

» Interaction with Stakeholders

Basic Approach to Building Relationships with our Stakeholders and Key Means of Communication

In the interests of sustainable corporate management, we believe that communicating with our stakeholders is crucial if we are to reflect their expectations and requirements in our business strategies and activities. While creating more opportunities for communication, our aim is to incorporate stakeholders' perspectives into our management practices to a greater extent than ever before.

■ Basic approach to building relationships with our stakeholders and key means of communication



Distribution of Economic Value to Stakeholders

Striving to Adequately Distribute Economic Value

As we continue to earn operating revenue and generate economic value added thanks to the involvement of our many and varied stakeholders, we believe that it is important to fulfill our social responsibilities and adequately distribute that added value among our stakeholders.

Economic Value Added in Fiscal 2018

Revenue for Mitsubishi Materials in fiscal 2018 came to ¥914.9 billion. That included proceeds from the sale of products and services, dividends and other forms of non-operating income, and extraordinary income. Operating costs, which consist primarily of payments to suppliers, totaled ¥834.0 billion.

After subtracting operating costs from our total revenue, the amount of added value generated through our business activities came to ¥80.9 billion.

Distribution of Added Value

Personnel costs, which include statutory welfare expenses and pension contributions and represent the portion of revenue distributed to our employees, came to ¥40.5 billion.

In the meantime, we distributed a total of ¥2.1 billion to financial institutions and other creditors, in the form of interest on borrowings.

We distribute value to society and local communities through the government and through our own social contribution activities. We paid ¥12.4 billion to the government this year, as the combined total of corporate income tax plus other taxes and public charges liable as expenses. We also gave ¥400 million back to the community in the form of social contribution activities, including donations, lending our facilities to the public and providing employees' services.

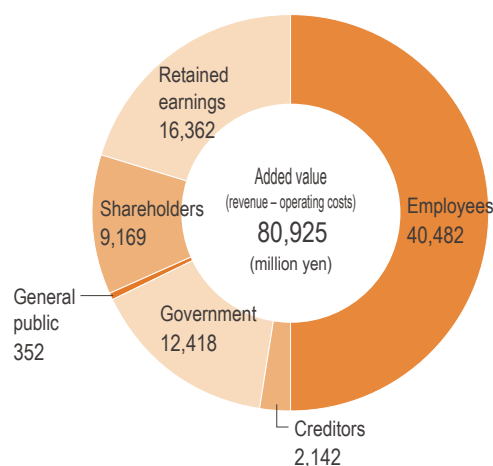
Cash dividends, which represent the value that we distribute to our shareholders (companies and individuals, in Japan and overseas), came to a total of ¥9.2 billion.

Retained earnings to cover investment and contingencies for the future meanwhile totaled ¥16.4 billion.

Contributing to Local Communities as part of our Overseas Operations

Whenever we engage in business activities overseas, we make every effort to understand conditions in the relevant country and the national identity of its people, so that we can integrate into the local community as a corporate citizen. We re-invest money that we make through our overseas operations back into the local community wherever possible, in order to continue growing our business and contribute to the sustainable development of the local area.

■ Distribution of economic value added to stakeholders (FY2018, Mitsubishi Materials)



Category	Stakeholder	Amount (million yen)	Details/method of calculation
Revenues	Customers and suppliers	914,898	Net sales, non-operating income, extraordinary income
	Suppliers	833,973	Operating costs (cost of sales and selling, general and administrative costs, minus deductions for personnel costs, tax and public charges, and donations)
Payments	Employees	40,482	Personnel costs (including statutory welfare expenses and pension contributions)
	Creditors	2,142	Interest expense
	Government	12,418	Taxes (corporate income tax, and other taxes and public charges liable as expenses)
	General public	352	Donations, etc.*
	Shareholders	9,169	Cash dividends paid
	Retained earnings	16,362	Net income minus cash dividends paid

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

Pension Contributions

Obligations relating to unfunded lump-sum severance payment plans and funded defined benefit pension plans totaled ¥37.8 billion and ¥42.9 billion respectively. ¥60.1 billion of this total was paid out in the form of pension assets to outside funds (coverage: 74.5%). A further ¥10.3 billion was registered as expenses in the form of accrued retirement benefits, with the remaining ¥11.2 billion classed as unrecognized benefit obligations. We plan to amortize all unrecognized benefit obligations over the next ten years.

