMM), of which we are a member, and the modern-day requirements of the international community.

In identifying CSR key issues too, we started by ascertaining public demand based on a wide range of information sources, including international guidelines and ESG research questionnaires. We then evaluate and prioritize issues based on stakeholder and management perspectives. Our approach to resolving key issues, once they have been identified, is to incorporate them into our business strategy, and tackle them in different ways as part of our day-to-day business processes.

We have also looked closely at how our business as a group relates to the SDGs, which recognize issues facing the international community between now and 2030, and continue to engage in dialog with outside experts, as we work out how best to proceed.

■ Outline of the Mitsubishi Materials Group's approach to CSR



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

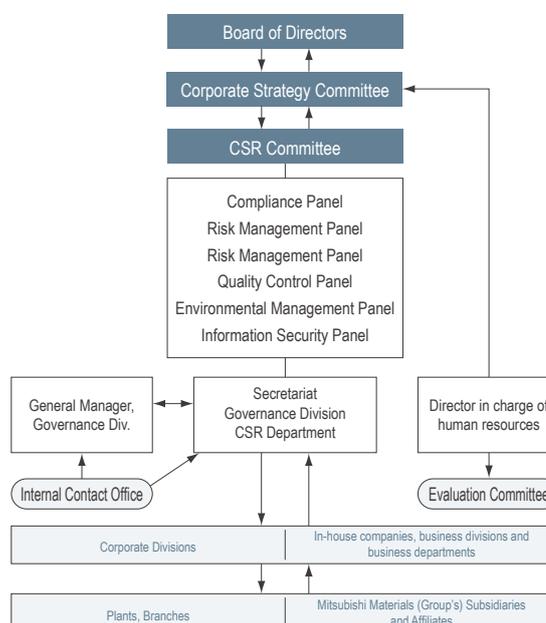
In our activities, which serve to reduce environmental impact, we will direct efforts toward such measures as saving energy and resources, cutting waste and limiting the use of hazardous substances.

CSR Promotion Framework

We have a CSR Committee, chaired by the General Manager, Governance Div., that meets four times a year to discuss matters such as our policy and activity plans for the year. We also submit regular reports to the Corporate Strategy Committee and the Board of Directors, outlining progress with the establishment and implementation of CSR-related systems. Meanwhile, our dedicated CSR Department in the Governance Division makes an ongoing effort to promote CSR throughout the Group.

We have systems in place so that any compliance issues occurring within the group are reported to the CSR Department, which then works with the division or department concerned to investigate the causes of the issue and implement measures to prevent a recurrence. The department responsible for conducting management audits also works with group companies to monitor progress with CSR activities, through internal audits for instance.

■ CSR Promotion Structure



Response to Issues Highlighted by Stakeholders

We respond to issues highlighted and suggestions made by our stakeholders so that we can improve the standard of our CSR activities and CSR Reports. We have launched a number of initiatives in response to key comments and requests, including the following. For information on methods of communication with stakeholders when ascertaining details, please see “Interaction with Stakeholders.” (P.64)

