

Mitsubishi Chemical Holdings Corporation

CSR Report 2008

Corporate Social Responsibility Report



Group Philosophy

*Good **Chemistry** for Tomorrow*

Creating better relationships among people, society, and our planet.

The word “chemistry” refers to more than just a field of science. It also refers to the compatibility, relationships, and connections among different objects, different people, and between people and objects, as well. The Mitsubishi Chemical Holdings Corporation (MCHC) Group, inspired by the limitless breadth and possibilities of “chemistry,” aims to provide safer, more valuable technologies, materials, and products through innovation, and to use business as a tool for creating better relationships among the world's people, societies, and the global environment. “Good Chemistry for Tomorrow” is our philosophy at the MCHC Group.

Editorial Policy

In the interest of helping as many stakeholders as possible understand the MCHC Group's CSR concepts and the CSR activities pursued by individual Group companies, MCHC issues this report as a MCHC Group publication supplementing the CSR reports issued by each Group company.

For fiscal year 2008, this report focuses on *APTSIS 10*, the new mid-term management plan the MCHC Group is implementing to achieve its objective of becoming a company group characterized by the words "growing, innovating, and leaping ahead." It also discusses the Group's "Sustainability," "Health," and "Comfort" decision criteria in special feature sections.

MCHC aims to promote communication with stakeholders through this report, and will continue to undertake initiatives and reporting innovations that advance the Group's CSR activities.

Report Scope

This report covers the MCHC Group, but also provides information on the policies of the MCHC.

Reporting Period

Fiscal year 2007 (April 2007-March 2008)

* Some information pertaining to fiscal year 2008 is also included.

Inquiries

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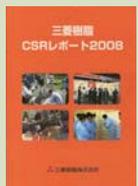
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Information related to this report is also available at:
<http://www.mitsubishichem-hd.co.jp/english/index.html>

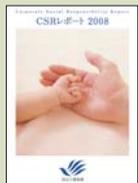
For detailed environmental and other information on individual direct-investment group companies, please refer to the CSR reports of these companies.



Mitsubishi Chemical CSR Report
http://www.m-kagaku.co.jp/index_en.htm



Mitsubishi Plastics CSR Report
(Japanese only)
<http://www.mpi.co.jp/>



Mitsubishi Tanabe Pharma
CSR Report (Japanese only)
<http://www.mt-pharma.co.jp/>

Disclaimers

This report includes not only historical and current facts about the MCHC Group but also assumptions regarding future developments in society, references to management plans and policies, and forecasts of the results of those plans and policies. Discussions of assumptions regarding the future, and forecasts, are hypotheses or judgments based on information available as of the time this report was prepared. Changes in various factors may cause actual future developments in society and future results of business activities to differ from assumptions and forecasts.

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Bringing Together the Knowledge and Expertise of Individual Group Employees to Regain Public Trust and Promote Good Chemistry.



Working with the Understanding that Our Very Survival is on the Line

We, at the Mitsubishi Chemical Holdings Corporation (MCHC) Group, believe that our current situation is one in which our very survival is on the line.

That was made all too clear to us by the fire that broke out at the Kashima Plant's No. 2 ethylene production facility in December 2007. Four employees of an affiliate were lost in that fire. As the president of Mitsubishi Chemical and Mitsubishi Chemical Holdings, I would like to express the heartfelt loss that all of us at the MCHC Group feel and extend our deepest condolences to the families of these employees. In addition, I would like to again express our sincerest apologies for the worry and inconvenience we caused to those living near the plant, and others who were affected, as well. We are currently moving to implement comprehensive safety measures to ensure that such accidents do not happen again.

Concerning a different matter, Mitsubishi Plastics received an administrative sanction from the Japan Fair Trade Commission (JFTC) in June 2007 regarding the

price-fixing of its polyethylene pipe products for gas. In addition, we sincerely regret that the JFTC has found it necessary to pursue an investigation (ongoing) of a possible price cartel for polyvinyl chloride pipe.

And on yet another front, we are being held accountable for matters related to a lawsuit concerning hepatitis C infections and Mitsubishi Tanabe Pharma's fibrinogen medication.

To resolve these matters, I have called on every single Group employee to do their part in fulfilling legal and social obligations to every one of our stakeholders. Above all else, I believe it is critical that we continue to perform daily inspections, pursue improvements, and engage in business activities that can be trusted to be safe, are reliable, and satisfy the needs and concerns of stakeholders. The MCHC Group motto, "APTSIS," which we announced in April 2008, incorporates that belief. Furthermore, the entire MCHC Group is united in the desire to regain the public trust, which we now more than ever appreciate as an inviolable underpinning our business activities.

What We Aspire to Be in 2025, and Should Be in 2015

Achieving steady progress on the road to regaining society's trust requires that we focus on living up to the MCHC Group philosophy — "Good Chemistry for Tomorrow — Creating better relationships among people, society, and our planet" because that is accomplished not only through our business activities, but also by meeting our corporate social responsibilities — in other words, by earning the public trust.

In that light, I, for the benefit of even more productive relationships between MCHC Group businesses and their stakeholders — shareholders, customers, business partners, local citizens, employees, and others — and, with a view toward the future of society, have established "sustainability," "health," and "comfort" as three decision criteria for corporate activities envisioning what the MCHC Group aspires to be in 2025 and should be in 2015, given the issues we expect to face and the contributions we believe we can make. Based

on those decision criteria, we formulated our three-year mid-term management plan, which we call *APTSIS 10* and announced in May 2008.

Applying Our Competencies of Chemistry to Solve Global Environmental Problems

Among the various social issues facing the world, global environmental problems pose critical challenges that must be addressed in ways that cross geographic and industrial boundaries.

We, at the MCHC Group, have traditionally been very aggressive in pursuing production efficiencies and ways to save energy, and have brought to market a wide variety of environmentally friendly products. Premised on the acceleration of these activities, *APTSIS 10* puts forth concrete quantitative objectives for cutting greenhouse gas emissions. At the same time, it positions organic photovoltaic modules, solid-state lighting, technology for making lighter automobiles, bio-based polymers, and numerous other CO₂ and energy reduction technologies and products. Everything possible will be done to make these businesses commercially viable as soon as possible.

Furthermore, based on my firm conviction that the global environmental problems addressed by these businesses have a particularly strong need for solutions possible through our competencies of chemistry, the MCHC Group will use its accumulated expertise and knowledge to take on the challenge of developing new technologies, like ones that emulate photosynthesis and make it possible to use CO₂ as a carbon source for products.

Applying Orchestration Functions to Create Group Synergies

In October 2007, two companies in the pharmaceuticals business merged to create Mitsubishi Tanabe Pharma and pursue the goal of becoming a global research-driven pharmaceutical company. In a different industry, Mitsubishi Plastics was created through the April 2008 combination of the Group's functional products businesses. These two companies, together with Mitsubishi Chemical, illustrate how MCHC Group

members encapsulate unique technologies and know-how and exercise enhanced competitiveness in their individual markets. Meanwhile, MCHC performs the orchestration functions of the holding company that it is with the goal of fostering cooperation and the creation of synergies among the Group members, and maximizing contributions to the resolution of global environmental and other problems facing society. The creation of our Group Synergy Office is a concrete step aimed at performing intra-Group functions spanning the three Group-member companies. Going forward, MCHC will continue to take similar steps that apply the overall capabilities and synergies available to a corporate group with multiple, unique enterprises to create new technologies, products, and businesses.

Amid sharply higher prices for crude oil and naphtha, stagnating global economic conditions, and other factors contributing to an increasingly difficult business environment, we believe that it is even more important that we operate by our Group motto, "APTSIS," and live up to even greater social responsibilities by helping to solve problems facing all of humanity in the 21st century.

September 2008

Yoshimitsu Kobayashi

Representative Director, Member of the Board, President
Mitsubishi Chemical Holdings Corporation



MCHC Group Motto

APTSIS

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

Agility
Be alert, act quickly

Principle
Sharing theories, principles
and ideals

Transparency
Transparency, accountability and
compliance

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

Internationalization
Enhancing our performance within the global market

Safety, Security & Sustainability
Ensuring safety in manufacturing, trust in quality,
information security and environmental consciousness

The APTSIS 10 New Mid-term Management Plan Was Formulated to Create a Corporate Group for “Growing, Innovating, and Leaping Ahead.”

In 2002, the Mitsubishi Chemical Holdings Corporation (MCHC) Group (then the Mitsubishi Chemical Group) put forth its *KAKUSHIN Plan*, a management plan based on three objectives: 1) Selected and prioritized resource investments targeting growth and significant leaps forward; 2) Further enhancement of group management; and 3) Further growth and improvement in financial condition. The *KAKUSHIN Plan* was implemented in two phases. *KAKUSHIN Plan: Phase 1* took place during the first two years of the plan and focused on portfolio reforms, financial condition and improvement, and other ways of preparing a foundation for growth. *KAKUSHIN Plan: Phase 2* covered the ensuing three years, during which the objectives were to strengthen the Petrochemicals, Performance and Functional Products, and Health Care businesses, and establish a business group capable of sustainable growth and development.

Under the *KAKUSHIN Plan*, we created the holding company MCHC, established growth-oriented business directions, undertook major investments, took other strategic steps, and achieved much. On the other hand,

we also experienced manufacturing setbacks, as symbolized by the accident at Mitsubishi Chemical’s Kashima Plant; failed to globalize our operations sufficiently; and found ourselves faced with issues related to delays in getting new businesses up and running.

To address these loose ends, MCHC embarked on its new *APTSIS 10* mid-term management plan, which will cover the three-year period beginning in April 2008. *APTSIS 10* lays out what we must achieve based on three decision criteria — “Sustainability,” “Health,” and “Comfort” — to become what we should be in 2015, and aspire to be in 2025. *APTSIS 10* sets forth our vision for becoming a leading company that is trusted throughout the world.

To achieve this vision, the MCHC Group will proactively adjust its business portfolio and dynamically undertake strategic investments to transform itself into a highly profitable corporate group. In the interest of enhancing sustainable corporate value, we will also strengthen the Group’s foundation and overall capabilities, embark on initiatives aimed at cutting greenhouse gas (CO₂), and take other steps, as well.

Mid-term Management Plan



APTSIS 10 Overview

Basic Policy	Basic Strategy	Proactive Investment	Management Objectives (Fiscal Year 2010)
Growing	<p>Transition of existing businesses to high performance products and high-value-added businesses as well as efficient products, and speeding business “metabolism”</p> <p>Performance Products</p> <ul style="list-style-type: none"> • Further expansion of existing global businesses (Recording media, imaging, high performance polyester film, etc.) • Expansion of niche businesses (no competitors or first among competitors) in growing segments of the information & electronics, automobiles, and other markets <p>Health Care Business Domain</p> <p>Mitsubishi Tanabe Pharma</p> <ul style="list-style-type: none"> • Early realization of merger benefits • Achievement of solid progress in development of high-priority pharmaceuticals • Achievement of progress toward becoming an internationally recognized drug discovery company <p>Chemicals Business Domain</p> <p>Mitsubishi Tanabe Pharma</p> <ul style="list-style-type: none"> • Shift to high performance products • Early realization of <i>KAKUSHIN Plan: Phase 2</i> investment benefits 	<p>Capital Expenditures ¥590 billion/ 3 years</p> <p>R&D ¥425 billion/ 3 years</p>	<p>Consolidated operating income ¥190 billion or greater</p> <p>Consolidated ROA (EBIT/Total assets) 6% or higher</p>
	<p>Achievement of profitable operations for the 7 next-generation growth businesses as soon as possible</p> <p>7 next-generation growth businesses</p> <p>Solid-state lighting, Li-ion battery materials, next-generation displays, materials for making lighter automobiles, bio-based polymers, organic photovoltaic modules, and personalized medicine</p>		
Leaping Ahead	<p>Strategic partnerships and M&A</p>	<p>¥250 billion/ 3 years (Target)</p>	

Close-Up 1

Launch of the “Global Comfort Project” for Applying Group Capabilities to Help Solve the Problem of Global Warming

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

1. Addressing International Society and Industry

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

2. Specific Greenhouse Gas Reduction Initiatives

Mitsubishi Chemical, Mitsubishi Plastics, and Mitsubishi Tanabe Pharma, the three core Group companies, will make investments aimed at reducing CO₂. The Mitsubishi Chemical Group, for its part, is planning investments of ¥5 billion over three years.

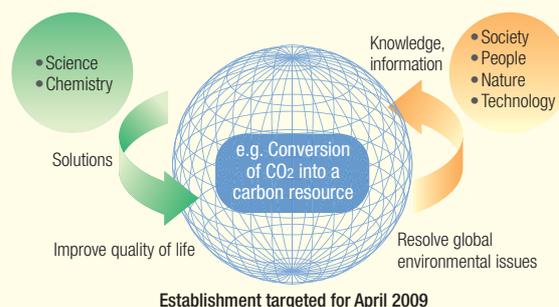
3. Next-generation Growth Business and Other Innovation Initiatives

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

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

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

Institute of KAITEKI Biosphere (tentative)



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

Close-Up 2

Establishment of the Group Foundation Enhancement Office to Make the Most of Group Synergies

To achieve what we aspire to be in 2025, as described in *APTSIS 10*, Mitsubishi Chemical, Mitsubishi Plastics, and Mitsubishi Tanabe Pharma must use their unique technologies and expertise to practice “Good Chemistry,” make the most of synergies, and pursue businesses that help to solve global environmental and other problems facing society.