Financial Assistance from the Government

We received ¥400 million in grants, subsidies and other financial assistance from the government. The government does not hold shares in Mitsubishi Materials or any of our group companies.

» Dialogue with Shareholders and Investors

Purpose of activities	Activities during fiscal 2018	Self-assessment	Targets/plans for activities from fiscal 2019 onwards
<ul style="list-style-type: none"> Ensuring timely and appropriate disclosure, and promoting understanding of our business 	<ul style="list-style-type: none"> Number of press releases/interviews [FY2018 target: 205 meetings / Actual: 205 meetings] Establish a more comprehensive website through in-house cooperation 	A	<ul style="list-style-type: none"> Number of press releases/interviews [Target: 205 meetings] Build a website that shows the appeal of the Company's business system, policies, strategies, and so forth
	<ul style="list-style-type: none"> Organize small meetings regarding our Medium-term Management Strategy [Target: At least two meetings / Actual: 1 meeting] 	C	<ul style="list-style-type: none"> Organize investor conference on the business operation for analysts and institutional investors

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Dialogue with Shareholders

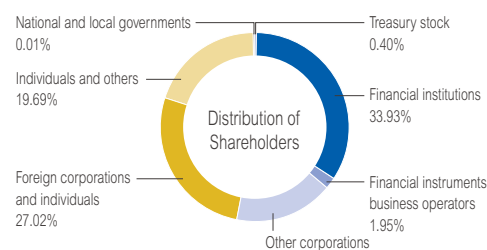
General Meeting of Shareholders

We regard our Ordinary General Meeting of Shareholders as an invaluable opportunity for management staff to talk directly with shareholders. That is why we send out a convocation notice as early as possible, and provide details on our website, so that our shareholders have sufficient time to think about matters to be reported and resolved at the meeting. We have continued to expand our efforts to disclose information. Since 2012, we started posting information on our website even earlier and adding new content to information sent out with our annual business report, including details of our policy regarding the determination of remuneration and status of corporate governance.

As well as enabling shareholders to exercise their voting rights in writing or online, we also use an electronic voting platform for institutional investors both in Japan and overseas.

We use slides with accompanying narrations at the General Meeting of Shareholders to help ensure participants' clear comprehension of the presented contents. In the General Meeting of Shareholders, we use slides and narration to make the contents of our presentations easier to follow. We also publish shareholder voting figures for all resolutions after the meeting, via channels such as our website.

■ Distribution of shareholders



* The total may not add up to 100% due to rounding up or down of individual figures.

Dialogue with Investors

Meetings for Investors

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

We have been participating in information meetings for individual investors since fiscal 2010.

We are committed to maintaining an active IR schedule and ensuring adequate disclosure in the future, for the benefit of all of our investors.



Presentation at overseas IR roadshow (President Ono)

■ IR activities in fiscal 2018

Description	Number of times during fiscal 2018
Interviews with institutional investors	209
Overseas IR visits (Europe, USA, Asia)	18
Facility tours for institutional investors	5
Earnings information meetings for individual investors	6

» Dialogue with Customers

Improving Customer Satisfaction

Customer Satisfaction Surveys

As a part of our quality management activities, we analyze complaints and conduct customer satisfaction surveys at all Mitsubishi Materials facilities and group companies in order to reflect the diverse views of our customers. We take analysis results and customers' comments seriously and submit our findings to management reviews, in an effort to provide customers with better quality products and services.

Cement Business: Valuing the Feedbacks from Our Customers

The various types of cement, which are our main products, are supplied to our customers in Japan and abroad via Ube-Mitsubishi Cement Corporation, our Group logistics and sales company.