Key comments and their source	Group response
Investigating the causes of and implementing preventive measures for the quality issues	<ul style="list-style-type: none"> A Special Investigation Committee investigates the facts and causes Systematic preventive measures are formulated and implemented (implementation of a front loading system for order receiving, enhancement of the framework and authority of the Quality Control Department, expansion of quality training, promoting automated inspection equipment, enhancement of quality audits, utilization of outside consultants)
Continuing to expand and improve resource recycling measures	<ul style="list-style-type: none"> Making it a priority strategy to “create value by building a recycling-oriented society” Making greater use of urban mines (recycling E-Scrap) Promoting automobile recycling business Working to achieve targets for establishing a recycling-oriented society and contributing to the environment, and publishing reports outlining our results
Promoting measures to combat global warming (especially from a long-term perspective)	<ul style="list-style-type: none"> Implementing continuous, multi-faceted initiatives to save energy and reduce CO₂ emissions at all production facilities Developing technology for CO₂ capture and underground storage Promoting the use of renewable energy (geothermal, ground source, hydraulic, solar) over the medium to long term Placing a greater emphasis on developing and providing environmental technologies and products that will help save energy and reduce CO₂ emissions Water risk countermeasures
Managing abandoned mines	<ul style="list-style-type: none"> Improving both equipment and management at closed mines Continually working to reduce volumes of mine drainage
Preserving biodiversity (company-owned forests, areas around mines)	<ul style="list-style-type: none"> Obtaining the forest certification by SGEC for company-owned forests and promoting sustainable forest management Confirming that biodiversity has been factored into mines in which we invest, and carrying out preservation activities at facilities located adjacent to national parks.
Respecting human rights throughout the supply chain	<ul style="list-style-type: none"> Rolling out multi-layered initiatives aimed at ensuring the effectiveness of the CSR Procurement Guideline for the Procurement & Logistics Division Implementing CSR investment/procurement standards as part of our metals business, and engaging in dialog with local communities near mines where we invest Obtaining certification for conflict-free minerals (gold, tin, tungsten)
Creating Safe, Healthful Working Environments	<ul style="list-style-type: none"> Thorough efforts to make equipment safe(engineering measures) through risk assessments (RA) Strengthening health and safety education Raising employees’ awareness of health Strengthening safety and health systems
Developing human resources capable of tackling global issues	<ul style="list-style-type: none"> Continuing to step up global human resource development Developing and recruiting overseas human resources
Promoting greater roles for diverse human resources	<ul style="list-style-type: none"> Setting targets for the empowerment of women (percentage of female graduate recruits, percentage of women in management positions, percentage of female employees voluntarily leaving the company within five years) Rehiring retired employees and hiring disabled persons’ employees

>> Initiatives on Material Issues

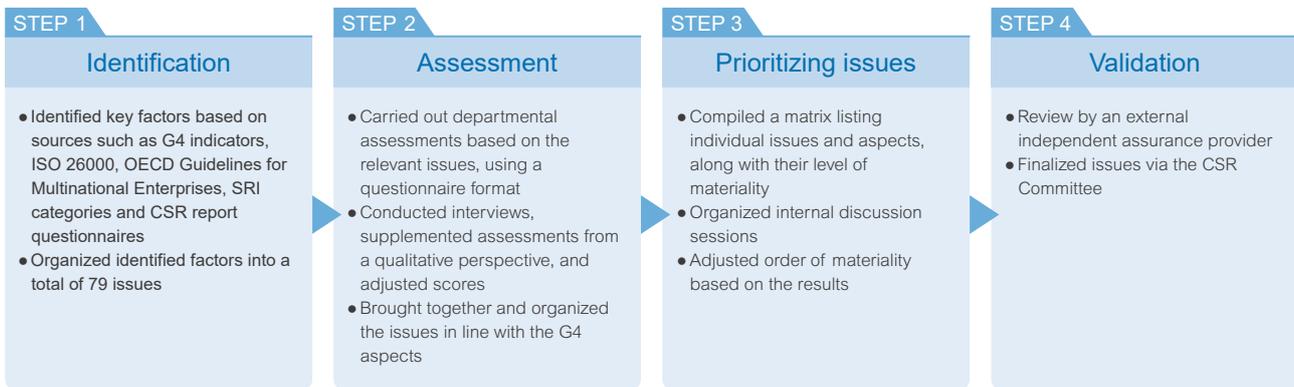
Identifying and Reviewing Material Issues

We recognize that the sustainability of society as a whole will always have a significant impact on our corporate activities in the future. That is why we identify high priority issues from the point of view of management. Once we have identified these material issues, we incorporate them into our business activities, and publish details and the results of our initiatives in our CSR data book.

