



Mitsui Chemicals



MITSUI CHEMICALS

# CSR Report 2007

The Mitsui Chemicals Group—Chemistry, Innovation, Dreams—

# Profile of the Mitsui Chemicals Group

In order to enrich people's lives, the Mitsui Chemicals Group is constantly pursuing innovation and materializing dreams with the wonder of chemistry.

## Corporate Profile (as of March 31, 2007)

### Company Name

Mitsui Chemicals, Inc.

### Head Office

Shiodome City Center, 1-5-2,  
Higashi-Shimbashi, Minato-ku,  
Tokyo, Japan 105-7117

### President

Kenji Fujiyoshi

### Paid-in Capital

¥103,226 million

### Employees

12,511 (Consolidated)  
4,493 (Non-consolidated)

### Domestic manufacturing sites

Ichihara Works (including Mobara Branch Factory),  
Nagoya Works, Osaka Works, Iwakuni-Ohtake Works,  
and Omuta Works

### R&D laboratory

Sodegaura Center

### Domestic sales offices

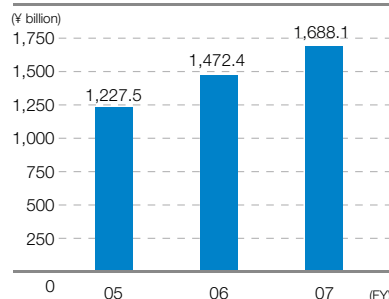
Head Office and three branches  
(Nagoya, Osaka, and Fukuoka)

### Overseas office

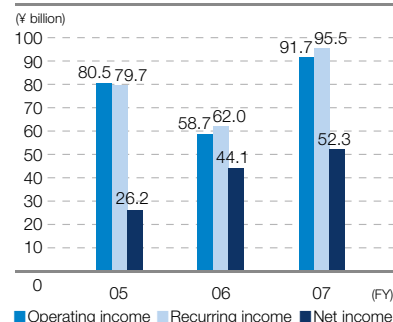
Beijing Office

[WEB](#) [Site data](#)

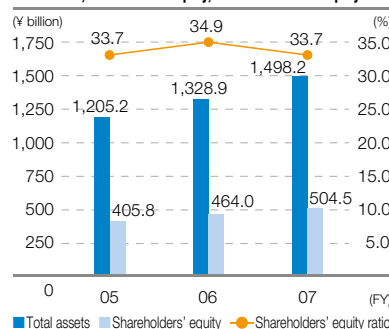
### Net sales



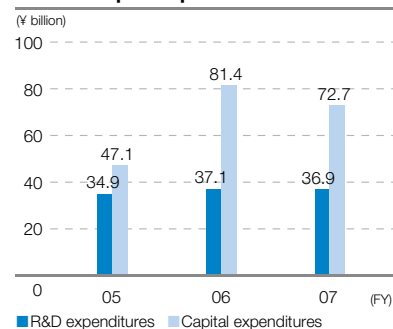
### Operating income, recurring income, and net income



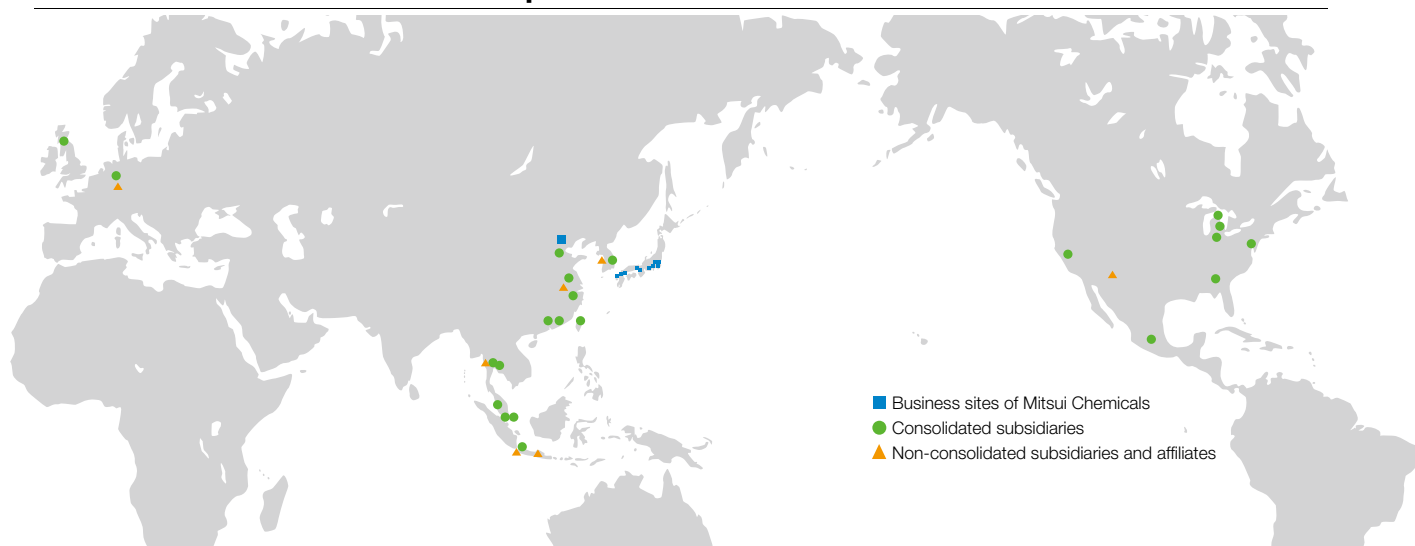
### Total assets, shareholders' equity, and shareholders' equity ratio



### R&D and capital expenditures



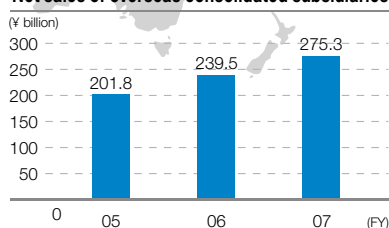
## Globalization of Our Business Operations



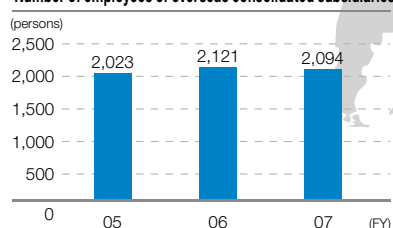
### Number of subsidiaries and affiliates

	80 domestic companies	37 overseas companies
70 consolidated subsidiaries	43	27
47 non-consolidated subsidiaries and affiliates	37	10

### Net sales of overseas consolidated subsidiaries



### Number of employees of overseas consolidated subsidiaries



# Products manufactured by the Mitsui Chemicals Group can be found everywhere!



## Personal computers

- LC-STRUCTBOND (liquid crystal sealant)
- SILVER REFLECTOR™ (reflector for liquid crystal backlights)
- ★ WHITE REFSTAR™ (reflector for liquid crystal backlights)
- ★ ARLEN™ (heat-resistant resin suitable for use with lead-free solder)
- Nitrogen trifluoride (cleaning agent for semiconductor and liquid crystal production equipment)
- ★ Monosilane (raw material for silicon membranes)
- Bisphenol A (raw material for polycarbonate resin of high impact resistance and weather resistance)

## Plasma display panels

- FILTOP™ (optical filter for PDPs)
- ★ FILFINE™ (film-type optical filter for PDPs)

## Digital cameras

- PLAPACS™ (plastic packages for image sensors)

## Mobile phones

- NEOFLEX™ (flexible printed-circuit board materials)
- OLESTER™ (hardcoat paints)

## Electrolyte for lithium cells

- MiReT™ (used in mobile phones, personal computers and digital cameras)

## Printers

- MITSUI EPT (used in printer paper feeder/discharge rolls)
- Hi-WAX (toner additive)
- FTR™ (toner additive)
- ★ ALMATEX™ (toner binder resin)
- ★ AURUM™ (bearings)

## Newspaper and corrugated cardboard

- Acrylamide (raw material for paper reinforcing agent)
- HOPELON™ (paper reinforcing agent)
- BONRON™ (paper processing resin)

## Sneakers

- TAFMER™ (midsoles)

## Insulator for refrigerators

- ACTFINE

## Tea bags

- SWP™ (heat-seal type tea bags)

## Tableware and food containers

- ★ LACEA™ (plant-derived resin)

## Polyester fibers

- Purified terephthalic acid
- Ethylene glycol (polyester fiber feedstock)

## Detergent containers and food packages

- ★ HI-ZEX™
- ★ ULTZEX™
- ★ EVOLUE™
- ★ PRIME POLYPRO
- MIRASON™

## Cushions

- ★ ACTFLEX E

## CDs and DVDs

- Bisphenol A (raw material for highly transparent polycarbonate resin)
- Functional dyes

## HDD suspensions

- SCL (flexible substrate)