They always share information about product quality, service, customer inquiries and customer product feedbacks with us. This allows us to further increase customer satisfaction by improving our steady supply of stable-quality cement.

Metals: Meeting Customers' Needs

We strive to achieve customer satisfaction by providing products and services that meet our customers' needs. With more and more home appliances and electronic devices being recycled in recent years, in all corners of the world, we are focusing on processing E-Scrap to extract precious metals. Operations take place at our Naoshima Smelter & Refinery, which introduced a new online system for customers in 2014, called "NEWS." This has enabled us to process transactions quickly and smoothly online, from making appointments to bring in E-Scrap through to checking progress and payment details.

Advanced Materials & Tools: Technical Support Activities for Customers.

Our Machining Technology Center provides extensive technical support so that customers are able to use cutting tools properly. We offer a "Machining Academy" to increase attendees' knowledge of tools and cutting operations, along with cutting tests and technical support so that customers can use our tools more efficiently. Additionally, a toll-free telephone technical counseling service is available to ensure direct communication with our customers at all times. During fiscal 2018, we held 169 seminars (3,378 participants) and achieved 1,284 customer visits.

Based on the customer demands, we will continue to provide comprehensive solutions through technical diagnosis and analysis of the actual processing lines.



Seminar

Aluminum Business: CS Activities

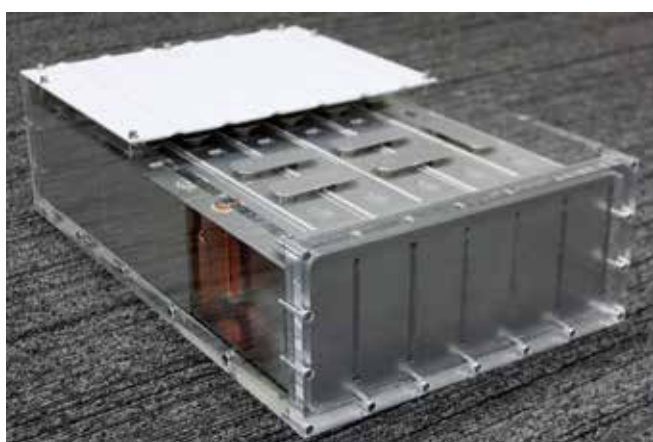
MMC Group company Universal Can Corporation strives to operate with meticulous care and a well-prepared quality control system to ensure safe and reliable food.

Universal Can has already obtained certification for the ISO 22000 (FSMS) food safety management system standard and its advanced variant FSSC 22000 across all of its plants. By ensuring the effective functioning of the management systems, we provide good quality aluminum beverage cans to our beverage manufacturer clients and by extension, to all consumers. As a manufacturer dealing with food containers, in the future we will endeavor to raise the level of food hygiene and safety.

New Business Creation in Cooperation with Customers

Seeking enhanced responsiveness to the major social changes such as increased popularity of EVs, the rapid dissemination of new types of energy and so on, the Mitsubishi Materials Group is shifting to market-driven product development based on customer-oriented marketing. The focus of this approach is dialogue with customers in recognition of the vital importance of identifying and acquiring an accurate grasp of their current real and emerging needs. This means grasping opportunities for discussions with key customers in various business areas, pursuing negotiations with selected customers at trade shows and private exhibitions, and conducting technical meeting with specified customers. Through such means, we gather invaluable feedback from customers and utilize it to match our strengths with customers' needs while also creating new development concepts. We structure these activities strategically by sharing marketing information among our business divisions and Group companies, promoting technical exchange and coordinating collaborative development.

Since our technologies and products are often integrated into customers' (end) products as value-added materials and components, it can be difficult to recognize their features when viewing them independently. To give customers a clearer image of characteristics and value of our products and encourage their use in the customers' product designs, we are experimenting with marketing activities which employ fullsize models of end products incorporating our products.