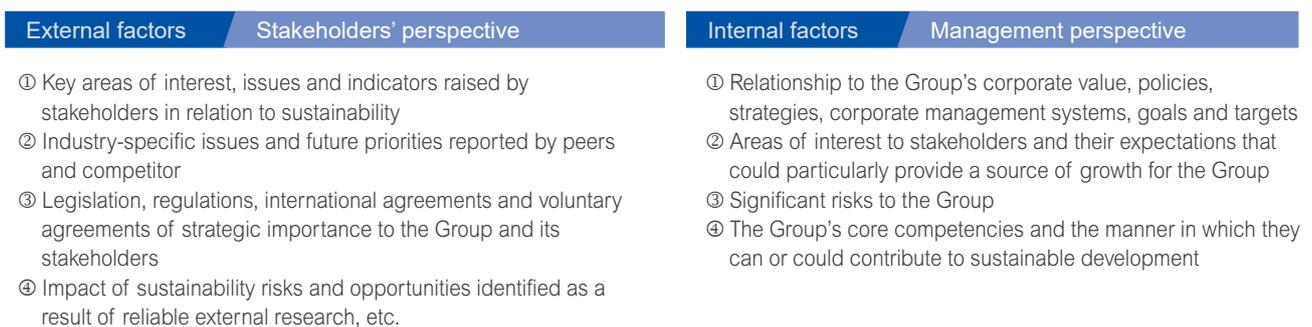
We identify material issues using procedures and perspectives in line with the GRI Standard, as a set of international guidelines for sustainability reporting. As we are publishing our CSR report in accordance with the fourth version of the GRI Guidelines (G4) from fiscal 2017 onwards, we have once again conducted a companywide material issue assessment and restructured priority issues accordingly. We have continued to review the contents of our report within the framework of the material issues we identified, as part of the process of producing a report every year.

We will continue to carry out regular reviews in the future too, and reflect them in the contents of our reports, in order to share information with our stakeholders.

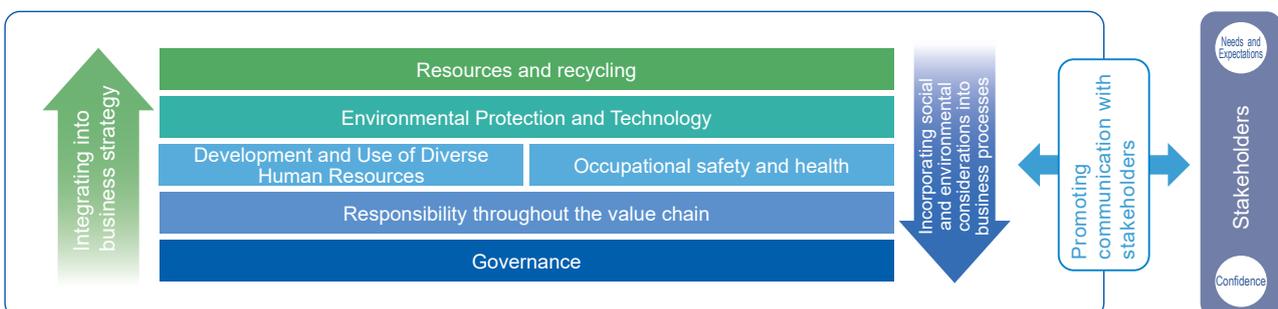
■ GRI Guidelines material issue assessment process