## DVD drives

- APELT™ (resin used in pickup lenses)

## Disposable diapers

- ★ SYNTEX™ P.17
- ESPOIR™

## Wrapping films

- TPX™ (heat-resistant wrapping films)
- ★ Hi-wrap

## PET bottles

- MITSUI PET
- ★ PRIME POLYPRO

## Pharmaceuticals

- Taurine
- Shinbit™ (base for anti-arrhythmia agent)
- L-serine (natural amino acid)

## Food packages

- ADMER™ (adhesive for resins of different properties)
- ★ TAKELAC™ (adhesive for resins of different properties)
- ★ CHEMPEARL™ (adhesive for resins of different properties)

## Gas pipes

- MITSUI PE gas pipe system (pipes and fittings)

## Pipes and fittings for cold/hot water

- ELMEX™

## Gear oil/engine oil additive

- ★ LUCANT™

## Hoses

- MITSUI EPT

## Resin for headlamp lenses

- Bisphenol A (raw material for polycarbonate resin of high transparency)

## Antifreeze

- Ethylene glycol

## Bumpers

- ★ PRIME POLYPRO
- TAFMER™

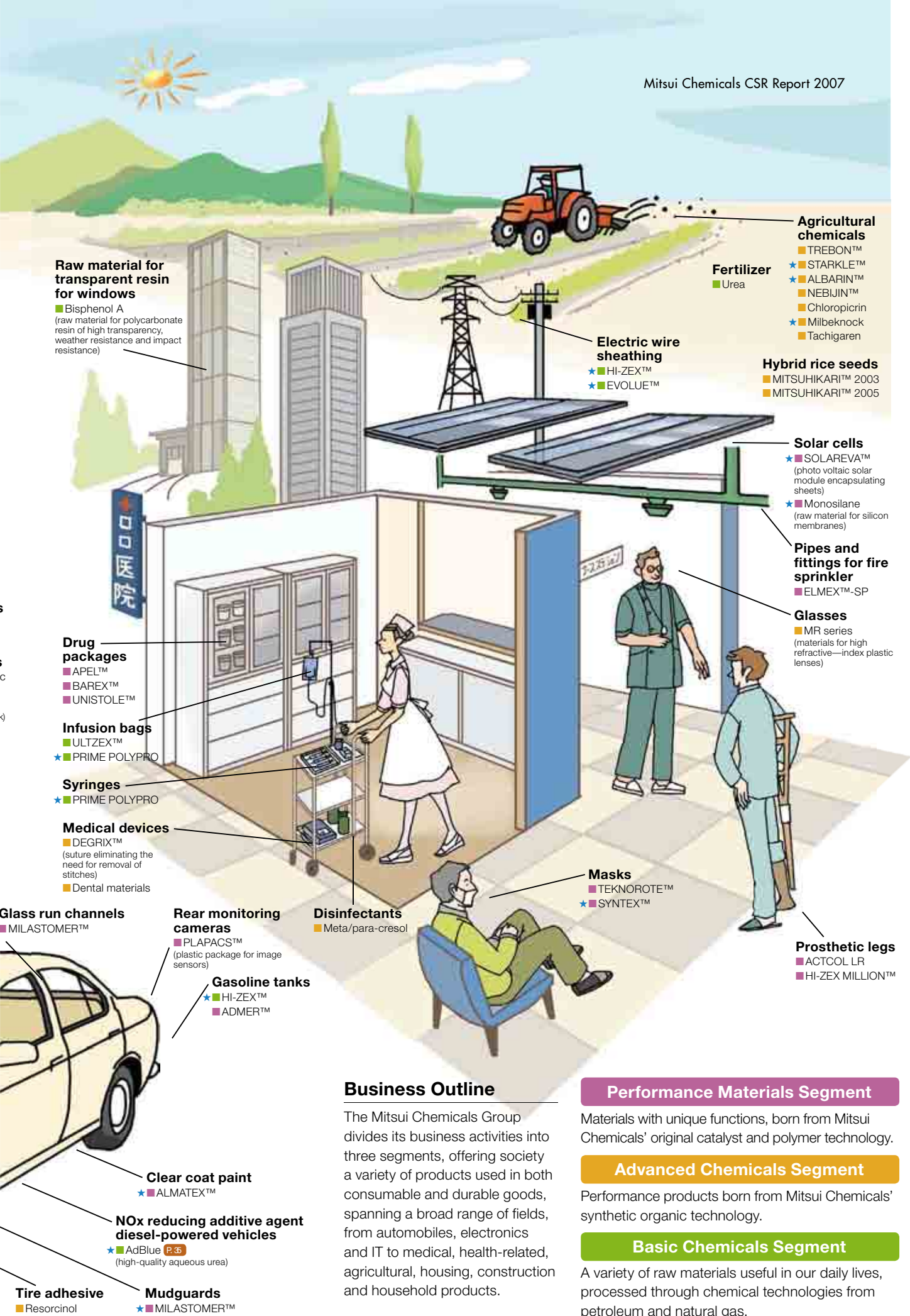
## Binder resin for brake pads Binder resin for shell molds

- ★ MILEX™

- Performance material
- Advanced chemical
- Basic chemical
- ★ Products that contribute to environmental preservation

WEB List of businesses, products and technologies that contribute to environmental preservation





**Business Outline**

The Mitsui Chemicals Group divides its business activities into three segments, offering society a variety of products used in both consumable and durable goods, spanning a broad range of fields, from automobiles, electronics and IT to medical, health-related, agricultural, housing, construction and household products.

**Performance Materials Segment**

Materials with unique functions, born from Mitsui Chemicals' original catalyst and polymer technology.

**Advanced Chemicals Segment**

Performance products born from Mitsui Chemicals' synthetic organic technology.


**Basic Chemicals Segment**

A variety of raw materials useful in our daily lives, processed through chemical technologies from petroleum and natural gas.

## Editorial Policy

This CSR Report is aimed at improving communication with our stakeholders. Of the three aspects of CSR (economy, environment, society), we report here mainly on the Mitsui Chemicals Group's environmental and social initiatives. We report separately on financial (economic) matters in our Annual Report.

This report is comprised of three main sections: (1) the Mitsui Chemicals Group and Society; (2) the Mitsui Chemicals Group and the Environment; and (3) the Systems Supporting our CSR initiatives. In the first section we report on our activities by stakeholder type. Also included are special reports that introduce employee-centered activities promoted by the Mitsui Chemicals Group.


Relevant information and data with the  **WEB** mark are available on our website.  
URL: <http://www.mitsui-chem.co.jp/e/index.htm>

## Scope of the Report

**Period:** In this report, FYXXXX indicates the fiscal year starting April 1 the year before XXXX and ending March 31 of XXXX. For example, FY2007 indicates the fiscal year starting on April 1 of 2006 and ending on March 31 of 2007. (Some sections cover activities in the period beyond April 2007)

**Data:** The data presented in this report were taken mainly from Mitsui Chemicals, Inc. sites. Where data pertains to subsidiaries or affiliates, this is clearly stated in the main body of the text.

## Guidelines Referred to in Preparing the Report

Sustainability Reporting Guidelines 2002 of the Global Reporting Initiative (GRI)  
Environmental Reporting Guideline 2003 of Japan's Ministry of the Environment  
Environmental Accounting Guideline 2005 of Japan's Ministry of the Environment  
 **WEB** Sustainability Reporting Guidelines 2002 cross-reference list

## Date of Issue

November 2007 (next issue scheduled to be released November 2008)

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# Mitsui Chemicals responds to the trust promoting social contributions through

## Message from the President

Our company began organizing a structure for promoting our Corporate Social Responsibility (CSR) initiatives in June 2005. Subsequently, we promoted “Proactive Efforts for CSR” as a priority task and began tackling CSR in specific ways based on the following approaches.

### Contributions through Main Businesses

As expressed in the Corporate Mission of the Mitsui Chemicals Group, that is “Contribute broadly to society by providing high-quality products and services to customers through innovations and the creation of materials and products, while keeping in harmony with the global environment,” we think that contribution to the benefit of the stakeholders through our core businesses while maintaining harmony with the environment worldwide is in itself CSR enhancement.

Mitsui Chemicals celebrated its tenth anniversary in October 2007. During 2007 we formulated the Grand Design—the basic framework for management of the Mitsui Chemicals Group—to foster growth over the next 10 to 15 years.

Environmental issues are expected to become increasingly crucial around the world in the next 10 to 15 years. There will be stronger moves, for example, toward using cleaner energy and non-fossil fuel resources. Given this, the long-term business goals



# received from its stakeholders by “Dream-Inspiring Innovations.”

in our Grand Design contain environmental as well as financial goals.