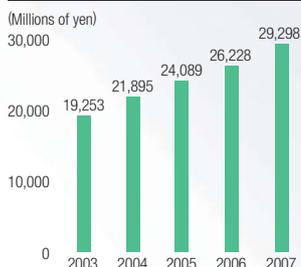
Based on that understanding, MCHC established its

Group Foundation Enhancement Office in April 2008. This office brings together R&D and product development, production, marketing, logistics and procurement, human resources, IT and security, and intellectual property personnel from all Group companies, and is concentrating on the creation of new technologies, products, and businesses that take advantage of the MCHC Group’s overall capabilities.

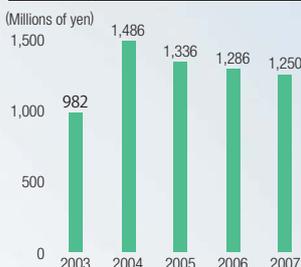
MCHC Group Businesses and Products

The MCHC Group Is Exercising its Individuality, Mustering Its Group Capabilities, and Providing a Broad Range of Solutions that Realize “Good Chemistry” among People, Society, and the Global Environment.

Net Sales



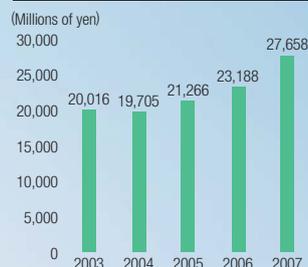
Operating Income



Net Income



Total Assets

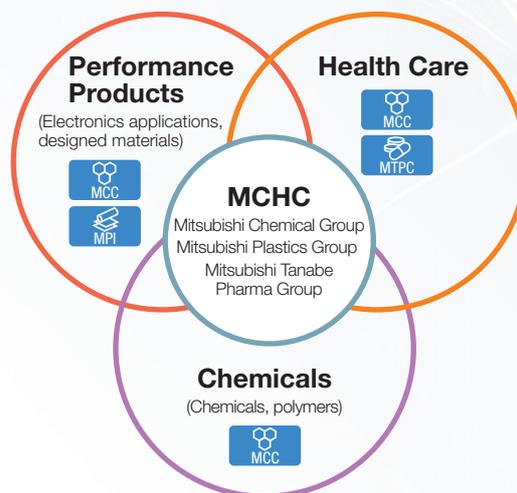


Mitsubishi Chemical Holdings Corporation

MCHC

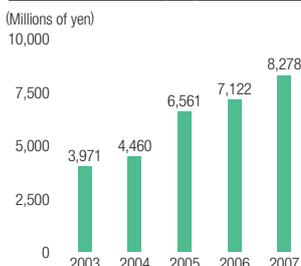
The Mitsubishi Chemical Holdings Corporation (MCHC) Group includes Mitsubishi Chemical, Mitsubishi Plastics, and Mitsubishi Tanabe Pharma, as core Group companies with their own unique technologies, products, and services. The MCHC Group, through its Performance Products, Health Care, and Chemicals businesses, provides a broad array of solutions characterized by the keywords “Sustainability,” “Health,” and “Comfort.”

MCHC, as a pure holding company performing portfolio management functions for the MCHC Group, employing approximately 39,000 people throughout the world., actively works to allocate resources in the best interest of the Group growth and advancement and to pursue other measures for enhancing corporate value. In light of its responsibility for overseeing the management of the MCHC Group, it works to ensure that the Group as a whole meets its corporate social responsibilities in areas like corporate governance and compliance, and risk management.

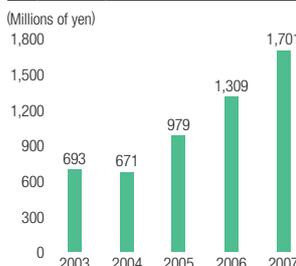


Establishment: 2005
Capital: ¥50 billion
President: Yoshimitsu Kobayashi
Head Office: 4-14-1 Shiba, Minato-ku, Tokyo
URL: <http://www.mitsubishichem-hd.co.jp/>

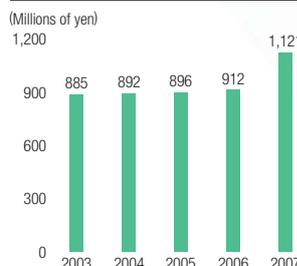
Shareholders' Equity



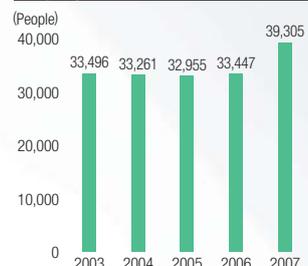
Capital Expenditures



R&D Investments



Employees



* Shareholders' Equity (FY2006 and later):
 Total assets – Warrants – Minority interests

* Points Regarding Mitsubishi Chemical Holdings Consolidated Results

• Figures through FY2004 reflect consolidated results for Mitsubishi Chemical.

• FY2005 (ending in March 2006) Mitsubishi Chemical Holdings consolidated results include several months of data reflecting only Mitsubishi Chemical consolidated results.
 (Mitsubishi Chemical Holdings consolidated results for FY2005 = 1st Half Mitsubishi Chemical consolidated results + 2nd Half Mitsubishi Chemical Holdings consolidated results)

Through Dialogue with Stakeholders, the MCHC Group Is Promoting “Business that Meets Responsibilities to the Future,” the Keywords of Which Are “Sustainability,” “Health,” and “Comfort.”

Basic CSR Ideas

With “Good Chemistry for Tomorrow — Creating better relationships among people, society and our planet” as its corporate philosophy, the Mitsubishi Chemical Holdings Corporation (MCHC) Group, as it engages in dialogues with stakeholders, believes that it fulfills its corporate social responsibilities by providing society with a wide range of technologies, products, and services that advance “Sustainability,” “Health,” and “Comfort.” Toward that end, it is critical that we create new technologies, products, and services, and conduct business activities that are consistent with the MCHC Group Corporate Ethics, the 10 principles of the UN Global Compact*, and other such standards that we, accordingly, treat as management fundamentals. Furthermore, we meet our responsibilities to the global environment and international society by actively pursuing social contribution and other such activities inside and outside Japan, thereby contributing to the realization of a sustainable global society.

Enhancing CSR

The MCHC Group, in principle, holds CSR Committee meetings twice a year to promote CSR initiatives throughout the entire Group. These meetings are chaired by the President of MCHC and attended by the Presidents, Chief Compliance Officers, executives in charge of risk management, executives in charge of RC (Responsible Care. Refer to P21), Statutory Auditors, and other executives and officers with CSR-related responsibilities at MCHC and its direct-investment subsidiaries, who discuss compliance and risk management, safety and environmental policies, human rights education, social contribution, and other important matters. As an additional measure, enhancing CSR was set forth as a key objective of the *APTSIS 10* mid-term management plan initiated by the MCHC Group in its FY2008.

Underpinnings of Business Activities P23-28



*The 10 principles of the UN Global Compact: Began in July 2000 after Kofi Annan, then UN Secretary-General, made the proposal at the 1999 UN World Environment Forum in Davos, Switzerland. The 10 principals

With “Sustainability,” “Health,” and “Comfort” as Keywords...



KEYWORD Sustainability To Support a Sustainable Society

To realize a prosperous, comfortable society and promote global environmental sustainability, the MCHC Group is developing technologies that apply renewable energy in the form of products like Li-ion battery materials for HEVs, organic photovoltaic modules, and bio-based polymers; technologies that make effective use of limited resources; and technologies that bring new value to daily life.



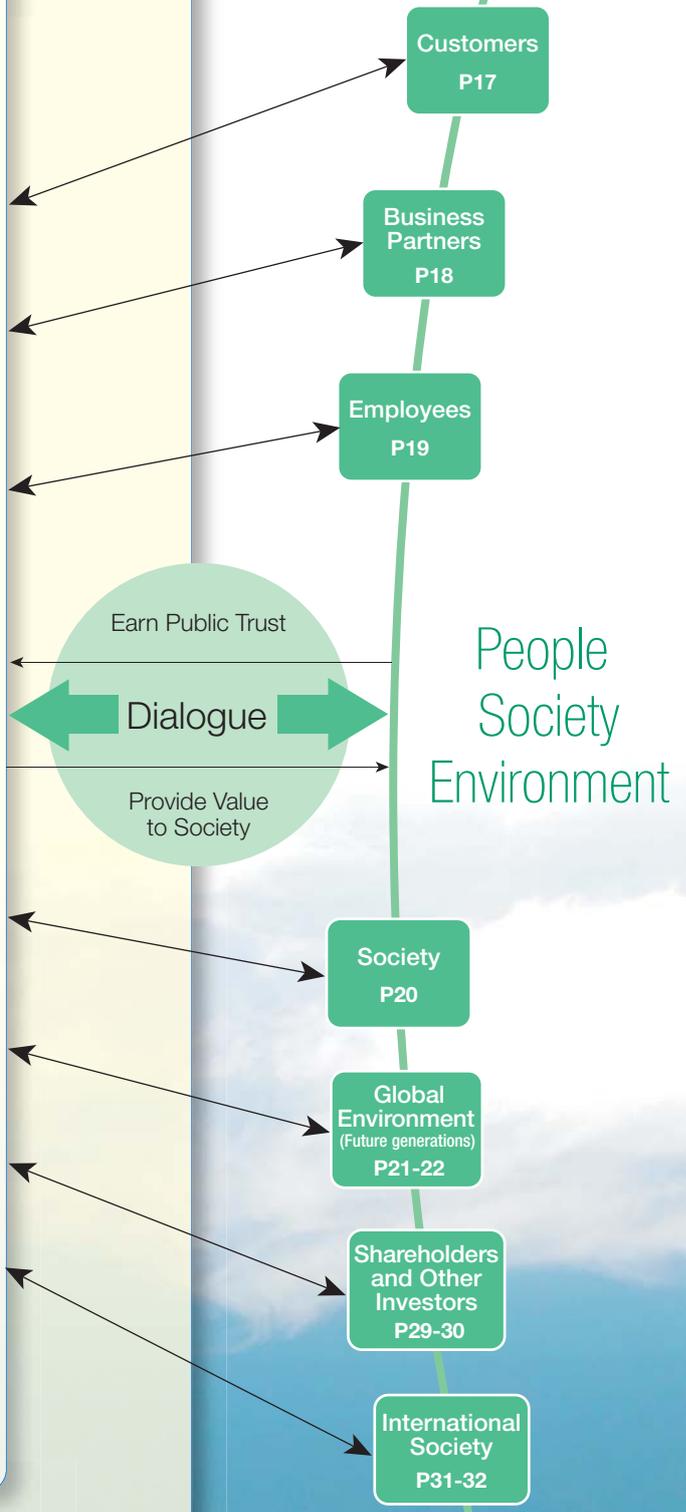
KEYWORD Health To Realize Life Blessed with Good Health

The MCHC Group, applying its strengths in pharmaceuticals and chemicals, is developing a broad range of other business areas under the following themes: “Responding to the needs of an aging society,” “Overcoming serious diseases,” “Improving quality of life (QOL),” and “Advancement of medicine.” Examples include pharmaceuticals and health management services for the traditional and preventive medicine fields, new technologies aimed at realizing personalized medicine, and materials and performance ingredients that contribute to food safety.



KEYWORD Comfort To Open the Door to a Diverse and Comfortable Future

Melding basic light and color chemistry technologies and capabilities to develop materials and parts that promote efficient electric energy use, the MCHC Group, while considering global environmental and safety needs, is moving ahead with efforts to develop white LED, next-generation display material, recording media, and other businesses that will bring greater comfort and prosperity to people heading toward life in an advanced information society.



...relate to human rights, labor, environment, and anti-corruption and are observed by businesses around the world.

Special Feature

Our Vision and Society

Good Chemistry 2008

Resources
Environment

Health

Comfort

To Further Reduce CO₂ Emissions

One example: Development of Li-ion secondary batteries for next-generation eco-cars, and chemical components that help to make automobiles lighter.

Toward Environmentally Friendly Automobile-based Societies

Automobiles have come to be an indispensable part of prosperous, comfortable lives, and industrial development. However, because they consume fossil fuels, automobiles are also a cause of resource and environmental problems that are increasing in severity throughout the world. There is a need, therefore, for significant improvements in fuel efficiency and progress in the development of clean energy.

In response, automobile manufacturers throughout the world are striving to improve fuel economy by, for example, reducing vehicle weight, and working to commercialize and improve the performance of next-generation eco-cars that can help to solve resource and environmental problems through the use of hybrid electric vehicle, electric vehicle, fuel-cell, and other technologies. The Mitsubishi Chemical Holdings Corporation (MCHC) Group provides various types of new materials and products that support these efforts.