Conceptual model of a lithium-ion battery module

» Getting Involved in Society and the Community

We communicate with the local community and engage in a whole host of social contribution activities, making the most of key features of the Mitsubishi Materials Group's various facilities around the world. Moreover, in cases where our business activities have a potential effect on communities, we engage in sincere dialogue with the local community and make improvements based on the outcomes of the dialogue.

Social Contribution Activities

Reducing Our Environmental Impact and Sharing a Spirit of Mutual Assistance with Society (Otec (Thailand) Co., Ltd.)

Otec (Thailand) (Ayutthaya Province, Thailand), a manufacturer of construction tools, has been conducting social contribution activities in the form of "the Green Otec Project" since 2012, to suit the characteristics of the local community and society.

Aiming to reduce their environmental impact by separating and sorting waste, and recycling bottles and cans at the plant, and to share a spirit of mutual assistance with society, they conduct repairs and plant trees at schools and temples once a year. These activities are supported by recycling income from the separation of garbage, private donations from employees, and grants from the company.

The participating employees act voluntarily with the intent to provide real benefits. They visit potential locations, look into the needs there, think about in what way they can contribute, and then decide where to conduct their activities.

In 2017, 47 employees drove to a national park 3 hours away, where they planted 500 plants of maca, rosewood trees, tamarind trees, and rubber trees, to restore an area where tree felling is prohibited but that has suffered from illegal farming.



Participants in 2017 tree-planting activities

Promoting Greening Activities at the Site of the Former Osarizawa Mine (Kazuno Ryokokai*)

The Kazuno Ryokokai, which consists of our plants in Akita prefecture and five affiliates, has been working together with Osarizawa Woodland and Nature Society, a local volunteer organization in Kazuno, Akita prefecture, since 2006 to restore the natural environment around the former Osarizawa Mine by planting and raising trees.

In October 2017, at a jointly organized tree-planting ceremony, a group of around 70 participants including representatives from Akita prefecture, the city of Kazuno, Rotary Club as well as local kindergarten children planted 478 trees. To date, a total of 6,909 trees have been planted, including weeping cherry, double-flowered cherry, hydrangea, oak, maple, and beech.

To help the trees take root, we are improving the soil around the former mine site (replacing 1 meter of surface soil), and have so far planted trees across some 20,000 square meters, of which about 80% have taken root. The hydrangea is especially deeply-rooted, creating a "hydrangea road" along about 2 kilometers of the road going to the former site of the Osarizawa Mine.

The Osarizawa Woodland and Nature Society was highly praised for these activities and was awarded the Environment Grand Prize from Akita prefecture in October 2017. They also received the Regional Environmental Beautification Merit Award from the Ministry of the Environment in June 2018.

* Tohoku Power Service Station (Geothermal & Electric Power Department, Energy Business Division, Environment & Energy Business Unit), Hachimantai Geothermal Corporation, Akita Power Generation Co., Ltd., Boring Center (Kazuno Engineering Office, Mitsubishi Materials Techno Co.), Osarizawa Office (Eco-Management Corporation), Osarizawa Mine site (Golden Sado Inc.)



Tree-planting activities with children

Participating in Akashi City ShakeOut Drill (Akashi Plant)

ShakeOut is a term created in 2008 by an American earthquake research team for extensive regional disaster drills. ShakeOut involves the basic self-protective actions of “drop, cover, and hold on.” A large number of Japanese local governments, firms, and commercial facilities endorse this, with 6.66 million people participating nationwide in 2017.*

ShakeOut drills have been conducted in Akashi, Hyogo prefecture, where the Akashi Plant is located, as part of their work for disaster prevention and mitigation, once a year since 2015. On January 17, 2018, 138 groups and more than 50,000 people participated in the drill. Akashi Plant has participated since 2016, practicing basic actions as well as checking plant equipment at risk of “moving, flying, falling, and breaking.”

ShakeOut drills are extremely simple in that anyone can participate just using their own body, and are great opportunities to learn the importance of daily awareness of disaster prevention.