Also, we have introduced a new system in our “Promotion of Innovation-minded Corporate Culture,” based on three axes: the economy, the environment, and society. In the past, our performance-management thinking tended to concentrate on profitability. Today, however, we are promoting balanced business operations that emphasize the environment, labor safety, and strict compliance with laws and regulations.

This approach to business performance is truly an example of putting into practice our CSR initiatives through our main businesses.

## CSR Supporters are at Core of Activities

We believe that in order to succeed in promoting our CSR initiatives it is important for everyone in the group to participate, from top management to the employees at the front lines. At present, over 330 employees selected from job positions within the group act as CSR Supporters at the core of our diverse CSR activities. In February 2006, after reviewing the results of lengthy and enthusiastic discussions by the CSR Supporters, we established the Mitsui Chemicals Group Action Guidelines.

This year, in moving to have the Action Guidelines permeate further among the employees and become more firmly rooted, the CSR Supporters have also been assigned the role of communication leaders to promote discussions about the Action Guidelines at the worksites.

## Corporate Target of The Mitsui Chemicals Group—Chemistry, Innovation, Dreams

The three main pillars of the Action Guidelines are: (1) To always act in good faith; (2) To have a high regard for people and society; and (3) To aim for dream-inspiring innovations. These three pillars

consist of seventeen detailed items. With the pride of a chemical products manufacturer having the important responsibility of producing high-quality products and services, Mitsui Chemicals is committed to carrying out “dream-inspiring innovations,” and our greatest pleasure is to provide society with dream-inspiring products through our corporate activities.

In formulating our Grand Design, we established the Corporate Target of the Mitsui Chemicals Group: “Chemistry, Innovation, Dreams”—The Mitsui Chemicals Group is constantly pursuing innovation and materializing dreams with the wonder of chemistry.

In response to the trust our stakeholders have in us, we want to be a corporation that continually conducts social contribution through dream-inspiring innovations.

When putting into practice the various activities mentioned above, it is especially important to engage in constructive communication with our stakeholders and to have their opinions reflected in our activities.

The publication of this “CSR Report 2007” is one of the core undertakings we encourage for ensuring constructive communication with our stakeholders. We hope as a Mitsui Chemicals stakeholder you will read this report and deepen your understanding of our group. We also look forward to your further warm support and to receiving your frank opinions about this report.



Kenji Fujiyoshi  
President  
Mitsui Chemicals, Inc.



# Aiming for Even Greater Growth

**In October 2007, Mitsui Chemicals Inc., marked the 10th anniversary of its founding, and for this occasion the Mitsui Chemicals Group has formulated a Grand Design which lays out the Group's corporate growth targets for the next 10 to 15 years.**

## Grand Design

The Grand Design is the basic management framework for the Mitsui Chemicals Group and consists of its Corporate Vision, Business Plan and Action Guidelines.

The formulation of the Grand Design began from predictions about the state of the economy, the environment and society around the year 2020. Key figures both within and outside of Mitsui Chemicals discussed this topic and spent time deliberating the direction which the Group should take in light of these predictions for the future.

The result of these discussions has been the Group's decision to orient its growth in such a way that balances economic, environmental and social initiatives, while maintaining healthy profits, and which enables the Mitsui Chemicals Group to sustain its growth into the future.

## Corporate Vision

The Mitsui Chemicals Group's Corporate Vision is comprised of its Corporate Mission and Corporate Target.

The Corporate Mission is designed to steer the company for 20 to 30 years from its establishment, and, because it has been created with economic, environmental and social considerations in mind, has not had any significant changes made to it at this time.

The Corporate Target expresses the new direction and resolve of the Mitsui Chemicals Group for the next 15 to 20 years. "Chemistry, Innovation, Dreams"—The Mitsui Chemicals Group is constantly pursuing innovation and materializing dreams with the wonder of chemistry.

## Long-term Management Targets

Mitsui Chemicals' long-term management targets are those targets that the Group seeks to achieve within 8 to 10 years and are comprised of Financial Goals and Environmental Goals.

Financial Goals are broken down into operating income, which shows the profitability of core businesses, and Return on Assets (ROA), which indicates operating efficiency. The Mitsui Chemicals Group has set an operating income target for itself of ¥150 billion and an ROA target of 10% or more to be achieved around the year 2015.

With regard to Environmental Goals, the Group is working on minimizing its GHG\* Basic Unit Index and its generation of industrial waste and on developing technologies which make use of non-fossil fuel resources.

GHG Basic Unit refers to the amount of greenhouse gas (in tons) emitted per ton of product manufactured. In order to slow the progress of global warming it is crucial that the GHG Basic Unit be reduced. The Mitsui Chemicals Group

has adopted the GHG Basic Unit Index (calculated using the formula below) as a means of indicating how much the Group has reduced its GHG Basic Unit since fiscal 1991 (the base year).

$$\text{GHG Basic Unit Index} = \frac{\text{Current GHG Basic Unit} \times 100}{\text{GHG Basic Unit for Fiscal 1991}}$$

The GHG Basic Unit Index target has been set at 90 or less in comparison with fiscal 1991 (which is set at 100). This means that the Mitsui Chemicals Group will use energy-saving technologies and other means to reduce its GHG Basic Unit for greenhouse gas output to 90% of its fiscal 1991 level.

The target for industrial waste minimization is to reduce the percentage of industrial waste generated by Mitsui Chemicals Inc.'s production facilities and the Group's domestic and overseas consolidated subsidiaries (production bases) to less than 1% of the total waste that it consigns to landfill disposal (final disposal).

Furthermore, the "development of technologies which make use of non-fossil fuel resources", i.e., technologies which allow chemical products to be manufactured using plant resources and other non-petroleum-based resources, has been added as a long-term management target.

Together with the Financial Goals and Environmental Goals above, decisions about what direction and policies to adopt in order to strengthen Mitsui Chemicals' business portfolio and business infrastructure have been made with the aim of sustaining its increasing corporate value.

\*GHG: Greenhouse Gas (gases which produce a greenhouse effect whereby the heat of the sun is trapped within the atmosphere, thereby warming the earth's surface). The Kyoto Protocol defines greenhouse gases as CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, and SF<sub>6</sub>.

## Business Development and Performance Evaluation with Respect to the Economy, the Environment, and Society

Specific measures will be established within medium-term business plans, starting from fiscal 2009, which will lead the Mitsui Chemicals Group in the direction of its long-term management targets.

And for each year after fiscal 2009, Mitsui Chemicals will develop their annual budgets and establish and execute annual action plans which balance economic, environmental and social initiatives. Each group and line manager will be evaluated based on their overall performance in achieving the targets created for each of these three axes.

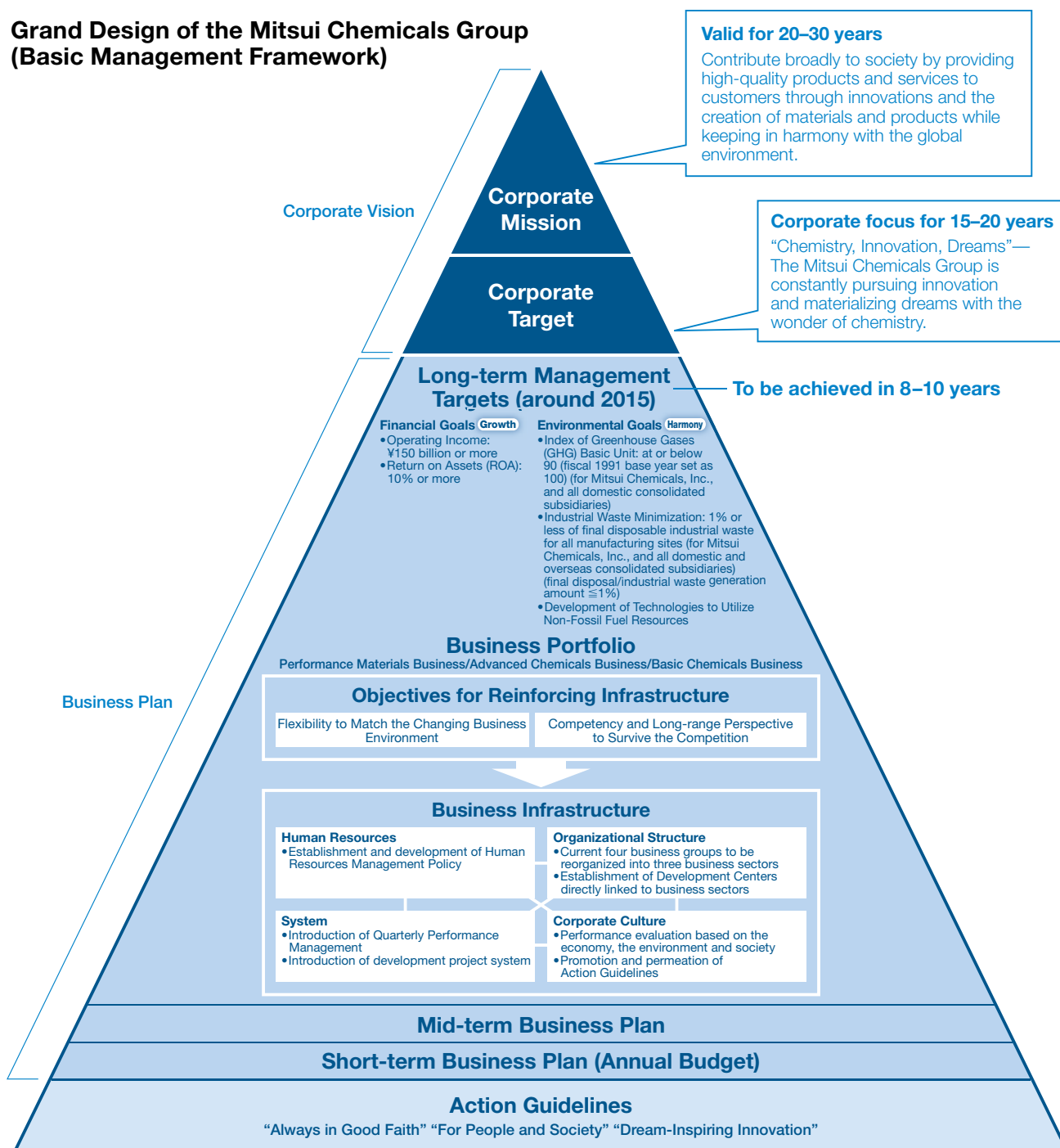
Environmental (GHG reduction) and social (occupational health and safety, compliance with laws and regulations) targets have been established within the fiscal 2008 budget in addition to economic targets (financial goals) and a trial performance evaluation for these three axes started.