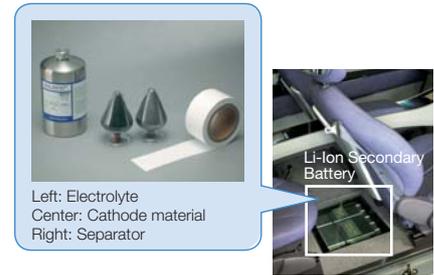
Toward Commercialization of a Safe, Durable Li-Ion Secondary Battery for Automobiles

Hybrid electric vehicles, which combine a gasoline engine with an electric motor to achieve improved fuel efficiency, are gaining popularity as environmentally friendly vehicles. What's more, within a few years, it is expected that manufacturers will introduce cars that emit no CO₂ or other greenhouse gases. Examples of such cars, include plug-in hybrids that can be recharged on household current, electric vehicles powered by only batteries, and vehicles powered by fuel-cells that generate electricity by causing a reaction involving hydrogen as a fuel, and oxygen.

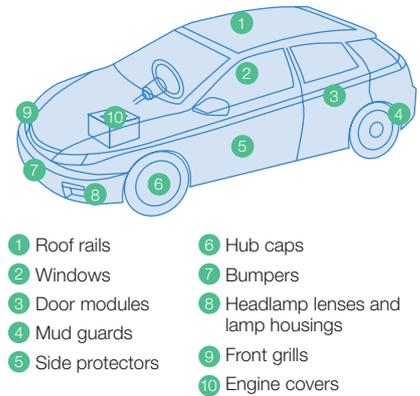
The high-performance batteries required by next-generation eco-cars will be Li-ion secondary batteries. Compared to the nickel metal hydride batteries generally used in hybrid electric vehicles, Li-ion secondary batteries offer greater capacity and significantly longer travel distance per charge. On the other hand, if they are to be used in automobiles, which people trust with their lives, Li-ion secondary batteries must be upgraded significantly beyond the level of Li-ion batteries used in small electronic devices, to meet the strictest safety and durability standards.

The MCHC Group is the only manufacturing entity capable of producing electrolytes, cathodes, anodes, and separators — all of the primary components of Li-ion secondary batteries — and has built a long development and manufacturing track record for Li-ion secondary batteries used in compact electronic devices. Applying our own technologies for designing materials, controlling chemical reactions, and evaluating batteries, we aim to develop Li-ion secondary batteries that offer not only the safety and durability required for use in automobiles but also high power and long service lives. We will also work together with an automobile manufacturer to commercialize a next-generation eco-car.

Main Components of a Li-Ion Secondary Battery



Principal Chemical Components Used in Automobiles



Contributing by Developing New Materials for Making Lighter Automobiles

It is both important and urgent that automobiles be made lighter in order to improve fuel economy and lower CO₂ emissions. Automobile manufacturers are presently switching to lighter-weight materials for use in various automobile parts.

Relying on its years of experience in a wide range of fields like material design, composite development, and molding, the MCHC Group is concentrating on developing and recommending high-performance polymers (high-molecular-weight compounds), carbon fiber, and composites that are lightweight, strong, and capable of taking the place of metals and glass.

Carbon fiber composites, for example, are more rigid, but lighter, than steel and are, therefore, used in chassis, frames, and other structural components. And high-performance polymers, which are lightweight and offer design advantages, are being considered for use in body panels because they can also reduce collision damage and improve safety.

Polycarbonate and other polymer glazing materials* are being viewed as promising glass substitutes and contributors to the development of lighter vehicles, and we are currently working to commercialize high-performance glazing materials that apply our own tinting, coating, and other technologies. These materials are scratch resistant and offer various levels of transparency.

* Glazing materials: Plate glass used for automobile and other types of windows.

Concept Car Envisioning Developments 20 Years in the Future



Polymer body panel materials offer not only light weight and improved safety but also greater degrees of design freedom stemming from their excellent moldability, and possibilities for contributing to the creation of future automobiles that are friendly to both the environment and people.

Special Feature

Our Vision and Society

Good Chemistry
2008

Resources
Environment

Health

Comfort

For More Comfortable Living

One example: Next-generation displays made with coating-type organic EL materials.



Displays Revolutionized by Coating-type Organic EL Displays

Higher resolution, lighter weight, thinner screens with broader viewing areas... The market for display devices, as can be seen in sales of large, thin-screen televisions using either LCD or plasma technology, has undergone both rapid change and explosive growth. The technology now showing promise as the next step beyond LCD and plasma, and characterized by resolution well beyond that of cathode ray tubes and plasma displays, as well as screen thicknesses measurable in millimeters, is organic EL (electroluminescence). Taking part in organic EL display development, the Mitsubishi Chemical Holdings Corporation (MCHC) Group has created its own materials and pioneered an innovative organic EL display that can be painted onto materials like a flexible film. This breakthrough is drawing attention for the extraordinary possibilities it offers for revolutionizing the use of video images in daily life.

Image is a conceptual rendering.

“Paint-On” Organic EL Displays that will Revolutionize the Use of Video

Organic EL displays are being viewed as the embodiment of next-generation display technology. Unlike an LCD display, which requires a backlight, an organic EL display emits its own light when an electric current is applied to it, making it possible to create a thin, flexible display. In addition, organic EL displays offer a wide viewing angle and high contrast, which open the door to highly realistic video expression. At present, organic EL technology is being used only in cell phones, car stereos, and other small-size applications, but is expected to have a tremendous impact on video displays once it is adopted for that application.

To help make that a reality, the MCHC Group is developing display production technology based on a new “paint-on” concept. A key step in that effort came in May 2006, when the MCHC Group perfected a low-molecular-weight organic semiconductor material that, through the process of applying a coating to a board, is capable of forming a film that functions as a display. Using this material, the Group succeeded in causing organic EL elements to emit light. With “paint-on” displays, it will be possible to turn interior walls or windows into large-screen televisions, and to take advantage of extremely high resolution to project virtual environments. “Paint-on” organic EL display technology will also make it possible to change the content of posters, without changing the posters themselves.

The MCHC Group is also developing a film for applying organic EL coatings. This film is made of a biomaterial that employs nata de coco, a nanofiber that results in a translucent, high-resolution display that is tough and immune to thermal deformation. When not in use, this film can be rolled up and stored.

The MCHC Group will continue developing basic light & color chemistry technologies, and aims to partner with other companies to expand its endeavors beyond materials to also include panel supply in comprehensive organic EL operations.

Development of Extreme Displays That Generate Their Own Electricity

Organic EL display technology will not only make daily life more enjoyable and comfortable but also be good for the environment. Display production provides one example. The manufacturing of an LCD display, for instance, requires the depositing of multiple film layers, as is the case with semiconductors. Whereas this process is one of traditional device manufacturing, the process for producing organic EL displays is simple — involving mainly the application of a coating to a panel material — consumes less energy, and involves significantly lower use of water, materials, and other resources. Furthermore, when in use, organic EL displays consume less energy than LCD displays, and offer the additional benefits of brighter images, lighter weight, and a thinner form factor. Currently, LCD displays surpass organic EL displays in terms of viewing area size, price, and service life, but, once volume production technology is perfected, it is possible that these advantages will become those of organic EL displays. The MCHC Group is also working on the development of organic solar cells that can be manufactured with a “paint-on” process, and envisioning their use in extreme displays that generate their own electricity.

The MCHC Group is fully committed to the mission of pioneering a new era in video displays and bringing organic EL displays the market as soon as possible.

A Future Living Room with a “Paint-on” Organic EL Display

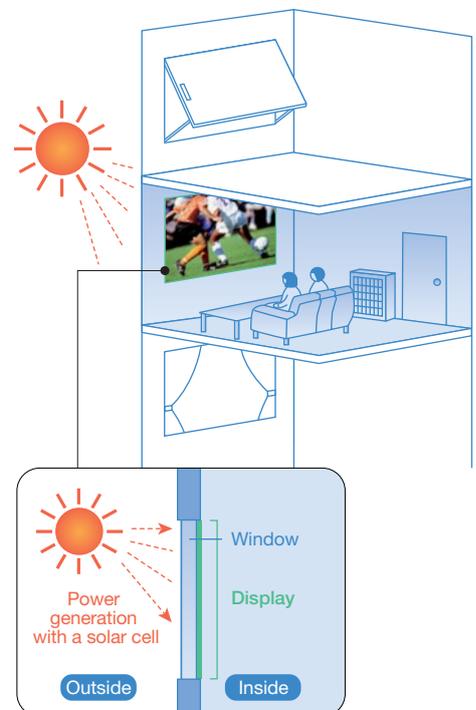


Present



Future (Conceptual rendering)

An Extreme Display Combining both Organic EL and Organic Photovoltaic Module Technologies (Conceptual rendering)



Special Feature

Our Vision and Society

Good Chemistry
2008

Resources
Environment

Health

Comfort

For Raising the Quality of Life

One example: Personalized medicine, which optimizes medical care for the individual

Personalized Medicine Opening the Door to a New Era in Medical Care

Against a backdrop of falling fertility rates, a rapidly aging society, and uncertain economic conditions, medical care in Japan presently finds itself in a period of transition. One of the key areas of change surrounds the question of how to improve medical care while controlling costs – more specifically, how to improve preventative medical care and provide more effective drug-based treatment.

One approach drawing attention as a way to help address these questions is personalized medicine. Under this new approach, the physical condition, and changes thereto, of an individual patient are determined based on analyses of genes and samples of substances taken from the body. That information is then used to develop preventive medical approaches and pharmaceuticals tailored to the needs of the individual.

The Mitsubishi Chemical Holdings Corporation (MCHC) Group is working to bring together the pharmaceutical and medical technologies held by individual Group companies and use it to help individuals enjoy greater quality of life through personalized medicine.

Providing Medical Care Optimized for Individuals

Individual people differ in terms of their physical conditions, risks of contracting certain diseases based on physical conditions at any particular time, and drug effectiveness, and side effects, given certain degrees of disease progression. In personalized medicine, such differences, even subtle ones, in physical condition, changes in symptoms, and other factors are determined in detail and the most effective drugs, administration approaches, therapies, preventive guidance, and other forms of care are determined for individual patients. Providing that kind of care requires that sophisticated examination and diagnosis technologies be applied to determine the details of an individual's physical condition and disease progress. In recent years, investigative research into new biomarkers has come to share the limelight with genetic substance research based on DNA analysis and other approaches.

A biomarker is a substance found, for example, in the blood or urine and that, based on its type or amount, indicates health condition or the existence of a certain disease. Serum cholesterol and blood sugar levels, key indicators in standard physical examinations, are examples of biomarkers and their volume, changes thereto, and other factors regarding them are used to diagnose risk of stroke, diabetes, and other medical conditions. In the future, discoveries of biomarkers for other diseases and for drug effectiveness and side effects will advance personalized medicine by contributing to early disease detection, enhanced preventive medicine, and the development of drug therapies tailored to the health conditions of individuals.

Applying Proprietary Analysis Technology in the Search for New Biomarkers

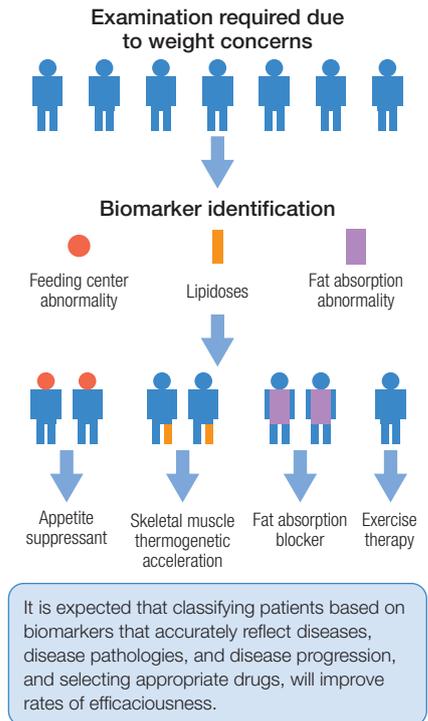
Within the MCHC Group a wide array of healthcare-related businesses are being pursued. Examples include Mitsubishi Tanabe Pharma's development of new drugs for treating various illnesses in its quest to be an international drug discovery leader, and Mitsubishi Chemical Medience's development of diagnostic reagents and equipment, and provision of clinical testing and physical examination services. More recently, the Group has taken up the challenge of using the wealth of technologies at its Group companies and collaborative relationships with medical institutions to search for, and research, new biomarkers.

A key tool for this endeavor is a biomarker search approach based on a CE-MS metabolome analysis* technology that applies sophisticated analytical technologies developed in the Group's chemical operations. This CE-MS metabolome analysis technology is capable of high-sensitivity analysis of changes in the types and volumes of substances in human blood, which are said to number in the hundreds or thousands. Molecuence, which was established by the Group as a biomarker search and R&D company, partners with Mitsubishi Tanabe Pharma, Mitsubishi Chemical Medience, and Mitsubishi Chemical in applying metabolome analysis and other cutting-edge technologies to search for biomarkers, establish diagnostic technologies, and develop therapeutic and preventive drugs. More specifically, these companies are working with Kyushu University and the Hisayama Research Institute for Lifestyle Diseases to search for and analyze stroke-related biomarkers, and develop more precise methods for diagnosing, preventing, and treating strokes. This partnership is also working to identify and research biomarkers for pancreatic cancer, a highly lethal cancer that is difficult to detect early on because of its lack of symptoms.