■ Incorporated stakeholder and management perspectives into assessments



■ Restructured material issues



Mitsubishi Materials' Seven Material Issues

Material Issues	Material issue themes	Background and key initiatives
Resources and Recycling	<ul style="list-style-type: none"> ● Maintaining stable supplies of materials and products ● Pursuing a recycling-oriented business model 	With growing worldwide demand for resources, especially in emerging countries, risks relating to resource procurement are on the increase due to factors such as export restrictions and human rights issues in resource-producing countries. Whilst continuing to purchase ore primarily from mines in which we invest, we are also working to strengthen relationships with mining and mineral producing companies and diversifying raw material sources, as well as ensuring that development takes into account local companies and the surrounding environment in resource-producing areas. We are also committed to rolling out our unique recycling-oriented business model, in order to secure recycled resources and contribute to resource recycling, both at home and overseas.
Environmental Protection and Technology	<ul style="list-style-type: none"> ● Preventing global warming ● Preventing environmental pollution ● Preserving biodiversity ● Developing environmental technologies and products 	Companies are finding themselves under increasing pressure to reduce the environmental impact of their business activities and step up measures in response to environmental issues. We make every effort to comply precisely with environmental regulations throughout the Group, and to reduce a wide range of substances of concern in terms of environmental impact. As well as integrated initiatives aimed at preventing global warming and establishing a recycling-oriented society, in line with the characteristics of each of our businesses, we are also focused on areas such as preventing pollution and preserving biodiversity. We are similarly committed to initiatives such as creating renewable energy, maintaining our extensive company-owned forests, and developing environmentally friendly products and technologies in order to help reduce the environmental impact.
Development and Use of Diverse Human Resources	<ul style="list-style-type: none"> ● Human resource development ● Diversity (Empowerment of women) 	To maintain sustainable growth, companies need to enable a diverse human resources to make the most of their abilities. We are committed to developing and using of human resources, both in Japan and overseas, and are actively focused on initiatives such as promoting empowerment of women, ensuring an adequate work-life balance, and improving benefits and welfare. We also engage in ongoing initiatives aimed at ensuring basic human rights and creating friendly, safe and pleasant working environments for all. Initiatives such as these have the added bonus of creating a shared awareness based on partnership between labor and management.
Occupational Safety and Health	<ul style="list-style-type: none"> ● Preventing occupational accidents ● Creating mentally and physically pleasant workplaces 	Ensuring employees' safety and health must always be one of the top priorities of our company. We are "committed to providing a safe and healthy environment for all," as enshrined at the highest level in our Code of Conduct, and continue to promote health and safety activities throughout the group, which is also based on our experiences dealing with serious accidents in the past. We try to implement initiatives from every angle, including improving individual awareness and capabilities, refining manuals and processes, upgrading facilities, and creating positive working environments from both a mental and physical point of view.
Responsibility throughout the Value Chain	<ul style="list-style-type: none"> ● Respect for human rights in procurement ● Product liability 	Companies are required to monitor and take into account the social and environmental impact of their business activities throughout the value chain. We keep a close eye on conditions at the companies that supply us with raw materials and products, and do our best to ensure that no human rights violations are committed at any point in our global supply chain, based on our CSR Investment Standards and CSR Procurement Guidelines. We are also committed to ensuring that our products are safe and reliable, from the design and development stages all the way through to manufacturing and shipping.
Stakeholder Communication	<ul style="list-style-type: none"> ● Building and strengthening relationships with stakeholders ● Improving customer satisfaction ● Engaging in dialogue and coexisting with local communities 	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. We also need to disclose information that is of interest to their stakeholders. We make every effort to disclose information via our CSR Data Book and website, and continue to promote dialogue and consultation with our stakeholders, whilst also improving communication through activities such as Stakeholder Meetings.
Governance	<ul style="list-style-type: none"> ● Reinforcing compliance 	Companies need to establish mechanisms to enable them to make decisions transparently, fairly and quickly, and to adequately audit their operations, in line with the needs of customers, local communities, suppliers, shareholders, employees and other stakeholders. In addition to continually improving our corporate governance systems so that we can make appropriate decisions as quickly as possible, we continue to strengthen our internal auditing capabilities and reinforce governance in terms of groupwide management, including overseas. We also strive to reinforce compliance, as the cornerstone of corporate management, and implement risk management activities across every aspect of our business, as well as putting in place business continuity plans (BCP) in case of an emergency and constantly strengthening our risk management systems in areas such as disaster prevention and security.