Each of the Mitsui Chemicals Group's business activities relies on the individual commitment of all employees to follow the Action Guidelines created in February 2006. These Action Guidelines are based on the three principles of

"Always in Good Faith," "For People and Society," and "Dream-Inspiring Innovation," and they seek to use the core business of the Mitsui Chemicals Group to contribute to the well-being and betterment of society.

## Grand Design of the Mitsui Chemicals Group (Basic Management Framework)



# Mitsui Chemicals Group CSR

Through the promotion of CSR, the Mitsui Chemicals Group aims to become “a good and trustworthy company” that earns the trust of its stakeholders and in which its employees take pride. What the Mitsui Chemicals Group aims at in its CSR initiatives is “social contribution,” a part of its Corporate Mission. We will contribute to each of our stakeholders through our core businesses.

## Aims of CSR

>>> P 7 >>> P 11

Through conducting CSR, we, the Mitsui Chemicals Group, aim to become “a good and trustworthy company” that earns the trust of its stakeholders and in which its employees take pride.

In order to become a good and trustworthy company, it is crucial that we first balance economic, environmental and social interests in the policies and measures we adopt. Thus, in February 2007, from the perspective of our stakeholders, we formulated the “Grand Design” which now serves as the basis of all business operations for the Mitsui Chemicals Group.

Secondly, it is important that each and every person employed within the Mitsui Chemicals Group earn society’s trust through the manner in which they go about their daily duties and that they contribute to vibrant, active workplaces. In order to encourage this sort of attitude and behavior amongst employees, Action Guidelines discussions were introduced into each workplace in fiscal 2008. This discussion helps spread and cultivate employee understanding of the Mitsui Chemicals Group Action Guidelines.

Everyone, from upper management to each employee, is undertaking these activities in their daily work to help achieve the social contribution which is a part of the Mitsui Chemicals Group’s Corporate Mission, i.e., to contribute to our stakeholders through our core businesses.

## CSR Promotion System

>>> P 11 >>> P 49  
>>> P 51 >>> P 55

The CSR Committee (Chairperson: President Kenji Fujiyoshi of Mitsui Chemicals, Inc.) is responsible for drawing up policies and plans related to CSR promotion for the Mitsui Chemicals Group, and the three subcommittees beneath it (chaired each by the respective director in charge) are responsible for supplementing—from a company-wide perspective—the individual activities which are planned and carried out by each related organization.

As of April 1, 2007, the CSR Division

and the Corporate Communications Division joined to create the CSR & Corporate Communications Division. This merger has further strengthened the system of internal



Meeting of CSR Related Departments

and external communications for the Mitsui Chemicals Group. In addition, the CSR promotion system within the Group has been further strengthened through the establishment of CSR sections in each office and manufacturing site.

A major feature of the Mitsui Chemicals Group’s CSR activities is the “CSR Supporters System.” CSR Supporters are groups of employees in each workplace who desire to see the Mitsui Chemicals Group be “a good and trustworthy company” and who form the CSR core for that workplace. At present, there are approximately 330 CSR Supporters appointed company-wide.

### Direction for CSR (i.e., to be “a Good and Trustworthy Company”)

**Direction for CSR = becoming “a Good and Trustworthy Company”**  
“A good and trustworthy company” earns the trust of its stakeholders and the pride of its employees

#### Specific Traits of “A Good and Trustworthy Company”

##### Top-down Initiatives

A company which balances economic, environmental and social initiatives (Run with the stakeholders’ viewpoint in mind)

- ① Verification of operating structure based on the Grand Design
- ② Strengthening of internal and external communications with stakeholders

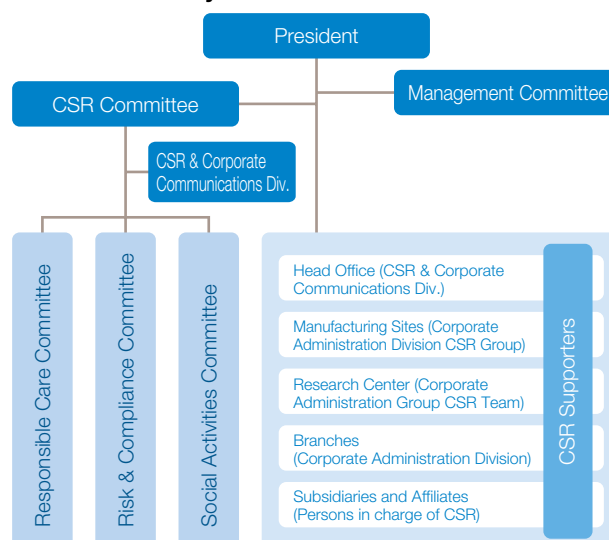
##### Bottom-up Initiatives

A vibrant, active company based on shared employee values

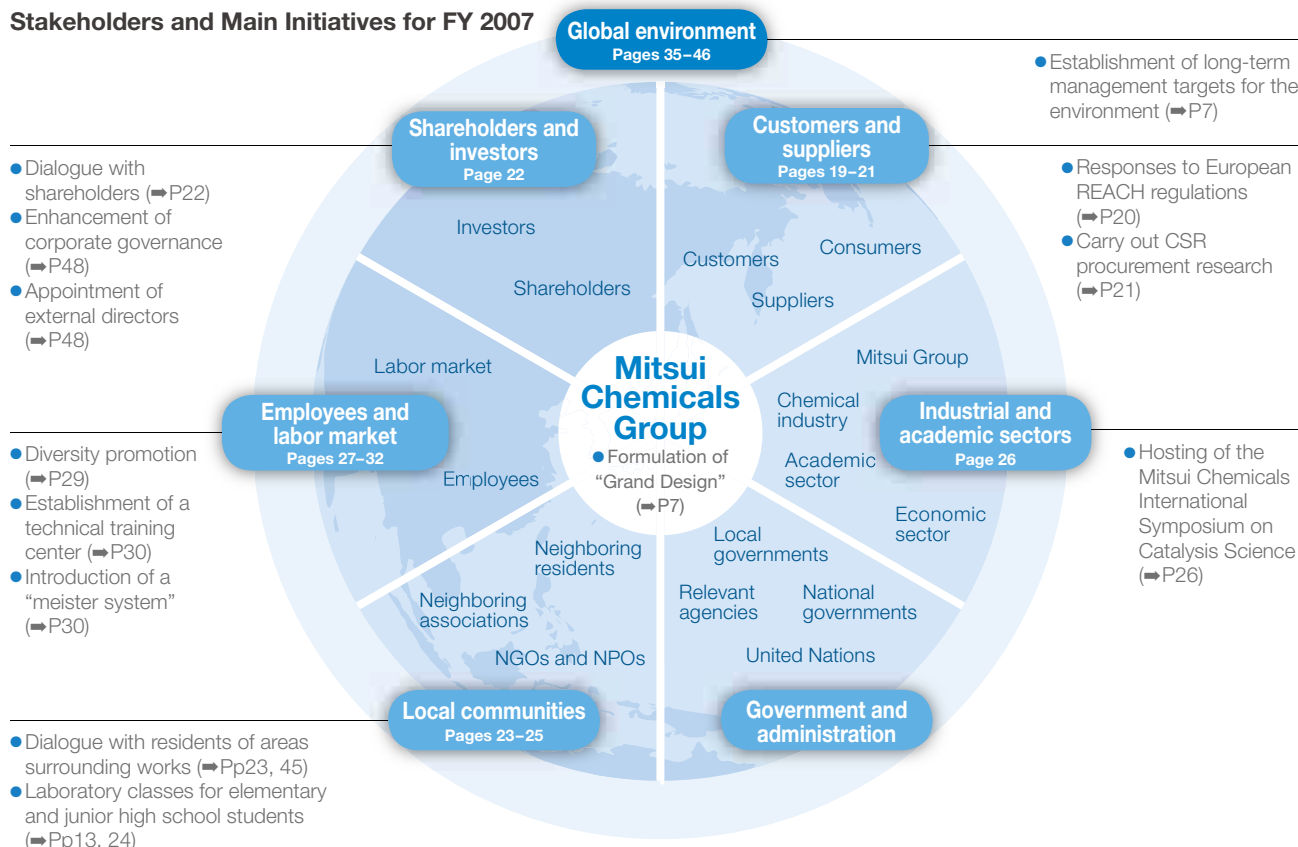
Employee-centered Action Guidelines discussions for spreading and cultivating employee understanding of the Action Guidelines