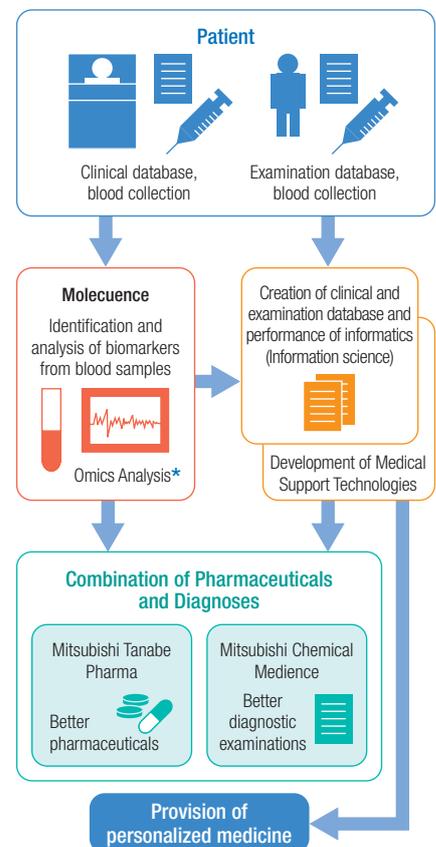
Through personalized medicine research like that described above, the MCHC Group is contributing to the sound development of Japanese medical science, and helping to improve quality of life for people throughout the world.

* Metabolome analysis involves the comprehensive measurement of metabolomes (the end results of cell metabolism) under various conditions and the examination of the kinds of metabolic reactions taking place.

Personalized Medicine Using Biomarkers



MCHC Aims for Personalized Medicine through Group-wide Linkage



* "Omics analysis" is an approach for systematically gathering and analyzing life information.

Together with Customers

The MCHC Group acts with integrity from the customer's perspective, and reflects customer feedback in business activities and improvements.

Responsibilities to Customers, and Actions Taken

At the Mitsubishi Chemical Holdings Corporation (MCHC) Group, we believe it is important to not only reliably deliver high-quality, safe products from each Group company but also engage in dialogue with customers, gather their feedback, and use what we learn to improve our business activities.

Accordingly, we concentrate on not only our daily business activities but also on creating opportunities to engage in dialogues with customers and actively gather their feedback. Examples of such dialogue opportunities include the Chemistry Plaza, where we introduce MCHC Group technologies and products, a pharmaceutical consultation service for customers, and technical service centers. We quickly and earnestly respond to customer opinions and requests, and use what we learn to improve our operations.

New Facility to Introduce Group Technologies and Products

MCHC

The MCHC Group opened its second Chemistry Plaza in October 2007. Chemistry Plaza Yokohama follows the first Chemistry Plaza, established inside the MCHC head office building, and takes advantage of its location within the Group's Yokohama Research Center to introduce the MCHC Group's technological foundation and future-oriented research activities to customers with technological interests.

To further our dialogue with customers, a third Chemistry Plaza is planned for opening within the Mitsubishi Chemical's Yokkaichi Plant.



Chemistry Plaza Yokohama

Focusing on Technical Support for Customers

MPI

As part of its effort to provide technical support to its customers, Mitsubishi Plastics established its Customer Service (CS) Lab in 2003. The CS Lab is equipped with

high-precision analytical devices that permit it to offer rapid analyses and evaluation of film structures, solid-state qualities, strength, and other properties. The purpose of the CS Lab is to increase customer satisfaction by actively supporting customer product development endeavors.



Testing and analyses at the CS Lab

Information Site for Rheumatoid Arthritis Sufferers

MTPC

Mitsubishi Tanabe Pharma has established its riumachi21.info website to provide information to those suffering from rheumatoid arthritis. Through this site, users can access a wealth of information on topics like rheumatoid arthritis causes and symptoms, the latest diagnostic and examination methods, and treatment approaches, and even search for healthcare facilities that treat rheumatoid arthritis.



Riumachi21.info
http://www.riumachi21.info/

Lawsuits brought against Mitsubishi Tanabe Pharma

Class action lawsuits have been brought against the government of Japan, Mitsubishi Tanabe Pharma, and Benesis, a Mitsubishi Tanabe Pharma subsidiary, by those who claim to have been infected with HCV (hepatitis C virus) via administration of the fibrinogen preparation and the blood coagulation factor IX preparation Christmassin made and sold by Green Cross Corporation, one of the predecessors of Mitsubishi Tanabe Pharma. A Basic Agreement was reached regarding these lawsuits on September 28, 2008.

Moving forward, Mitsubishi Tanabe Pharma and Benesis will make good-faith efforts to settle the matter.

Together with Business Partners

Working from the basic understanding that all of our business partners are partners for successfully executing business activities, we work to deepen trust-based relationships through fair and just business transactions.

Responsibilities to Business Partners, and Actions Taken

The business activities of the Mitsubishi Chemical Holdings Corporation (MCHC) Group are supported by a host of business partners, including but not limited to raw material suppliers, plant maintenance companies, shipping companies, and subcontractors working on-site. To deepen trust-based relationships with these business partners, the MCHC Group not only pursues fair business transactions; it also engages in labor safety and environmental protection activities developed together with business partners. In one example, Mitsubishi Chemical, in responding to the December 2007 fire that killed four employees of a business partner at its Kashima Plant, is applying all the resources necessary to work with business partners in ensuring safety at all of its plants.

In addition, MCHC Group companies pursue open and fair transactions in ways that comply with antimonopoly, subcontracting, and other relevant laws, as well as the MCHC Group Compliance Code of Conduct and their own purchasing rules and policies.

Throughout their supply chains, MCHC Group companies conduct business activities in environmentally friendly ways and, in the interest of sustainable growth, advance environmental protection initiatives with business partners. Examples of these initiatives include measures to encourage business partners to be environmentally conscious and preferential procurement consideration for environmentally friendly products.

Safety Rally Held in Connection with Regular Repair Activities



In May 2007, Mitsubishi Chemical's Mizushima Plant held a rally to promote safety during regular repair activities.

The purpose of this rally was to help ensure safety during regular repair activities for chemical plants. The rally was attended by approximately 3,500 Group and subcontractor employees. After cautionary tales delivered by plant managers and safety declarations by safety and health representatives from various plants, all participants joined in reciting a safety slogan in an event designed to raise safety awareness and encourage a sense of urgency in achieving the goal of zero accidents.

Similar activities will continue to be held in an effort to heighten the safety awareness of those working at chemical plants.



Safety rally to help ensure safety during regular repair activities

Safety Training for Group and Business Partner Employees



Safety training was held for 709 Group and partner employees from October to December 2007 at Mitsubishi Plastics' Nagahama and Asai plants.

The purpose of this training was to help participants sharpen their abilities to recognize dangerous conditions. It did this by, for example, reminding participants of the importance of verbal communications when working with others, demonstrating how fires can erupt when hot objects come into contact with flammable materials, using a test to measure the understanding of participants, and having participants write their own safety declarations.

Through activities like this, Mitsubishi Plastics aims to achieve a zero accident rate.



Safety training

Focusing on Strengthening the Supply Chain to Ensure Stable Supplies of Consistently High-quality Pharmaceuticals



To ensure stable supplies of pharmaceuticals that healthcare facilities and patients can use with complete peace of mind, the Mitsubishi Tanabe Pharma Group works to enforce compliance with various types of standards in every aspect of the supply chain — from raw material procurement to pharmaceutical production and control, distribution center storage, and management by pharmaceutical wholesalers — and practices painstaking quality management using the latest information systems.

Together with Employees

The MCHC Group works to create work environments in which the dignity and rights of individuals are respected, and where individuals can improve their professional skills under conditions that encourage the full exercise of these skills and promote a high sense of job satisfaction.

Responsibilities to Employees, and Actions Taken

The Mitsubishi Chemical Holdings Corporation (MCHC) Group regards employees, who are points of contact with external stakeholders, as important stakeholders themselves. Consistent with that perspective, the Group has pledged within the MCHC Group Compliance Code of Conduct to respect individuals and eliminate conduct that would harm their dignity; respect individual diversity and create work environments that allow individuals freedom to exercise their capabilities; and provide fair compensation. In addition, to fulfill a critical responsibility to society, the Group has positioned the development and training of personnel resources as a top priority in its *APTSIS 10* mid-term management plan (Refer to P5-6).

In line with this approach and these policies, each Group member is taking actions that promote diversity in hiring, ensure that individuality and skills are properly evaluated and rewarded, encourage healthy work-life balances, create work environments that are receptive to people who are handicapped or of advanced age, and ensure work safety and health.

Introduction of a System to Appropriately Assign Human Resources



Mitsubishi Chemical is taking steps to introduce a system that makes job assignments based on respect for the wishes of individual employees.

In that connection, it has adopted both an internal internship system to allow employees to gain work experience not possible within their current departments and an internal “free agent” system to help employees develop their careers by addressing their desires for transfer to a different department. Both systems were introduced in April 2008.

Publication of an Internal Newsletter at a Chinese Affiliate



Ningbo Mitsubishi Chemical, located in Ningbo, China, began publishing a quarterly internal newsletter in September 2007. The newsletter carries articles on topics like management directions and CSR initiatives, as well as items like employee comments, to promote communication between the company and employees, and among employees.



Initial issue

Childrearing Guidebook Prepared

The MCHC Group is working to ensure that overtime is held to an appropriate level, promoting the taking of paid leave, and taking steps to enhance systems and conditions related to child and elderly care. The purpose of these activities is to help employees meet responsibilities to their families and communities, while also leading fulfilling careers.

In that vein, Mitsubishi Chemical produced and distributed, in June 2008, a guidebook containing information on topics like how to use various childcare support systems. The guidebook also includes advice for those employees who are expecting babies.



Guidebook on balancing work and childcare



Enhancing Human Rights Awareness Training



In light of its view of human rights issues as a critical aspect of its corporate social responsibilities, Mitsubishi Plastics established its Human Rights Awareness Training Committee in 1982, and has since planned, recommended, and implemented human rights training activities. These activities include not only internal training but also measures aimed at increasing opportunities for external training as a way of enhancing human rights training.

Other MCHC Group companies, too, are paying significant attention to and bolstering human rights training.

Attention Focused on Creating Environments that Enhance Job Satisfaction



The MCHC Group is taking steps to foster a corporate culture that allows individual employees to work with enthusiasm and a high sense of satisfaction.

Mitsubishi Tanabe Pharma, for example, relies primarily on OJT*1, but also on various types of Off-JT*2 and the provision of transfer opportunities, for employee skill development, and endeavors to assign employees to positions that are appropriate for supporting personal growth and skill development.

Supplementing those efforts, Mitsubishi Tanabe Pharma also conducts job-level training, career-development, and various other types of trainings.



MR training

*1 OJT: On-the-Job Training, or training while performing actual job functions.
*2 Off-JT: Training held at a location other than the regular workplace.

Together with Society

In accordance with the MCHC Group's basic policy of fulfilling the responsibilities of a good corporate citizen, we participate in social contribution activities and take other steps to coexist with local communities.

Responsibilities to Local Communities, and Actions Taken

The Mitsubishi Chemical Holdings Corporation (MCHC) Group has a basic policy of fulfilling responsibilities and roles as a good corporate citizen in the communities in which it has plants, research facilities, sales offices, or other facilities.

Accordingly, all Group companies throughout the world to take steps to ensure that all employees thoroughly understand the MCHC Group's Corporate Ethics. They also hold community briefings to explain matters related to regular repair activities and the openings of new plants, conduct plant tours for local students, give outside lectures, and sponsor community gatherings and sports events in an effort to develop healthy relationships with local residents. In addition, Group companies promote better understanding of the MCHC Group's business activities by issuing business and environmental reports to local communities.

Supporting Local Cultural Research and Development in India



Mitsubishi Chemical and MCC PTA India (MCPI) in the Indian state of West Bengal contributed approximately ¥5 million to the India-Japan Cultural Centre in August 2007. That facility was established by the Information and Cultural Affairs Department of the Government of West Bengal for the purposes of studying and researching Bengali culture, and promoting the study of Japanese language and culture. MCPI, which expanded its terephthalic acid production capacity in 2008, will continue to promote the development of the state of West Bengal through economic and cultural contributions.



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

Contribution of Artificial Turf to a Tokyo Nursery



In September 2007, Astro, a manufacturer, importer, and seller of artificial turf, contributed artificial turf to a Tokyo nursery for use on its play area. This contribution was made in connection with support activities performed by a volunteer organization, Hands on Tokyo. Three Astro employees provided guidance to help Hands on Tokyo volunteers install the artificial turf.



Artificial turf installed at a nursery play area

Helping to Bring Volunteers Together



For approximately 40 years, Mitsubishi Tanabe Pharma has been sponsoring the MSC Volunteer Salon to bring together those wanting to participate in volunteer activities.

In FY2007, the MSC Volunteer Salon held bi-monthly talks on daily life and health topics, and mini concerts. It also held events aimed at introducing, and selling goods offered by job centers for the handicapped and fair-trade organizations.



MSC Volunteer Salon (Goods offered by fair-trade organizations)

Contribution of Disaster Relief Funds



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

In response to the disastrous earthquake that struck China's Sichuan Province in May 2008, the MCHC Group contributed ¥10 million in disaster relief funds while Mitsubishi Tanabe Pharma Group provided approximately ¥30 million in relief funds, pharmaceuticals, and other types of aid. We at the MCHC Group would like to offer our deepest sympathies to the victims of that disaster and express our hopes that stricken areas get back on their feet as soon as possible.