* The Great Japan ShakeOut <http://www.shakeout.jp/>



Disaster drill at the office

Main Recognition for the Mitsubishi Materials Group's Activities

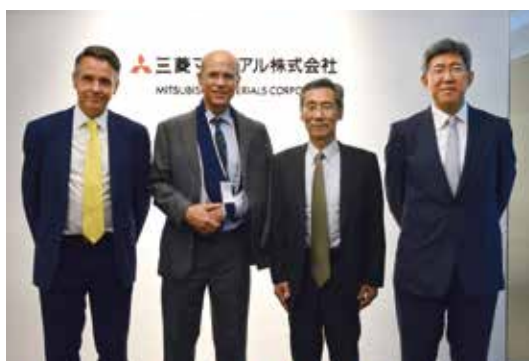
■ Main awards and commendations from outside organizations in fiscal 2018

Recipient		Awarding body or organization	Details	
Mitsubishi Materials Corp.	Central Research Institute	Japan Mining Industry Association	2017 Japan Mining Industry Association Award	Developing technology for analyzing gas composition in sealed devices
Mitsubishi Materials Corp.	Central Research Institute	The Japan Institute of Metals and Materials	40th Japan Institute of Metals and Materials Technical Development Award	Development of MSP®8: A solid solution strengthened copper alloy with excellent electrical conductivity and stress relaxation property, for large current applications in automotive electric equipment.
Mitsubishi Shindoh Co., Ltd.	Wakamatsu Plant			
Japan New Metals Co., Ltd.		Japan Environmental Management Association for Industry for Industry Resources Recycling Promotion Center	Recycling Technology and System Award 2017 Rare Metal Recycling Award	Developing recycling technology for scrap containing tungsten
Mitsubishi Hitachi Tool Engineering, Ltd.	Narita Plant	Japan Cutting & Wear-resistant Tool Association	2017 Japan Cutting & Wear-Resistant Tool Association Award Environmental Award / Environment Special Award	Achieving an annual recycling rate of almost 100% and reducing energy output every year since 2012, with an improvement of 10.8% in 2016 compared to 2012
	Yasu Plant			Continuous waste countermeasures, achieving a recycling rate of at least 99% over a course of more than 5 years
Mitsubishi Cement Corporation		Portland Cement Association (PCA) in the US	Outreach Award	Factory tours and active participation in local community activities as well as contributions to local community activities through economic assistance for mutual prosperity with the local community
PT. MMC Metal Fabrication		West Java, Indonesia	Company CSR 2017	Social contribution activities in West Java and the town where the plant is located

Our Approach to Society

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

The International Council on Mining and Metals (ICMM), of which Mitsubishi Materials is a member, seeks to achieve industry-wide CSR improvements to solve issues related to the environment, safety, labor and human rights in the interests of sustainable development. The ICMM makes use of dialogue with member companies to formulate policy, and in June 2017 ICMM CEO Tom Butler came to Japan and met with Our Executive Vice President Osamu Iida and Senior Managing Executive Officer Yasunobu Suzuki. In May 2018, Executive Vice President Iida attended a Council meeting in the United States, which brought together representatives of member companies and had productive exchange of views on issues such as ICMM's action plans for 2019 to 2021.



Meeting with our Senior executives
(from left, ICMM Director John Atherton, ICMM CEO Tom Butler,
Mitsubishi Materials Executive Vice President Osamu Iida,
Mitsubishi Materials Senior Managing Executive Officer Yasunobu Suzuki)

Dialogue with the Local Community

Initiatives in Geothermal Energy Development

To ensure the Ohnuma and Sumikawa Geothermal Plants in Kazuno City, Akita prefecture are not affecting nearby hot springs, we have been conducting hot spring monitoring for more than 20 years. We report the results obtained to the hot spring proprietors every year and also have the impact of geothermal plant operations on hot springs assessed by the Impact Research Committee, convened by the Kazuno government. In addition, before digging any new geothermal wells, we always visit all hot spring proprietors first and explain the details of the work.

Moreover, we would never start any new project surveys, discussions of commercialization, or building of power plants, without first gaining the understanding of local residents through explanations and dialogue.