#### Corporate Culture Transformation

### CSR Promotion System



## Stakeholders and Main Initiatives for FY 2007



## MITSUI CHEMICALS GROUP ACTION GUIDELINES

Every officer and employee of the Mitsui Chemicals Group will act in accordance with the following action guidelines to enhance the sustainable development of society and the company by making contributions to each of our stakeholders\*.

\*Our stakeholders: customers, suppliers, shareholders/investors, local communities, academia/chemical industry, government, employees/labor market, the global environment

**We will always act in good faith.****Compliance with laws and regulations**

We will give priority to compliance with laws and regulations over any pursuit of profit.

**Honesty**

We will live up to our conscience with honest words and actions.

**Non-tolerance of discrimination**

We will not tolerate discrimination based on gender, race, nationality, age, religion or disabilities.

**Justice and fairness**

We will strictly observe fair competition and trade.

**Transparency**

We will promptly report and provide precise information without distinguishing between favourable and unfavourable information.

**We will have a high regard for people and society.****Safety first**

We will act with a mindset focused on a safety first policy above all.

**Contribution to the global environment**

We will conduct R&D, manufacturing and sale of products that will contribute to the protection of the global environment.

**Customer satisfaction**

We will promptly provide high-quality products and services by accurately grasping customer needs.

**Contribution to communities**

We will contribute to the development of local communities as members of those communities.

**Health enhancement**

We will be mindful of enhancing our health and making our workplaces vibrant.

**Respect for diversity**

We will have mutual respect for the diversity of personalities, individualities and views.

**We will aim for the "Dream-Inspiring Innovation."****Challenging spirit**

We will unflinchingly challenge with full trust in our potential without fear of failure.

**Creativity**

We will create novel values by enhancing our sensitivities.

**Workplace-oriented approach**

We will always consider and act proactively based on the actual data and facts at the workplace.

**Self-improvement**

We will aim to be world-class professionals with a global view.

**Technology dissemination**

We will cultivate the next generation by passing on our experiences and technologies.

**Teamwork**

We will integrate individual strength into the organization through active communication.



# Employees Use Action Guidelines as

In aiming to be a good and trustworthy company trusted by its stakeholders, and with employees proud to be members of the company, in February 2006 Mitsui Chemicals established the Mitsui Chemicals Group Action Guidelines, reflecting in it the opinions of many employees—including the CSR Supporters. The guidelines became a “shared language” that the employees could relate to and adopt as guiding principles in their day-to-day work.

Each of the three pillars of the Action Guidelines contains the image of what we want to make the Mitsui Chemicals Group become. The first pillar, “Always in Good Faith,” is based on the main premise of the Group’s continued existence; the second pillar, “For People and Society,” expresses the importance of emphasizing benefits to our stakeholders; and the third pillar, “Dream-Inspiring Innovation,” emphasizes the unlimited potential of chemicals and our desire to make the Mitsui Chemicals Group an enterprise filled with dreams and pride. In July 2007, we initiated discussions on the Action Guidelines at the worksites to promote permeation of the Action Guidelines throughout the organization.

## Action Guidelines Created by Employees

In December 2004, as a specific CSR initiative, we began reviewing the Corporate Action Guidelines originally established in 2002. Based on responses from several hundred employees to a questionnaire distributed throughout the company, we discussed the guidelines extensively, including at training camps of the CSR Supporters. In February 2006, we finished rewriting new “bottom-up” Action Guidelines that reflected the opinions of a large number of employees.

After the guidelines were introduced, employees adopted them as guiding principles. The guidelines are simple and easy to understand, and consolidated affiliates in the Mitsui Chemicals Group

have adopted them.

Afterward, however, based on discussions organized by CSR Div. with CSR supporters and line managers in the company’s

worksites, and based on the results of a survey on corporate culture conducted by the Human Resources & Employee Relations Division, it was observed that the guidelines had not permeated sufficiently to the worksites.

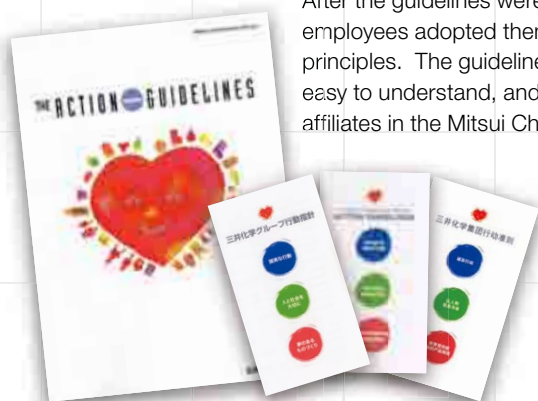
To remedy this situation, new steps were introduced to have the Action Guidelines reach all parts of the company’s organization. As a start, from February to March 2007, CSR Supporter training camps were held where the participants discussed the gap between the Action Guidelines and the actual situation at worksites. As a result, it became clear that certain tasks had to be tackled quickly, including teamwork/communication, technology transfer, safety and efficiency measures, and strict compliance with laws and regulations. Constructive discussions then ensued about the reasons why the guidelines had not permeated sufficiently, the background to the problems, and measures for resolving problems, as well as about how the Action Guidelines could be put to effective use in daily work operations.

## Divisions Begin to Energize Worksites

Some divisions quickly introduced activities to energize their worksites and have begun achieving favorable results.

Last year, for example, an employee in the Legal Division observed some negative factors in the division’s work operations, such as a tendency to wait rather than taking the initiative, inadequate internal communication, and employees being unable to demonstrate their full capabilities. He discussed the problems with his superiors and co-workers, and the division subsequently initiated a project to reform and re-energize itself.

Regular meetings have been held in the division about once a week since December 2006. The participants express their opinions freely at the meetings when discussing subjects such as clarifying the thinking concerning the future vision and goals of the division, who the division’s stakeholders are, and what the division’s role and mission are. They continually discuss



Action Guidelines Guidebook and pocket-size guidelines cards (in Japanese, English, and Chinese)



Meeting to explain Action Guidelines to line managers



# “Shared Language” in Day-to-Day Work

what must be done for the division to perform its role and achieve its mission. At present, specific measures have been introduced, for example, a system is in place that assigns staff in the Legal Division to oversee particular departments within the company and steps are being taken to put measures into effect.

The employee in the Legal Division who raised the various issues initially, said the greatest benefit of the discussions was that the problems the division faces have been clarified. Previously, everyone was too preoccupied with work, and it was difficult to share such problems.

## Further Steps for Having Guidelines Permeate Worksites

From May to June 2007, meetings were held with line managers at all worksites around Japan to explain to them the importance of the Action Guidelines. Following these meetings, the company announced in July 2007 the start of discussions about the Action Guidelines. This discussion was then begun at the worksites at all domestic business offices and manufacturing sites of Mitsui Chemicals. In each



At a Training Camp, CSR Supporters make a detailed list of causes of the gap between the Action Guidelines and the actual situation at worksites.



Presentations included classifying tasks in line with the Action Guidelines, and reporting on the causes of problems and their backgrounds.

department and section, the gap between the Action Guidelines and the actual situation at worksites is being clarified. Discussions focus on the aspects of the thinking, work practices, and behavior at the worksites that must be changed, and the results are then tied to reform of the corporate culture.

Plans call for closely watching the progress of the Action Guidelines discussion, and then having the Action Guidelines introduced and extended throughout the Mitsui Chemicals Group, including to overseas affiliates.