Regarding the Fire at Mitsubishi Chemical's Kashima Plant

On December 21, 2007, a fire broke out at the No. 2 Ethylene Plant located within Mitsubishi Chemical's Kashima Plant. Four employees of a business partner died as a result. The MCHC Group mourns the loss of those people and would like to express its deepest condolences to their families. We would also like to express our apologies to those living near the plant, and the many others, who were frightened or inconvenienced by this accident.

Based on the results of an internal accident investigation conducted with the guidance of external experts and the findings of an accident investigation committee established by Ibaraki Prefecture, Mitsubishi Chemical is implementing recurrence prevention and safety policies from the following five perspectives: 1) Plant safety measures; 2) Safety management policies; 3) Fire safety measures; 4) Damage containment safety measures; and 5) Development of a safety culture. These measures are also being implemented at other plants where applicable.

Mitsubishi Chemical will, of course, fully implement the above recurrence prevention and safety policies, and take every step possible to ensure safety and avoid similar accidents in the future.

Together with the Environment

The MCHC Group actively works to protect the global environment and lower its environmental load in all of its business activities.

Responsibilities to the Global Environment, and Actions Taken

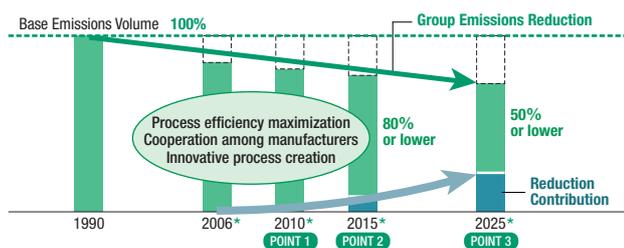
The Mitsubishi Chemical Holdings Corporation (MCHC) Group contributes to protect the global environment by providing society with products and services that lower environmental load. That said, however, our production activities themselves entail various types of environmental loads. Reducing them to the greatest extent possible in order to protect the precious global environment is a critical corporate social responsibility. As such, each MCHC Group member company strives to reduce its greenhouse gas, chemical substance, and waste emissions; properly manage and reduce the use of hazardous chemical substances.

Both the Mitsubishi Chemical Group and Mitsubishi Plastics Group pursue Responsible Care (RC) activities being promoted by the chemical industry. That means that they practice environmental and safety activities covering the entirety of product lifecycles – everything from chemical substance development to manufacturing, distribution, use, and disposal. Individual plants and departments implement the PDCA (Plan-Do-Check-Act) cycle in improving their activities. And RC activities are being actively advanced overseas, as well. In China, the Mitsubishi Chemical Group signed the Responsible Care Beijing Manifesto announced by the Association of International Chemical Manufacturers (AICM) in May 2008 and is working with other chemical manufacturers to solve environmental problems in China and realize sustainable development there.

On another front, the Mitsubishi Tanabe Pharma Group embarked on an effort to enhance its environmental safety management systems immediately after its establishment in October 2007, and is now implementing activities in eight areas, among which are “energy conservation and global warming prevention,” “waste reduction and resource recycling,” and “development of environmentally friendly products.” Additionally, the Mitsubishi Tanabe Pharma Group began, in FY2008, to implement its Mid-Term Environmental Safety Volunteer Plan, which identifies

APTSIS 10 greenhouse gas emission reduction targets (in equivalent units of CO₂)

* Equivalent units based on the continuation of global warming policies in place since 2006



- POINT 1** Reduce greenhouse gases at least 20% by 2010 (compared to FY1990) in terms of specific energy consumption.
- POINT 2** Reduce greenhouse gases emissions (combining “Group emissions reductions” and “reduction contributions”) to 80% or less of the FY1990 level by 2015.
- POINT 3** Reduce greenhouse gases emissions (combining “Group emissions reductions” and “reduction contributions”) to 50% or less of the FY1990 level by 2025.

high-priority issues to be addressed and quantitative objectives to be achieved over the coming three years.

* RC activities: Voluntary actions that companies handling chemical substances take to improve the environment, safety, and health in every stage of the product life cycle, beginning with the development of chemical products and continuing through their production, distribution, use, and final disposal. Companies pursuing RC activities report the results of their efforts, and engage in a dialogue with society regarding them.

Reducing Greenhouse Gas Emissions in Production, Shipping, Selling, Offices, and Households

To strengthen global warming prevention measures, the MCHC Group is committed to achieving the voluntary greenhouse gas emission reduction targets set by the domestic chemical and pharmaceutical industries and has set its own APTSIS 10 mid-term management plan (Refer to P5-6) reduction targets looking forward to 2025.

To achieve both sets of targets, each Group company is systematically and continuously advancing various measures for reducing greenhouse gases in production, shipping, selling, office environments, and other areas. The production divisions of both the Mitsubishi Chemical Group and the Mitsubishi Plastics Group are moving forward with fuel conversion and effective heat source usage measures, the introduction and updating of energy conservation devices, production process improvements, and other initiatives. Distribution divisions are working with the MCHC Group’s distribution company, Mitsubishi Chemical Logistics, to improve shipping efficiency with regard to vessels and trucks, taking steps to boost vessel fuel efficiency, and undertaking initiatives like installing on-board terminals and eco-tires to promote environmentally friendly driving. The sales unit of the Mitsubishi Tanabe Pharma Group is working to reduce the number of company-owned vehicles and implementing environmentally friendly driving with an emphasis on discouraging sudden acceleration and “idling stops” (running the engine while the vehicle is stationary).

MCHC Group company offices have been taking steps like participating in the Coolbiz movement during summers, turning off lights during lunch hours, reducing the number of fluorescent tubes in use, and implementing measures to improve air conditioning efficiency. In April 2007, however, the MCHC Group took the additional measure of launching the Team Minus 20% group-wide project. This initiative consists of three “office activity” steps to reduce greenhouse gases, and asks all Group employees to keep household environmental accounting records. The three “office activity” steps referred to above are: 1) Implementation of energy conservation activities (procurement of green electricity, etc.) at the MCHC head office; 2) Application or advancement of head office initiatives within the Group companies; and 3) Quantitative measurement of the entire Group’s achievements. The overall purpose of the Team Minus 20% project is to encourage individual employees to implement environmental load reduction activities in both their offices and homes.

Furthering Proper Chemical Substance Management and Waste Reduction

The MCHC Group companies strictly manage not only the chemical products they make but also the raw material and other chemical products they use, to prevent them from harming people or the environment.

To comply with the REACH*¹ regulations the EU began enforcing in June of the MCHC Group's FY2007, the Mitsubishi Chemical Group and Mitsubishi Plastics Group first identified products they are exporting to the EU, then asked the manufacturers of related raw materials to complete a survey, and confirmed plans for preliminary registrations.

Each Group company also identifies PRTR*² regulated substances, VOC*³ emissions and transfers, and takes steps like installing floating roofs on tanks and introducing solvent recovery facilities to reduce emissions.

*¹ REACH: A new set of EU chemical substance regulations aimed at ensuring that human health and the environment are protected against the effects of chemical substances.

*² PRTR Law: A law that requires that statistics on harmful chemicals released into the environment, or transferred as a component of waste, be kept and disclosed.

*³ VOC: Acronym for "volatile organic compound."

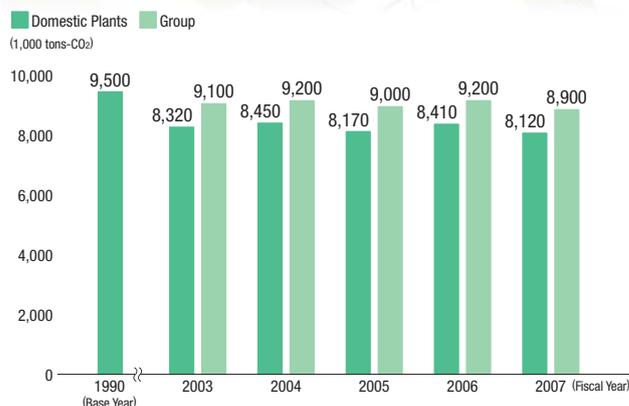
Furthering the Reduction of Waste Entering Landfills

The MCHC Group, in an effort to help realize a recycling-based society, is working to reduce waste. Each MCHC Group company actively implements the 3Rs (Reduce, Reuse, and Recycle) in ways that make sense for their operations.

The Mitsubishi Chemical Group, as a result of its treated wastewater sludge recycling and other activities, reduced its landfill disposals by 5% in FY2007 (compared to 7% for the previous fiscal year). Meanwhile, the Mitsubishi Plastics Group has maintained a perfect record of zero landfill disposals since fiscal year 2003.

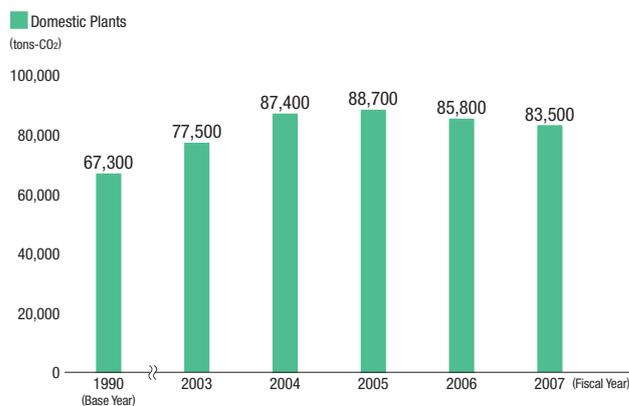
The Mitsubishi Tanabe Pharma Group, for its part, has pursued reuse and recycling of sludge, waste plastics, catalysts, packaging, and other materials and reduced its landfill disposals to a rate of only 0.6% (compared to 1% for the previous fiscal year) for FY2007. It has also been working to reduce and reuse resources that go into pharmaceutical packaging, and decrease the related environmental loads. In that vein, it includes in its design activities consideration of various possibilities for each life cycle stage beginning with manufacturing and continuing through distribution, use, and disposal.

CO₂ Emissions (Mitsubishi Chemical)

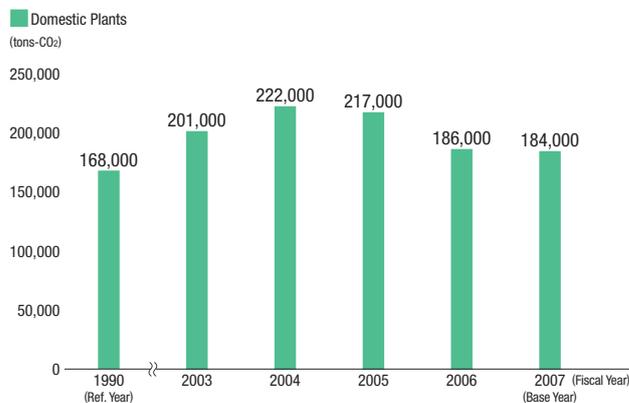


* CO₂ emissions are calculated based on energy consumption volumes reported in accordance with the Law Regarding the Rational Use of Energy. Figures, however, may differ in comparison to figures reported in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming because of differences in emissions coefficients.

CO₂ Emissions (Mitsubishi Plastics)



CO₂ Emissions (Mitsubishi Tanabe Pharma)



* Collecting data for the Yokohama Plant alone is impossible because it is located within a Mitsubishi Chemical's plant, so it has been excluded from the data collection scope.

* API Corporation's Kurosaki Plant is included in the data collection scope.

* Figures for FY1990 are simple sums of figures reported by Tanabe Seiyaku and Mitsubishi Pharma in their pre-merger FY2006 reports.

Corporate Governance

The MCHC Group is working to strengthen its corporate governance to achieve Group management that is more efficient and transparent.

Basic Functions of Mitsubishi Chemical Holdings

Mitsubishi Chemical Holdings Corporation (MCHC) was established on October 3, 2005, through the transfers of all of the stock of Mitsubishi Chemical and Mitsubishi Pharma. MCHC is the parent company and sole shareholder of both Mitsubishi Chemical and Mitsubishi Pharma. As a result, the pure holding company form of group management, which separates portfolio management and from the management of individual businesses, was adopted.

As the holding company performing portfolio management functions for the MCHC Group, MCHC focuses on management of the Group, and actively works to allocate resources in the best interests of Group growth and advancement and to pursue other measures for enhancing corporate value.