# Social Activities Lead to Closer

About 18 months have passed since six "Proposals to the President" projects got underway in March 2006 that CSR Supporters made. The number of employees volunteering to participate in the projects continues to increase. As of the end of June 2007 there were 176 participants. Through the activities of the various projects, the supporters came to realize that to strengthen the trust that residents in the local communities have in Mitsui Chemicals it is essential to conduct social contribution activities rooted in the communities. They also began thinking about what kind of environmental contributions they can make using expertise and technology nurtured in the company.

With employees playing the leading role, Mitsui Chemicals aims to become good and trustworthy company that makes contributions for the betterment of society through activities solidly rooted in local communities.

Projects other than those introduced on pages 13-14

**MCI Disaster Recovery Team**  
Support for victims of disasters by providing useful goods incorporating our group's products

**One-Coin Club**  
Fund for monthly donations to NPOs, etc. by employees

**MCI Expert Volunteers**  
Databank for employee volunteers with various special work and hobby skills

## Response Felt in Three

### Finding ways to contribute toward preserving the global environment



**Takeshi Kashima**  
Supporters Leader  
MCI Global Environment

Rather than limiting themselves to a single undertaking, Mitsui Chemicals' manufacturing sites and business offices conduct activities after adopting various themes, such as "The environment and symbiotic relationships with local communities" and "Reforestation of desert areas." Since the

causes of environmental issues tend to be difficult to clarify, we have acted vigorously in inviting specialists to meet with us and lecture about the issues. To select the most appropriate lecturers we visit municipal environmental offices to gather information and call on experts at universities. We also meet with the heads of NGOs knowledgeable about subjects such as the reforestation of deserts, and meet other outside experts we normally would have no contact with while conducting our regular work duties. Those persons cause us think more seriously about the issues they discuss. At first we were at a loss about what we should do, but now we link information to the themes we are studying and then take action. We no longer have only vague images but quantify our information and are now able to see the effect on the environment. We want to make use of the expertise and technology we have and find ways in which we can contribute toward preservation of the environment worldwide.



#### MCI Global Environment Supporters

These employees, working at the manufacturing sites and business offices of Mitsui Chemicals, undertake activities related to diverse environmental themes. Special efforts are made to invite outside experts to conduct lectures and participate in discussions.







# Ties with Local Communities

## Projects Put into Effect

### Realizing significance of passing on the importance of environmental preservation



**Yoshikazu Namiki**  
MCI Clean-up Campaign Leader

Clean-up activities began with a strong wish to make the venue cleaner for the Annual Traversing of Kujukurihama Beach sponsored by the Mobara Branch Factory. Clean-up projects have been carried out on three parts of the beach thus far, with participation by a total of 530 employees and family members. We are all quite

surprised at the high level of interest in the clean-up activities. At first there were two ways of viewing the initiative: one group viewed it as a way to strengthen the awareness among employees and family members of environmental preservation; the other group felt it was only necessary to want to rid the beach of trash. As it turned out, the two viewpoints drew closer together as the participants became gradually more aware of the activity's contribution to preserving the environment. Moreover, local residents were able to meet leading biologists and learn from them about the importance of nature and the ecosystem. Included in the event was beachcombing. The eyes of children participating in the beachcombing lit up as they came to understand that what they picked up on the beach was not trash but floating debris washed ashore. By watching the children we came to realize there are diverse ways of informing people of the importance of nature. If the activities expand further I am sure they will play an important role in the company's social contribution activities.



#### MCI Clean-up Campaign

This project is a local community beautification project aimed at raising the level of awareness among employees and their families of the need for environmental preservation. Efforts are also placed on environmental education.

### Sparkle in children's eyes reminds us of why we joined Mitsui Chemicals



**Koji Matsunaga**  
Wonders-in-Chemistry Class Leader

Based on the idea that we wanted to pass on to children the marvel and fascination of chemistry, we began "Wonders-in-Chemistry Class" at worksites around Japan.

To gain the interest of children, we created a family of mascots centered around a character called "Mitsuchem-kun" and

designed experiments that allow children to understand chemistry while safely and enjoyably experiencing its fascinating aspects. A surprising benefit from our efforts is the way the sparkle in children's eyes when they attend a class takes us back to the feelings we had when we first began our careers. It also seems to me that through these activities we are able to promote ourselves better to residents of local communities concerning the type of work Mitsui Chemicals is doing.

Through our efforts we realized anew that producing high-quality products is not the sole way a company contributes to society, and that a need exists for steady activities tied closely to the local community if our company is to be trusted by society. We also want to pass on to children in easier-to-understand terms the potential of chemistry and how near at hand it is, and continue enhancing the content of the experiments and display items in the Wonders-in-Chemistry Class.



#### The Wonders-in-Chemistry Class activities attract young scientists of the future

With the aim of spreading the fascinating aspects of chemistry, Wonders-in-Chemistry Class is held for children in eight of Mitsui Chemicals' operating sites throughout the country.

Wonders-in-Chemistry mascots  
(left to right)  
Mitsuchem-shiro  
Mitsuchem-kun  
Mitsucherina-chan



# Goals and Results

The Mitsui Chemicals Group promotes various social and environmental activities for the sustainable development of society and companies.

Described below are goals and results for fiscal 2007 activities and planned efforts for fiscal 2008.

Category		FY 2007 (and part of FY 2008)	
		Goal	Results
CSR Promotion System	General	Operations which balance economic, environmental and social initiatives	<ul style="list-style-type: none"> <li>Formulation of the Grand Design in which long-term management targets are set (economic, environmental and social performance evaluation, etc.)</li> </ul>
		Spread and establishment of Mitsui Chemicals Group Action Guidelines	<ul style="list-style-type: none"> <li>Holding at each workplace of "Read the Action Guidelines Guidebook Forums": 92% of employees participated (target: 90% or higher)</li> <li>Adoption of Action Guidelines by 55 consolidated subsidiaries (adoption rate: 100%)</li> </ul>
		Enhancement of CSR Supporters System	<ul style="list-style-type: none"> <li>334 people appointed as CSR Supporters for the 2nd term; attended a camp aimed at carrying out "Discussion of the Action Guidelines"</li> <li>Total no. of personnel who have served as CSR Supporters: 486 (target no.: 350 or more)</li> </ul>
	Corporate Governance	Enhancement of internal control system	<ul style="list-style-type: none"> <li>Resolution by the Board of Directors (May 10, 2006)</li> </ul>
	Risk & Compliance Management	Strengthen risk management	<ul style="list-style-type: none"> <li>Creation of Business Continuity Plan (BCP) in preparation for a major earthquake hitting the Tokyo Metropolitan Area</li> </ul>
		Thorough compliance with laws and corporate rules	<ul style="list-style-type: none"> <li>Occurrence of violations of antitrust laws in gas piping business</li> <li>Performance of compliance education suited to each organizational level (participants: approx. 12,000 people)</li> <li>Law and corporate regulation compliance education (15 subjects) through e-learning (total: 11 subjects)</li> </ul>
	RC Management	Further strengthening of legal compliance	<ul style="list-style-type: none"> <li>Performance of legal compliance audits related to safety and the environment; 0 violations (target no.: 0)</li> </ul>
Social contribution	Customers	Creation and institutionalization of quality assurance system that ensures customer satisfaction	<ul style="list-style-type: none"> <li>Establishment of a Quality Assurance Division in the Headquarters which is independent from other divisions (June 27, 2006)</li> </ul>
		Strengthen chemical safety control system to enable it to accurately handle environmental changes related to chemical quality control	<ul style="list-style-type: none"> <li>Establishment of an internal system to prepare for REACH</li> <li>Creation of GHS labels for relevant products in response to revisions in the Industrial Safety and Health Law</li> <li>Increased no. of toxicologists in Product Safety Center</li> </ul>
	Suppliers	Business promotion from the standpoint of CSR	<ul style="list-style-type: none"> <li>CSR survey of 806 suppliers; received responses from 589 (response rate: 73%; target: 70% or more). Provided feedback of results to each company</li> </ul>
	Shareholders and Investors	Improve convenience of attending general meetings of shareholders	<ul style="list-style-type: none"> <li>Held general meeting of shareholders two days earlier than the day for which many companies schedule their general meeting of shareholders (June 26, 2007)</li> <li>Sent out invitations for shareholder meetings sooner (3 weeks or more in advance)</li> <li>Continued to have product and panel display at general meetings of shareholders</li> </ul>
		Enhance provision of IR information through website	<ul style="list-style-type: none"> <li>Improved "searchability" and ease-of-reading for IR information on the website</li> </ul>
	Local Communities	Promote dialogue with local communities	<ul style="list-style-type: none"> <li>Opinion exchange meetings held with residents living near two works (Nagoya and Osaka) (target: 3 works or more)</li> </ul>
			<ul style="list-style-type: none"> <li>Support given for the establishment of the "Proposals to the President" Project</li> </ul>
	Industrial and Academic Sectors	Exchange between the industrial and academic sectors through scholarly activities	<ul style="list-style-type: none"> <li>Hosted of the "Third Mitsui Chemicals International Symposium on Catalysis Science (MICS2007)" (March 14–15, 2007)</li> <li>Solicited of submissions for the 2007 "Mitsui Chemicals Catalysis Science Award" (May 1–July 31, 2006) and presented the award (March 14, 2007)</li> </ul>
	Employees	Utilize a diverse range of human resources	<ul style="list-style-type: none"> <li>68% of retired employees from Mitsui Chemicals and its affiliates wish to be rehired. 93% of these were rehired.</li> </ul>
		Preventing occupational injuries with new approaches	<ul style="list-style-type: none"> <li>Occupational injury frequency rate: DAFWC + RWTC: 0.9 (target: 0.3); DAFWC: 0.23 (target 0.15)</li> <li>Strengthening of safety initiatives by on-site managers</li> </ul>
		Continue efforts to prevent mental health disorders and lifestyle-related diseases and to reduce health risks	<ul style="list-style-type: none"> <li>Disease severity rate due to mental health issues: 0.3 (target: 0.3 or less)</li> <li>Lifestyle-related disease rate of appearance remained flat (target: decrease in rate over time)</li> <li>Reduced in Risk III or higher health risk assessment rate from 5.99% to 4.0% (target: decrease in rate over time)</li> </ul>
Environmental protection	Global Warming Prevention	Timely creation and execution of GHG emissions reduction plan	<ul style="list-style-type: none"> <li>Created GHG emissions reduction planning through energy conservation initiatives and regional cooperation (reduction of approx. 400,000 t from fiscal 2008 to 2011)</li> </ul>
	Environmental Impact Reduction	Actively work to reduce environmental impact	<ul style="list-style-type: none"> <li>Industrial waste: created plan for reducing landfill amount of the Omuta Works (which has a high level of waste); start operation in 2009</li> <li>VOC: Reduced approx. 61% compared with fiscal 2001</li> </ul>
	Accident and Disaster Prevention	Achieve zero accidents as defined by the disaster prevention law for petroleum complexes, etc.	<ul style="list-style-type: none"> <li>4 accidents (target: 0)</li> </ul>
		Strengthen initiatives aimed at eliminating "logistics problems"	<ul style="list-style-type: none"> <li>Serious logistics accidents: 0 (target: 0)</li> <li>Clarified inspection points for loading and unloading tankers</li> </ul>

Evaluation: Achievement rate (determined through self-evaluation) ○ 95% or more; △ 70% or more, less than 95%; × less than 70%

Evaluation	Future Initiatives	Pages detailing
○	<ul style="list-style-type: none"> <li>● Concretely realize through fiscal 2009 mid-term business plan and annual budget</li> <li>● Trial evaluation in fiscal 2008 for economic, environmental and social performance</li> </ul>	7–8
○	<ul style="list-style-type: none"> <li>● Promotion and permeation of Action Guidelines through “Discussion of the Action Guidelines” sessions to discuss the gap between the Action Guidelines and the actual workplace</li> </ul>	9–12
○	<ul style="list-style-type: none"> <li>● Expansion and enhancement of CSR Supporters System</li> </ul>	
○	<ul style="list-style-type: none"> <li>● Establishment of Internal Control Division (April 1, 2007)</li> </ul>	47–48
○	<ul style="list-style-type: none"> <li>● Periodic review of and training for the BCP</li> </ul>	49–50
×	<ul style="list-style-type: none"> <li>● Strengthening of antitrust education and monitoring</li> <li>● Continued performance of compliance education</li> </ul>	
○	<ul style="list-style-type: none"> <li>● Enhance legal compliance</li> </ul>	51–52
○	<ul style="list-style-type: none"> <li>● Further strengthen and institutionalize quality assurance system that ensures customer satisfaction</li> </ul>	19
○	<ul style="list-style-type: none"> <li>● Strengthen chemical safety control system to enable it to accurately handle environmental changes related to chemical quality control (continuation)</li> </ul>	20
○	<ul style="list-style-type: none"> <li>● Periodically carry out CSR survey</li> <li>● Achieve 100% response rate to CSR survey</li> </ul>	21
○	<ul style="list-style-type: none"> <li>● Hold general meeting of shareholders two days or more earlier than the day for which many companies schedule their general meeting of shareholders</li> <li>● Send out invitations for shareholder meetings sooner (3 weeks or more in advance)</li> <li>● Continue to have product and panel displays at general meetings of shareholders</li> </ul>	22
○	<ul style="list-style-type: none"> <li>● Enhance communication with shareholders both in Japan and overseas</li> </ul>	
△	<ul style="list-style-type: none"> <li>● Enhance environmental communication through opinion exchange meetings held with residents living near each works</li> <li>● Ichihara Works (July 6, 2007) ● Omuta Works (July 13, 2007)</li> </ul>	13–14 23–25 45–46
○	<ul style="list-style-type: none"> <li>● Support implementation of the “Proposals to the President” Project</li> </ul>	
○	<ul style="list-style-type: none"> <li>● Plan symposiums for within Japan and overseas</li> </ul>	26
○	<ul style="list-style-type: none"> <li>● Establish retiree re-employment system</li> <li>● Support employees' efforts to balance work and family</li> </ul>	27–30
×	<ul style="list-style-type: none"> <li>● Strengthen combined initiatives of the Mitsui Chemicals Group to eliminate work-related accidents</li> </ul>	31
○	<ul style="list-style-type: none"> <li>● Continue efforts to prevent mental health disorders and lifestyle-related diseases and to reduce hygiene risks</li> </ul>	32
×		
○		
○	<ul style="list-style-type: none"> <li>● Timely creation and execution of GHG emissions reduction plan [FY 2016 target] GHG Basic Unit Index at or below 90 (FY 1991 = 100) (Mitsui Chemicals, Inc., and its consolidated subsidiaries)</li> </ul>	39
○	<ul style="list-style-type: none"> <li>● Promote voluntary initiatives to reduce environmental loads [FY 2011 target] Industrial waste minimization (all Mitsui Chemicals, Inc. production sites) [FY 2011 target] Cut VOC to approx. 65% of fiscal 1991 level [FY 2016 target] Industrial waste minimization (all Mitsui Chemicals, Inc., and consolidated subsidiaries' production sites)</li> </ul>	40–42
×	<ul style="list-style-type: none"> <li>● Develop a company-wide accident prevention and safety education system</li> </ul>	43
○	<ul style="list-style-type: none"> <li>● Strengthen initiatives aimed at focusing “logistics problems” (continued)</li> </ul>	44



# The Mitsui Chemicals Group and Society

First and foremost in the Mitsui Chemicals Group's development and execution of its business activities is the relationship which it has with its various stakeholders. Here we would like to report on some of the initiatives that we are carrying out with regard to our stakeholders, initiatives which seek to achieve a relationship of sustainable development for society and business.



## Making Life Easier with Disposable Diapers

Polypropylene (PP) spunbond<sup>\*1</sup> non-woven fabric<sup>\*2</sup> is used for many parts of disposable diapers.

With the progression of an aging society, the market for adult diapers is expanding as are the diverse lifestyles that the elderly are pursuing. The Mitsui Chemicals Group is developing new and varied non-woven fabrics to meet this growth and diversification and thereby provide people with better, more comfortable lives.

### A Desire to Invigorate People's Lives

In the Mitsui Chemicals Group disposable diaper materials manufacturing is one part of our healthcare business. We are working on a variety of innovations and technologies which will enable the development of disposable diapers that better for both people and the environment.

For adult diapers, they need to feel like regular undergarments and not cause irritation or discomfort to the wearer. Hidenori Yoshizawa, Section Head, Hygiene Materials Section, talks about what motivates his section in their development work.

"Our work is driven by our desire to help invigorate the lives of the elderly. We are developing materials which are highly elastic and waterproof as well as lighter in order to make it easier for the elderly to enjoy more active lifestyles."



**Hidenori Yoshizawa**  
Section Head,  
Hygiene Materials Section  
Nonwovens & Breathable Film Dept.  
Living & Energy Materials Div.

### Producing Sophisticated Products through Inter-group Cooperation

Furthermore, the Mitsui Chemicals Group is improving not only the functionality of its products, it is also improving their quality. This means less material is required for manufacturing, which, in turn, means a reduction in environmental impact and waste generation, among other benefits. In addition, the Group's production facilities have achieved a high recycling rate of 98%.



Mitsui Hygiene Materials (Thailand) Co., Ltd.



Sunrex Industry Co., Ltd.