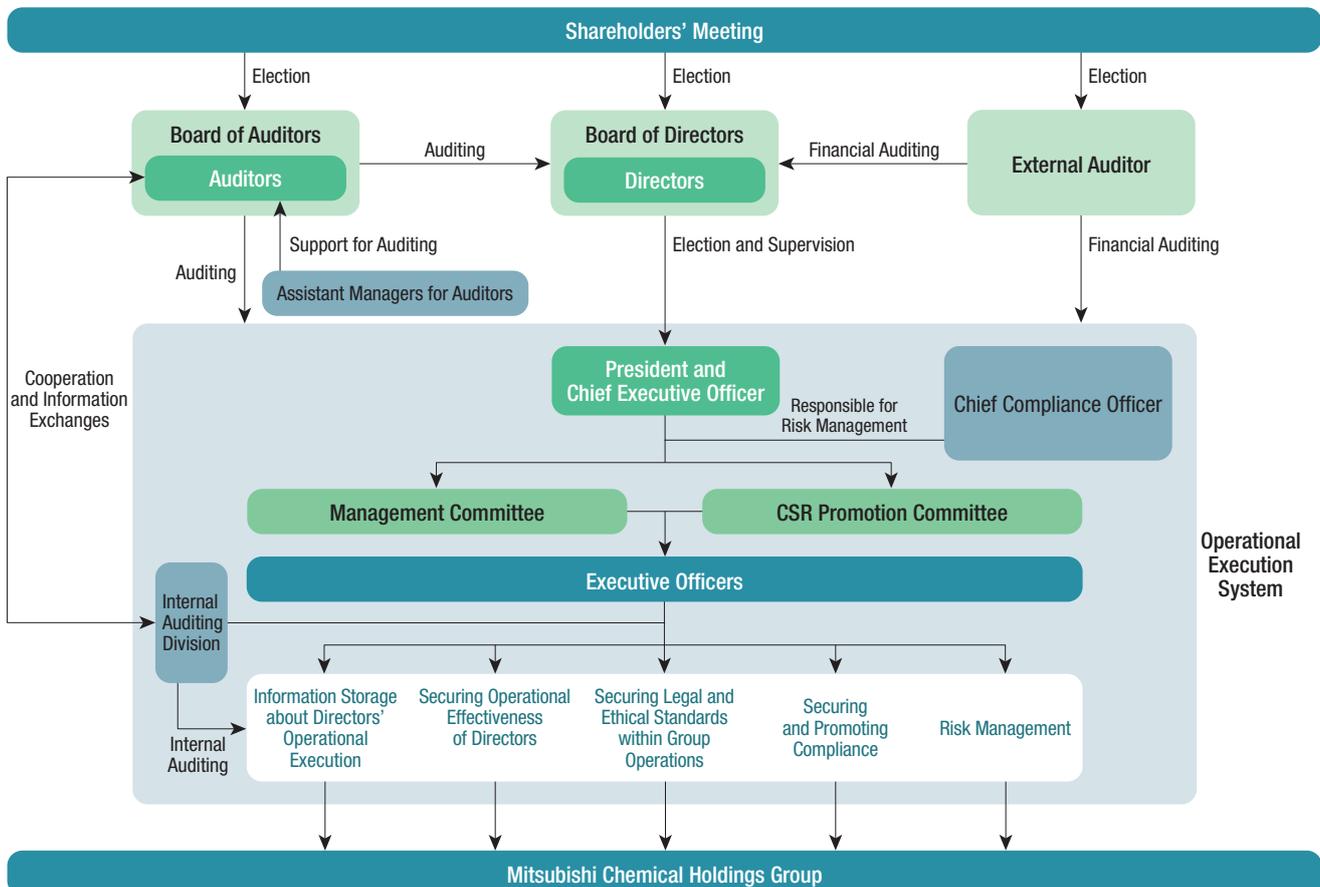
Basic Concepts Regarding Corporate Governance

MCHC, in light of its responsibility for overseeing the management of the MCHC Group, regards management decision-making, efficient and timely execution of operations, clarification of management responsibility, strict compliance, and solid risk management as its most important corporate governance concerns, and works to further enhance corporate value for the MCHC Group.

Based on Board of Directors Regulations and other related regulations, directors make decisions regarding important matters for the MCHC Group in meetings of the Board of Directors, and mutually oversee the performance of duties by directors.

Statutory Auditors, in accordance with Auditing Standards for Corporate Auditors, oversee the performance of duties by directors by attending Board of Directors and other important meetings, and through other means, as well.

Corporate Governance Structure (As of September 30, 2008)



In addition, the MCHC Group has adopted an executive officer system to separate management oversight and execution functions, and has set forth rules governing the activities of the Board of Directors, Management Committee, CSR Promotion Committee, and other decision-making organs, rules addressing the authority of individual employee positions, rules setting forth the responsibilities of individual departments and the likes, and other rules. The MCHC Group efficiently and properly pursues management decision-making and execution.

Cooperation between Statutory Auditors and External Auditors

MCHC has entrusted the performance of its external audits to Ernst & Young ShinNihon LLC. Ernst & Young Shin Nihon maintains a close relationship with the Statutory Auditors. It provides the Statutory Auditors with reports on the status and results of audits, exchanges important information and opinions with the Statutory Auditors, and strives to perform efficient, effective audits.

Authority and Roles of Governance Organs

• Board of Directors

The Board of Directors, based on the Board of Directors Regulations and other related regulations, makes decisions on important MCHC management matters and fundamental Group management matters, and oversees the execution of duties by directors. In principle, the Board of Directors meets once a month. MCHC, which has specified in its Articles of Incorporation that it shall have no more than 10 directors, has seven directors as of June 30, 2008. To ensure that its management system can quickly respond to changes in the business environment and in the interest of clarifying director management responsibilities and roles, MCHC has set director terms at one year.

• Management Committee

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

• CSR Promotion Committee

The CSR Promotion Committee, as an organ for assisting the President and Representative Director in decision-making, discusses important matters related to MCHC and the MCHC Group company compliance, risk management, safety and environmental measures, human rights education, social contributions, and other aspects of corporate social responsibility (CSR). In principle, the CSR Committee meets twice a year and at other times as necessary. Its members consist of representatives of both MCHC Group companies. Included are presidents, executive officers in charge of compliance, risk management officers, responsible care (RC) officers and other officers with CSR responsibilities, and statutory auditors.

• Statutory Auditors and Board of Auditors

The Board of Auditors, in principle, meets once a month. As of June 30, 2008, the Board of Auditors consisted of five statutory auditors, including three external auditors. Statutory Auditors perform audits in accordance with the Auditing Standards for Corporate Auditors and other rules and regulations, and in cooperation with the Internal Audit Department and external auditors.

Internal Controls

Activities aimed at ensuring the propriety of business activities are pursued in cooperation with individual Group companies.

Basic Concepts on and the Status of the Internal Control System

Mitsubishi Chemical Holdings Corporation (MCHC), at its Board of Directors meeting held in May 2006, passed resolutions on compliance and risk management, the performance of duties by directors, information management, the auditing system, and other basic policy matters related to the internal control system, MCHC, through its Board of Directors, examines the implementation status of these policies after the conclusion of each fiscal year and, when necessary, revises them to enhance and strengthen the internal control system, risk

management system, and other systems, as well.

To comply with the Financial Product Exchange Law, which has come into effect in April 2008, In fiscal 2007, a maintenance system was implemented to evaluate the condition of internal controls relating to financial reports. An April 2008 Board of Directors resolution added to the basic internal control system policies a requirement for the development of a system that would ensure the reliability of financial reporting.

In FY2008, MCHC will perform internal control evaluations and undertake activities aimed at improving the internal control system as it relates to financial reporting.

VOICE

Advancing Measures Aimed at Achieving Sound Growth for the Group



Noboru Tsuda

Executive Officer
General Manager,
Internal Control Office

MCHC established its Internal Control Office in April 2008.

The purpose of this office is to promote even stronger adoption and implementation of internal control systems, including compliance and risk management elements, by the Group as an integrated whole.

There are three points for doing this at the Group level.

The first is the sharing of a common internal control

awareness. MCHC sees internal controls as tools for making organizations function efficiently and effectively for the purpose of achieving objectives.

The principal purpose of internal controls, therefore, is to help ensure organizational basics like enthusiasm on the part of employees, and leadership on the part of managers. The Internal Control Office implements activities aimed at promoting internal controls from the perspectives of achieving effective risk management, solid compliance, and reliable financial reporting. These activities, however, are also critical for strengthening and organically linking the various parts of MCHC's organization — in other words, creating a foundation for orchestrating the activities of the MCHC Group — and achieving sound growth for the Group. We, accordingly, go about our daily activities while also working to share that kind of awareness.

The second point is the establishment, penetration, and appropriate implementation of basic regulations and management systems throughout the Group — in other words, the establishment and application of basic systems for the entire MCHC Group.

The third and final point is to make it possible for individual elements within the MCHC organization to develop and implement internal controls that are tailored to their own unique situations and underpinned by the basic thinking and systems discussed above. I believe that if the development and implementation of the MCHC Group's internal control system were objectively evaluated, it would receive passing scores regarding basic regulations for risk management and compliance, the CSR Committee and other such organs, hotlines, and other basic framework elements. However, as regards the abilities of individual Group companies to act independently in the area of internal controls, there is still work to be done.

Difficulties to overcome include a large number of companies and the daunting task of determining how types and extents of controls required differ depending on industry, business activities, and operational size. The critical mission for us is to work with units in charge of internal controls and people responsible for audits at Group companies, and provide the support necessary for enabling these companies to develop and implement internal controls suited to their individual circumstances. As such, I believe it is now particularly important for us to work with the relevant Group company units and people at their respective locations.

Risk Management

We have established the MCHC Group Basic Risk Management Policy and are working to avoid major risks and take appropriate action when significant risks emerge.

Basic Risk Management Concepts and Implementation Status

The Mitsubishi Chemical Holdings Corporation (MCHC) Group has made a significant effort to establish a risk management system that contributes to the fulfillment of the Group's social responsibilities and enhances corporate value.

In April 2006, the risk management system making MCHC's President responsible for the Group's risk management was put in place and the Mitsubishi Chemical Holdings Group Risk Management Basic Policy was established to prevent major risks related to Group business activities and minimize damage in the eventuality that such risks materialize, and is appropriately implementing these policies.

Group risk management policies, responses to major risks facing the Group, and other significant MCHC Group risk management matters are discussed in CSR Committee meetings, and the results of these discussions serve as the basis for decisions made by the President of MCHC as the person responsible for risk management.

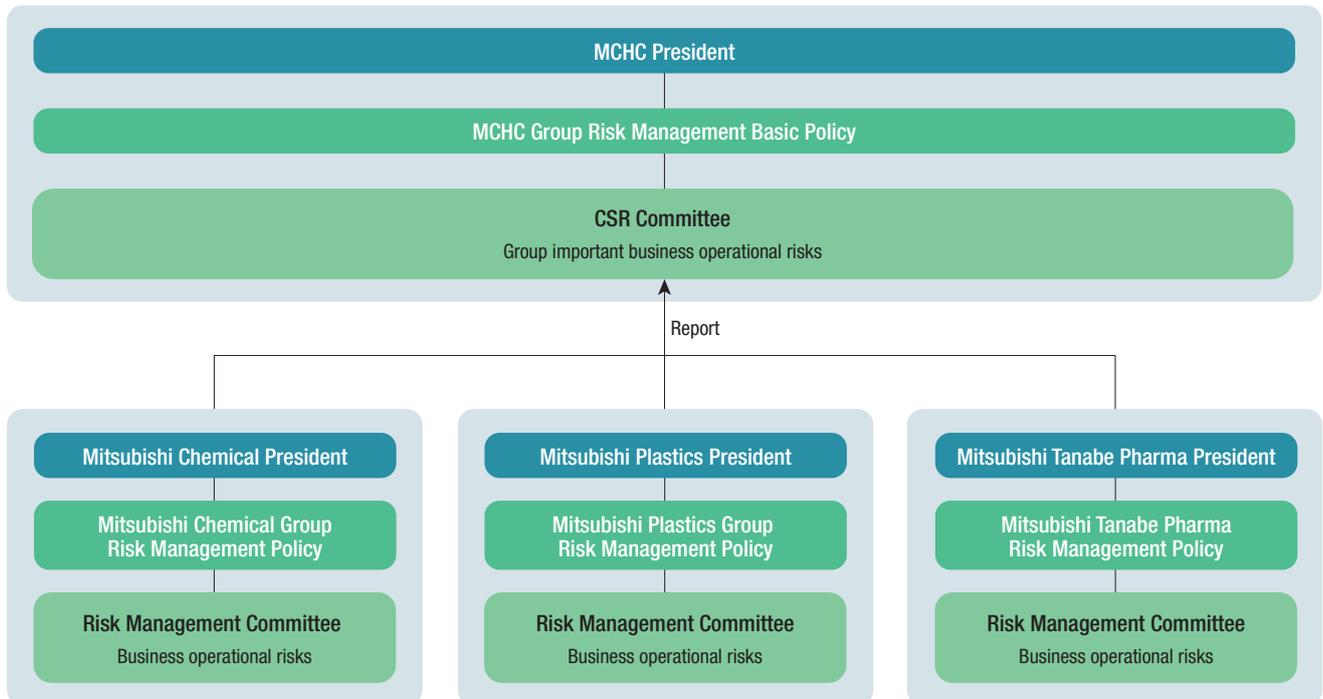
Individual Group companies establish their own risk management systems to address the unique characteristics of their businesses, and provide their subsidiaries with guidance and support in setting up their own risk management systems.

Mitsubishi Tanabe Pharma and Mitsubishi Plastics, which were created through a merger and an operational integration, respectively, each reviewed existing risk management systems and developed new ones to address their needs as new companies, and are now using those systems to manage risks.

To further strengthen the Group's risk management system, MCHC believes it is critical to share risk information among Group companies. Accordingly, MCHC meets regularly with each Group company to exchange information on common Group risks, like those posed by new types of influenza, and how to manage them.

Going forward, the MCHC Group is striving to enhance the entire Group's risk management by promoting the provision of appropriate advice and information sharing, as it determines the status of risk management at individual Group companies.

Risk Management System (As of September 30, 2008)



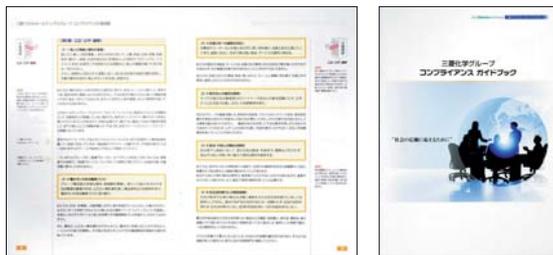
● Promoting Compliance Education Over an Intranet

Mitsubishi Chemical has made available through an intranet the “Compliance Forum” database. This database may be used by responsible compliance personnel in Group companies for training purposes, includes examples of compliance violations, information related to Group training sessions and talks, and other compliance-related information, and is regularly updated.

● Compliance Guidebooks Revised

MCHC requires that Group companies prepare and regularly update Compliance Guidebooks tailored to their own individual businesses.

In FY2007, the Mitsubishi Chemical, Mitsubish Plastics, and Mitsubishi Tanabe Pharma groups prepared or revised guidebooks in line with revisions made to the MCHC Group Compliance Code of Conduct, and distributed new additions to all employees.



The Mitsubishi Chemical Group Compliance Guidebook

● Compliance Awareness Survey Conducted

Mitsubishi Chemical, Mitsubish Plastics, and Mitsubishi Tanabe Pharma again conducted Compliance Awareness Surveys among their domestic Group employees in FY2007. The results of these surveys, which were first conducted in FY2006, will be applied in the future compliance promotion activities of Group companies.

● Establishment and Operation of Compliance Hotlines

MCHC requires that each Group company establish and operate a Compliance Hotline. As of March 31, 2008, the members of the Mitsubishi Chemical, Mitsubish Plastics, and Mitsubishi Tanabe Pharma groups had established and were operating hotlines, and responding rapidly to caller needs. MCHC began operating its own hotline in July 2008.

● Pursuing Pharmaceutical Research Approved by an Ethics Review Committee

As a company whose business has direct consequences for human life, Mitsubishi Tanabe Pharma conducts its business activities with the highest sense of business and bio ethics. For example, regarding animal testing, which cannot be avoided, it submits its testing procedures to its Animal Testing Committee, for review. Mitsubishi Tanabe Pharma has a respect for life and desire to treat animals humanely, and the committee reviews testing procedures for reasonableness in terms of the “4Rs” — Replacement, Reduction, Refinement, and Responsibility.

Additionally, research activities involving humans are performed only after a fair and impartial examination by the Ethics Review Committee, which checks whether informed consent, privacy protection, and other measures have been thoroughly addressed.

Regarding Mitsubishi Plastics’ Antimonopoly Law Violations

In June 2007, the Japan Fair Trade Commission to administrative action against Mitsubishi Plastics, Inc. which found that it had violated the Antimonopoly Law in setting prices for polyethylene pipes and fittings for gas. In July of the same year, Mitsubishi Plastics had also been the subject of a compulsory investigation by the Japan Fair Trade Commission concerning the determination of selling prices for PVC pipes and other related products with other manufacturers.

Mitsubishi Plastics considers the loss of public trust resulting from these JFTC findings and actions to be very serious. In July 2007, the President and Chairman of the Compliance Promotion Committee of Mitsubishi Plastics instructed Mitsubishi Plastics Group executives and employees to redouble efforts regarding compliance matters, and on August 1, 2007, established a third-party investigation committee chaired by attorney and former public prosecutor Yuichi Suzuki. The purposes of that committee were to perform a thorough investigation to especially whether there were any compliance violations, especially ones concerning violations of the Antimonopoly Law, and to recommend detailed measures for preventing recurrences of the problems at hand. In July 2008, the committee completed its approximate 10-month-long investigation covering all Mitsubishi Plastics internal organizational units and Mitsubishi Plastics Group companies and presented its report and recurrence prevention recommendations. Mitsubishi Plastics is now acting on the findings of that report and implementing recommendations.

MCHC is determined to prevent the recurrence of such problems among Group companies, and the President of MCHC ordered an urgent review of all business areas in July 2007.

* The MCHC Group Corporate Ethics and MCHC Group Compliance Code of Conduct are posted on MCHC’s website.

Dialogue with Shareholders and Other Investors

MCHC endeavors to disclose accurate information that is appropriate in terms of timing and content and contributes to investment decision-making. It also proactively engages in a dialogue with shareholders and other investors by enhancing IR measures and tools.

Ideas on Distribution of Profits

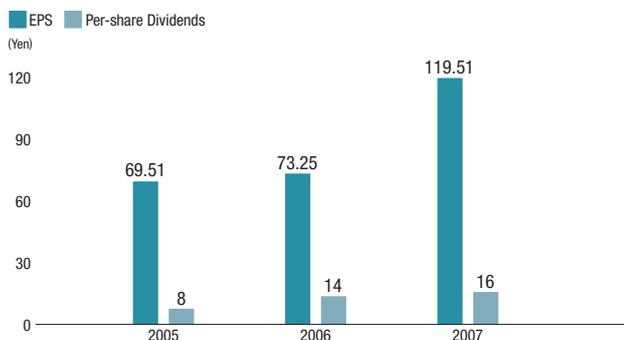
Mitsubishi Chemical Holdings Corporation (MCHC) regards the distribution of profits to shareholders, who have backed their faith and positive expectations in our business activities with investments, as an important social responsibility, and pursues appropriate profit distributions as one way to enhance its corporate value.

Dividends are paid in accordance with consolidated business performance, and determined based on an overall consideration of factors like medium-to-long term dividend stability and the need to maintain internal reserves sufficient for future business development.

The dividend for the end of FY2007 was set at ¥8 per share based on an overall consideration of the above policies and consolidated cash flow and other matters. Combined with an interim dividend of ¥8 per share, dividends for the entirety of FY2007 came to ¥16 per share.

MCHC's basic policy is to distribute retained earnings twice a year, as interim and year end dividends. Decisions regarding year-end dividends are made in Shareholders Meetings, and all decisions regarding interim dividends are made by the Board of Directors.

EPS and Per-share Dividends



* Consolidated net income increased compared to the prior fiscal year, but that increase resulted from the October 1, 2007 merger of Mitsubishi Pharma, a wholly-owned MCHC subsidiary, and Tanabe Seiyaku. At the consolidated level, that business combination resulted in a gain on change in ownership interest, which had no cash flow consequence and was recorded as an extraordinary gain. Excluding this extraordinary factor, consolidated net income would have decreased compared to the prior fiscal year.

Ideas on Information Disclosure

Information disclosure that is appropriate in terms of content and timing is the first step in earning the faith of shareholders, other investors, and stakeholders generally.

Based on that understanding, the MCHC Group makes accurate and timely disclosures of not only the management, business strategy, and business performance information required by the Financial Products Exchange Law and other

laws and regulations, but also information on matters like product defects and accidents, which do not portray the MCHC Group in a positive light. In so doing, we aim to continue being a business organization that is open to society.

Communication with Institutional Investors and Analysts

MCHC engages in an active dialogue with institutional investors and analysts.

When we announce interim and year-end results, we supplement Results Briefings with "net conferences" in which we use teleconferencing technology to respond to questions from institutional investors and analysts.

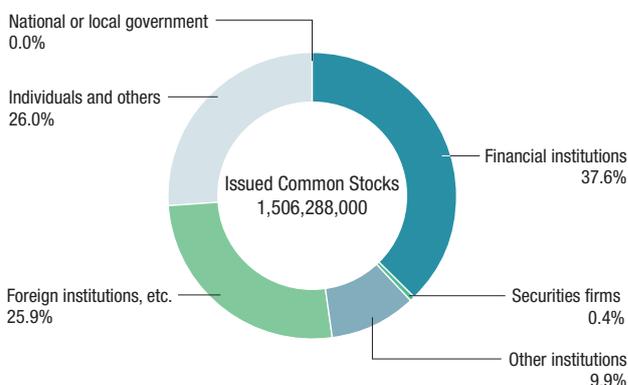
To provide detailed explanations of management plans, high-priority businesses, and other matters related to specific strategies, we hold Business Briefings in an effort to deepen understanding of the MCHC Group. We update overseas investors of all types by having our CEO and CFO make regular overseas trips to explain our business strategies and discuss our business results.

In FY2007, they made their usual trips to Europe and North America and also made time to visit with shareholders and other investors in various parts of Asia.



Research center tour

Share Distribution by Shareholder Type (As of September 30, 2008)



* "Individuals and others" includes MCHC treasury shares (8.6%).
 * MCHC canceled 300,000,000 treasury shares on October 31, 2007. As a result, MCHC issued shares came to a total of 1,506,288,000 as of the same date.

IR Tool Enhancement

As a part of its information disclosure to shareholders and other investors, MCHC issues IRNAVI, a quarterly newsletter, and the MCHC annual report, both of which are aimed at explaining our business strategies and results in easily understood terms.

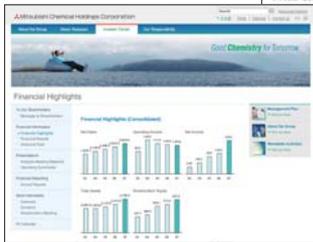
In addition, on our website, we issue timely news releases, have created an investor information section ("Investor Center"), where site users can freely access information like results briefing materials, annual reports, investor communications, share information, and our annual IR event schedule.



Annual Report



IR NAVI (Shareholder newsletter)



Investor Center on the MCHC website
<http://www.mitsubishichem-hd.co.jp/english/ir/index.html>

Shareholders' Meeting Innovations

MCHC has avoided holding its Shareholders' Meetings on days when large numbers of other companies hold theirs, sends meeting notices early, announces meetings on its website, has implemented electronic voting, and taken other steps to help as many shareholders as possible to attend meetings.

We also employ video and audio technology at meeting venues, and take other steps, to help ensure that business reports, agenda explanations, and other information are clearly understood.

On June 26, 2008, we held our third Shareholders' Meeting, which was attended by over 400 shareholders.

Socially Responsible Investment (SRI) Status

Socially responsible investments in companies that fulfill social responsibilities by undertaking initiatives that benefit the environment and society are drawing significant attention.

As of September 2008, MCHC was included as a component of the FTSE4 Good Global Index, MorningStar Socially Responsible Investment Index, and other such stock indices, as well.

● FTSE4 Good Global Indexe



FTSE4Good

The FTSE4 Good Global Index is managed by the UK index company, FTSE (jointly capitalized by the UK's Financial Times and The London Stock Exchange), and was created to evaluate and promote investment in companies that meet internationally recognized corporate responsibility standards. Transparent index management methods, selection standards, and the FTSE Group's excellent brand image make the FTSE4 Good Index Series perfect for SRI products.

● MorningStar Socially Responsible Investment Index



The MorningStar Socially Responsible Investment (MSRI) Index consists of 150 listed Japanese companies MorningStar Japan K.K. considers to be outstanding in terms of meeting social responsibilities, and is Japan's first socially responsible investment index. The MSRI Index does not guarantee the future performance of its constituent companies. And, while MorningStar Japan K.K. calculates and manages the index based on data it has judged to be reliable, it makes no guarantees of accuracy or completeness. Notwithstanding the foregoing statements, MorningStar Japan K.K., even if it has been notified of direct, indirect, extraordinary, punitive, incidental, or any other kinds of damages (including lost profits) shall bear no responsibility whatsoever for such damages. Copyrights, other intellectual property rights, and all other rights shall rest with MorningStar Japan K.K. and Morningstar, Inc., and unauthorized reproductions, reprints, and excerpts are prohibited.

Dialogue with International Society

To help communities in the developing countries achieve self-sufficiency and sustainable growth, the MCHC Group is working with local communities and NGOs to promote the construction of schools that give children a chance to get an education.

Basic Ideas on International Contributions

Realizing a sustainable global society requires that the problem of poverty receive the same kind of attention given to the environment. The UN has set forth the Millennium Development Goals* to guide the international community in solving global problems that cannot be resolved by individual countries. One of the global problems targeted is the “eradication of extreme poverty and hunger.”

The Mitsubishi Chemical Holdings Corporation (MCHC) Group, too, is working to address those aspects of poverty that it can as a member of the international community. Specifically, the Group seized upon its 2006 announcement of its support for the UN Global Compact to initiate support for projects that local residents in developing countries and NGOs jointly pursue to establish schools. Education results not only in greater employment opportunities but also the development of key problem-solving capabilities, and the Millennium Development Goals treat education as a key for eliminating poverty.

The purpose of projects aimed at helping local residents establish schools is to use the capabilities of local residents to build the infrastructure — schools — necessary for helping children feed their intellectual curiosity and develop life skills. However, by having local residents not only build schools but also run them, these projects are allowing communities to exercise their innate organizational productivity and problem-solving capabilities, and, thereby, become independent communities with the wherewithal to thrive. Schools, and the wells, toilets, and other facilities that go along with them, are “platforms” for fostering hope for the future, the learning of skills for daily life, and problem-solving capabilities among children and local residents. In the end, they promote independent community development.

In supporting these projects, MCHC collaborates closely with multiple NGOs and public institutions in an effort to ensure that projects are properly planned and implemented for appropriate locations. We not only provide financial assistance for the construction of schools and other facilities but also encourage the creation of systems permitting local residents to participate as key players. This is done through NGOs with long track records in the subject local communities. Based on the concept of local residents building facilities for their own benefit, this approach is aimed at using schools to boost the capabilities and vitality of local communities.

FY2007 Activities

In FY2007, the MCHC Group supported projects that helped local residents construct schools in Sierra Leone (West Africa) and Nepal.

For both projects, school committees were organized, designs incorporating the opinions of children were prepared, and construction materials were procured locally. Additionally, once the schools were opened, health and hygiene programs aimed at fostering understanding of the proper use and management of wells, toilets, and other facilities were implemented, together with peace education.

FY2008 Activities

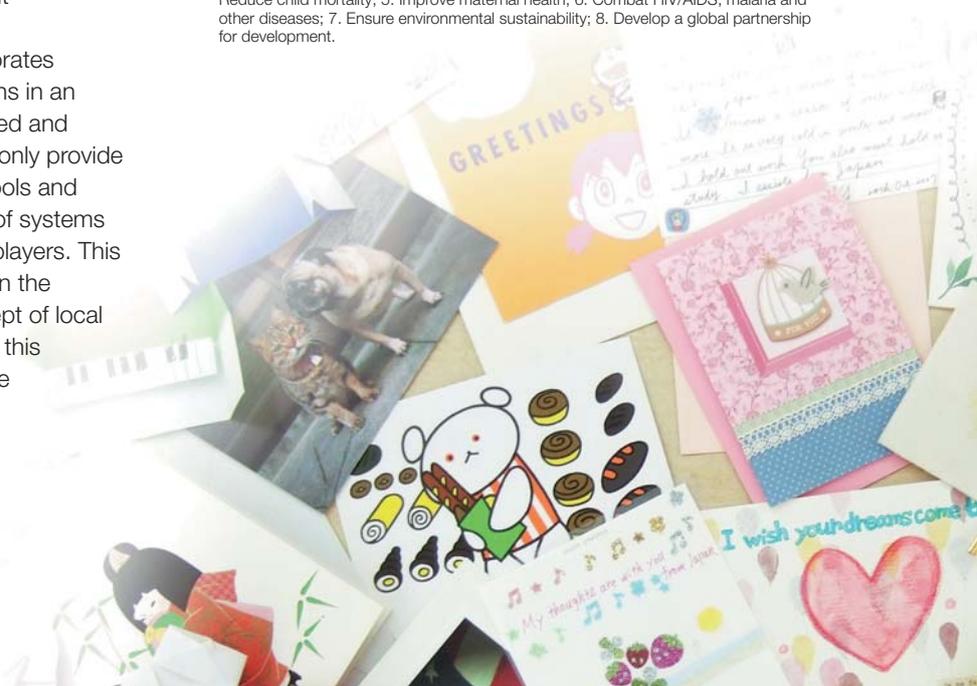
For FY2008, the MCHC Group is planning to continue supporting projects for the construction of schools (including fixtures) in areas where there is no primary education.

One project is being planned for Burkina Faso (West Africa). That school will be equipped with solar power and lighting, so that children who cannot attend school during the day and adults attending night school can use it.

A second school is being planned for Cambodia. For that project, MCHC Group employee contributions will be matched by the Group, and funds will be used to donate Japanese picture books to the school.

Going forward, the MCHC Group will continue to use its technologies, products, and employees' expertise and desire to help support local communities in developing countries achieve self-sufficiency.

* Millennium Development Goals: 1. Eradicate extreme poverty and hunger; 2. Achieve universal primary education; 3. Promote gender equality and empower women; 4. Reduce child mortality; 5. Improve maternal health; 6. Combat HIV/AIDS, malaria and other diseases; 7. Ensure environmental sustainability; 8. Develop a global partnership for development.



Al-Hadi Islam Primary School, Republic of Sierra Leone (West Africa)



Support Details School construction; provision of fixtures, textbooks, and teaching materials; teacher training; peace education; well installation; health and hygiene training
Skill development for all students (272)

Support Purpose Promotion of local public health and development of self-sufficiency skills, with the school at the core of these efforts

Project Term October 2006 - December 2007

Partner Plan Japan (NGO)



Students include children whose education was delayed by civil war.

VOICE

I go to school every day together with my friends. I like science class and volleyball. Your help has made a wonderful new school possible, and I am very happy.

I study as hard as I can and want to help my community in the future.



Amalia



A water system was completed and hygiene education began with handwashing.



Students have also tried their hand at origami.

Photos: Plan Japan

VOICE



David Sovra
Plan Sierra Leone (NGO)

The School Committee for the Al-Hadi Primary School managed the submission of bids by local construction companies, oversaw construction quality, and procured construction materials from local suppliers. It also worked to create jobs and cut costs by recruiting workers for unskilled positions. Numerous examples of such efforts made it possible to add toilet facilities for no extra cost.

With one in four babies dying, Sierra Leone presently has the world's worst infant mortality rate. The primary cause of death is said to be diarrhea caused by water contaminated with human waste. With that as a background, the school, which has both a well and toilet facilities, is conducting hygiene education and has begun to create a vegetable garden that will use well water and be tended by students.

Bira Bahira Middle School, Federal Democratic Republic of Nepal



Support Details Construction of school building and hygiene facilities, provision of fixtures (10% of project funding provided by local residents)

Support Purpose Construction of an education facility for hearing-impaired children Project Term

Project Term January 2007 - April 2008

Partner Plan Japan (NGO)



A math class is being held in a classroom illuminated by sunlight. Sign language is being used to teach the class.



The project created a beautiful, truly wonderful school building.

Photos: Plan Japan

VOICE

The local government supported construction of the Bira Bahira Middle School through efforts like widening the road leading to the school and foregoing taxes on construction materials.

This school construction project is a pioneering

endeavor that will benefit the education and development of Nepal's hearing-impaired children. Thank you very much for your support.

Mohan Diwali (Community leader)

Letters were sent from the MCHC Group to Al-Hadi Primary School students.

Reference

Environmental Indicators

	Company	Mitsubishi Chemical		Mitsubishi Plastics		Mitsubishi Tanabe Pharma		
	Scope	Domestic Plants		Domestic Plants		Domestic Plants		
Environmental Accounting	Item	Investment	Expenditure	Investment	Expenditure	Investment	Expenditure	
	Overall Environmental Cost	FY2007	¥4,143 billion	¥35,317 billion	¥416 million	¥1,626 billion	¥168 million	¥2,536 billion
	Environmental Protection Economic Benefits	FY2007	-		¥1,039 million		¥59 million	
	Scope	Domestic Plants	Group	Domestic Plants		Domestic Plants		
PRTR Substance Emissions	FY2007	470 tons	580 tons	127 tons		45 tons		
SOx Emissions	FY2007	2,620 tons	3,040 tons	1 tons		29 tons		
NOx Emissions	FY2007	8,400 tons	10,200 tons	25 tons		104 tons		
Particulate Emissions	FY2007	160 tons	210 tons	1 tons		5 tons		
COD Emissions	FY2007	1,480 tons	1,820 tons	4 tons		86 tons		
Waste Generation	FY2007	166,200 tons	325,610 tons	17,400 tons		57,779 tons		
Final Landfill Disposal	FY2007	6,000 tons	17,000 tons	0 tons		339 tons		

Social Indicators

	Company	Mitsubishi Chemical		Mitsubishi Plastics	Mitsubishi Tanabe Pharma	
Employees	Scope	Group		Group	Group	
	FY2007	25,204		4,242	10,361	
Work-Time-Lost Injury Rate	Scope	Parent Only	Group	Group	Parent Only	Manufacturer Average
	FY2007	0.58	0.49	0.28	0.62	1.09
Handicapped Employment Rate	Scope	Parent Only		Parent Only	Parent Only	Statutory Employment Rate
	FY2007	2.16		2.17	2.08	1.80

Economic Indicators

	Company	Mitsubishi Chemical	Mitsubishi Plastics	Mitsubishi Tanabe Pharma
	Scope	Group	Group	Group
Sales	FY2007	¥2,544,16 billion	¥190,143 billion	¥315,636 billion
Net Income	FY2007	¥30,847 billion	¥1,001 billion	¥21,993 billion
Total Assets	FY2007	¥1,870,051 billion	¥163,640 billion	¥807,261 billion

In Response to Last Year's Tthird-party Opinion

Key Comments on CSR Report 2007	MCHC Response
<p>Concerning its relationship with suppliers and employees, the holding company should establish Group-wide basic principles covering the activities of individual Group companies in the areas of purchasing, procurement and human diversity. It should also create supervisory functions to ensure that these principles are applied appropriately.</p>	
<p>The CSR Promotion Committee should not simply receive reports from Group companies. It should proactively set targets and adopt basic principles and strategies concerning issues encompassing the entire Group. Including purchasing, procurement and diversity in human resources. The Committee should also expand its role to include the acceleration of the fulfillment of these targets and principles. While partial optimization may occur in the present environment, overall optimization is unlikely, and an urgent change of policy is needed.</p>	<p>In April 2008, MCHC, performing its monitoring and confirmation functions, and orchestration functions as a holding company, established its Internal Control Office and Group Synergy Office to perform functions that cut across Group companies. These offices will focus on examining matters with important implications for the Group's basic strategies and objectives. (Refer to P4-P6)</p>
<p>Concerning social contribution activities, the company is an integrated chemical manufacturer and should work actively to find solutions to social issues that are closely related to its core activities, including the supply of water in oil-producing countries and surrounding countries that are affected by desertification, and the development of human resources with in-depth know-how about pharmaceuticals.</p>	<p>The MCHC Group is contributing to society through the products and services it provides. Additionally, to contribute to the elimination of poverty, which is essential for realizing a sustainable society, the MCHC Group is pursuing social contribution activities that support education and the self-reliance and development of communities, both of which are keys to the elimination of poverty (Refer to P31-32). However, despite our ongoing efforts in terms of considering social contribution activities that use Group technologies, products, and services, we have yet to determine concrete ways in which to render that kind of support.</p>

CSR Report 2008 Third-party Opinion

This opinion was written based on the content of this report and an interview with the person responsible for CSR at Mitsubishi Chemical Holdings Corporation (MCHC). Regarding its CSR initiatives, it can be said that MCHC has begun to make progress as regards the application of PDCA (management cycle) in broad areas like environmental load reduction and calling for business partners to implement CSR initiatives.

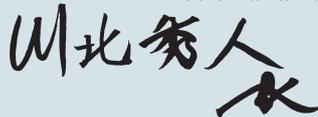
Points Deserving High Ratings

- MCHC deserves praise for points like stating what the Group aspires to be in 2025 and incorporating CO₂ reductions in the mid-term management plan aimed at achieving that goal, and moving forward with preparatory steps like appointing a CSO (Chief Sustainability Officer) and establishing the Global Corporate Project (Refer to P5-6). I look forward to detailed statements on the progress of these efforts.
- MCHC deserves praise for its "Team Minus 20%" project to reduce office energy consumption in all Group companies (Refer to P21). I have strong expectations for achievements resulting from partnership and sharing.

Points in Need of Greater Effort

- Regarding the safety of business partner personnel (Refer to P18) and MCHC Group employees (Refer to P20), MCHC should systematically explain the measures taken in response to the Mitsubishi Chemical's Kashima Plant accident that claimed the lives of business partner personnel. This explanation should include measures taken by both MCHC and MCHC Group companies – specific measures in the case of the latter.
- As a holding company, MCHC should set forth basic principles regarding the purchasing and procurement, and human diversity, initiatives taken by individual Group companies, and create monitoring and confirmation functions to determine whether those basic principles are being properly applied.
- In the section titled "Dialogues with Various Stakeholders" (Refer to P9-10), MCHC should specify how it plans to continuously create opportunities to further dialogues with key stakeholders. I am very concerned that no improvement has been made on this matter since it was pointed out in 2006.

Hideto Kawakita



International Institute for Human, Organization and the Earth (IIHOE)
CEO

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



MCHC Response

The MCHC Group was created in its FY2007, after its three constituent corporate groups — Mitsubishi Chemical Group, Mitsubishi Plastics Group, and Mitsubishi Tanabe Pharma Group — were created through mergers and integrations of operations. As a holding company, MCHC performs monitoring and confirmation functions to determine whether basic rules applying to the entire Group have been embraced and are being properly implemented. To further its performance of orchestration functions aimed at creating new value, MCHC, in April 2008, established its Internal Control Office and Group Synergy Office (Refer to P6) to perform activities across all Group companies.

MCHC is also planning to establish the Institute of *KAITEKI* Biosphere (tentative) as a means to foster dialogue with stakeholders, one of the points raised in the third-party review. This research facility will offer solutions that use the power of chemistry and other sciences to address the various problems facing the global environment, and contribute to better quality of life for all humanity. Toward that end, we intend to incorporate the views of various people from outside the MCHC Group.

Noboru Tsuda
Mitsubishi Chemical Holdings Corporation Executive Officer General Manager,
Internal Control Office

 Mitsubishi Chemical Holdings Corporation