Explains Yoshizawa, “We have been involved in the development of non-woven fabrics for use in disposable diapers for close to 20 years now. It used to be that 1 m<sup>2</sup> of material was thick and heavy, weighing 25–30 g; however, now 1 m<sup>2</sup> is only 13 g and, despite this reduction in bulk and weight, boasts better performance, such as waterproofing, than ever before. We will continue to look ahead and predict the needs of the market so that the next revolutionary non-woven materials come from the Mitsui Chemicals Group.”

One strong point of the Mitsui Chemicals Group is the wealth of advanced technological capability, such as in catalysts, which it possesses. Mitsui Chemicals combines technology for resin design and manufacture with fabrication and mass-production technology. The development of elastic non-woven fabrics involves the close cooperation of the Resin Development Group, the Non-woven Fabrics Group and the Mass Production Group in order to produce high value products.

### Responding to the Rapid Expansion in Asia's Market for Disposable Diapers

The need for disposable diapers is growing in Asia. By 2010, the East and Southeast Asian market, particularly China, is expected to grow by more than 20%.

Sunrex Industry Co., Ltd., which is a wholly-owned subsidiary of Mitsui Chemicals Inc., possesses the largest PP spunbond non-woven fabric production facilities in Japan. And, in 2003, Mitsui Chemicals established another wholly-owned subsidiary in Thailand, Mitsui Hygiene Materials (Thailand) Co., Ltd. (MHM).

With Sunrex Industry in Japan focused on producing advanced products and MHM in Thailand focused on

producing general purpose, large volume products, the Mitsui Chemicals Group seeks to firmly establish itself as the top non-woven fabric maker in Asia.

President Shunyo Uesugi of MHM explains what the Mitsui Chemicals Group's goals are in the area of non-woven fabrics.

“Thanks to the PP spunbond method it employs, the Mitsui



**Shunyo Uesugi**

President  
Mitsui Hygiene Materials (Thailand) Co., Ltd.

Chemicals Group is already the top non-woven fabric maker both in Japan and the rest of Asia. However, with the increase in production capacity afforded us through the expansion of facilities at MHM in 2006, our goal is to become the leading non-woven fabric maker worldwide, to provide more people-friendly products, and to continue to fulfill our responsibilities to society.”

The Mitsui Chemicals Group will continue to develop its system for providing Japan and East/Southeast Asia with high-quality materials for use in disposable diapers in response to the growth and development of our customers, disposable diaper makers in Asia. And, at the same time, the Mitsui Chemicals Group will strive to contribute to society through the products it develops.



Syntex™...



...Used in a variety of disposable diapers

Thin, sheet-type Syntex™ is a non-woven fabric made using a spunbond technique that uses continuous polypropylene fibers. It is superior in terms of flexibility, bulkiness, processability, and chemical resistance, and is used in everything from everyday consumer products, such as disposable diapers, to various industrial materials. Syntex™ is attracting attention as “the material that makes the next step possible.”

\*1 Spunbond: A method involving the heating and bonding of a polymer chip; fibers are extruded from a nozzle, spun and intertwined into an endless, long fiber and formed into a sheet.

\*2 Non-woven fabric: A fabric created through the adhesion or intertwining of fibers via thermo-mechanical or chemicals processes.

# Together with our Customers

In order to allow us to provide our customers with products and services that they are happy with, the Mitsui Chemicals Group is engaging our customers in dialogue and working to strengthen our quality assurance system and product safety management systems.

## Product Quality Assurance

### Quality Management System

The Mitsui Chemicals Group strives to meet customer requirements, and, as part of our continual efforts in this regard, we established the Quality Assurance Division at the head office at the end of June 2006 in order to further strengthen our ability to perform internal checks. This Division performs quality assurance independent of the business sector's sales and development divisions or the various works' production divisions.

Quality assurance supervisors are placed at the head

office as well as at each works where they work on behalf of the customer, ensuring the quality of all Mitsui Chemicals Group products. At the same time they work to improve the level of quality management for the group.

### Initiatives for Customer Complaint Management

A cooperative system, with the Quality Assurance Division at its center, has been established between relevant divisions at the head office and the individual works. In addition, an online complaint management workflow system is used company-wide to share and implement information gained from complaints and to handle them in a prompt and appropriate manner.

#### >>Staff Comment

##### Quality Assurance Group at works

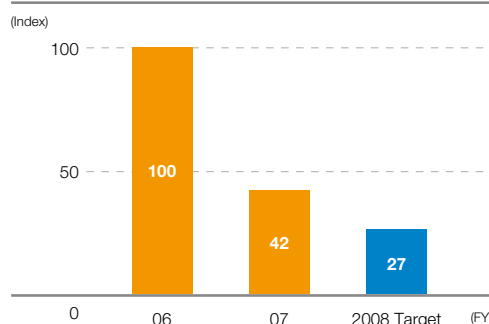
##### Ensuring the quality of all products coming from the works

Quality Assurance Group Leaders [left to right]

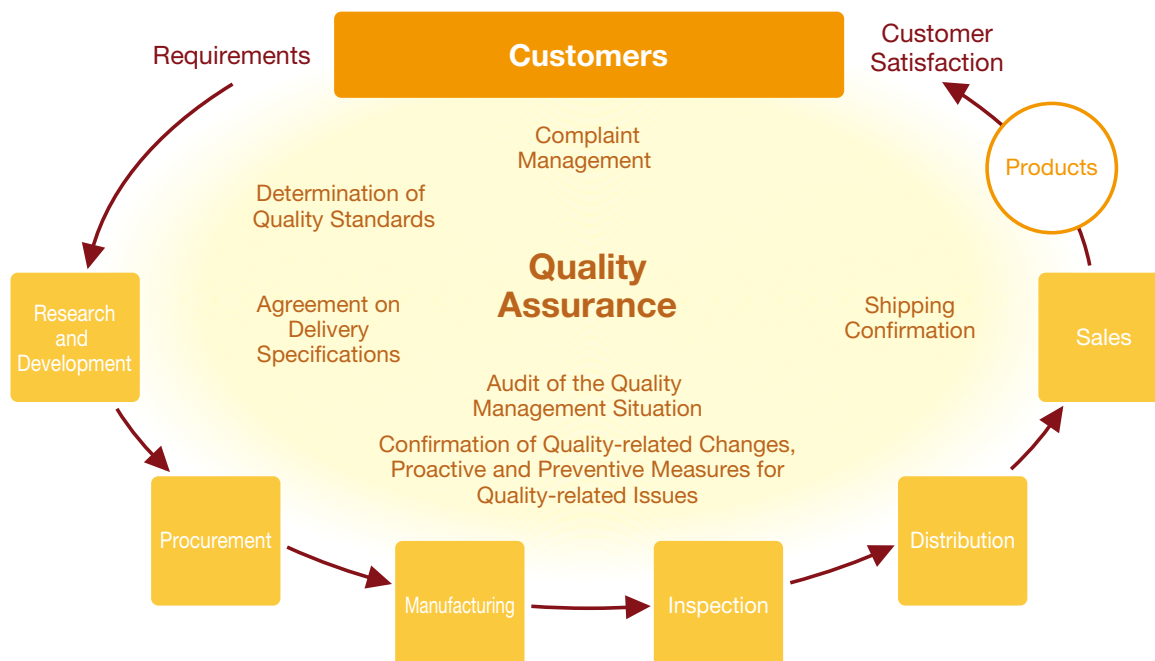
Kenichi Sato (Omura Works)  
Shoji Hirano (Iwakuni-Ohtake Works)  
Takayuki Yamada (Ichihara Works)  
Masanobu Hiramatsu (Osaka Works)  
Kazumi Iwamoto (Nagoya Works)



Shift in complaint rate over time (2006 is set at 100)



### Outline of the Quality Management System





## Assurance of Safety of Chemical Substances and Products

In January 2006, Mitsui Chemicals established the Product Safety Department as a specialized organization for handling product safety. This department has strengthened chemical safety initiatives amidst the global push to deal with environmental issues and to enhance chemical regulations.

A prime example of the strengthened initiatives which the Product Safety Department has promoted is the Japan Challenge Program. This Program is a collaboration between the government and industry to collect safety information on high production volume chemical substances. Mitsui Chemicals is involved in collecting safety information on four substances for the program and in collecting safety information on an additional three substances for an OECD Program.

### REACH Initiatives

In 2007, Europe enacted a new law, known as REACH<sup>\*1</sup>, which relates to the control and management of chemical substances.

Mitsui Chemicals has established a chemical safety system, based on the input of European law offices and consultants, which covers all divisions within the Mitsui Chemicals' head office, as well as overseas affiliates. As a member of the chemicals industry, Mitsui Chemicals is also engaged in other independent initiatives aimed at REACH compliance.



REACH Review Meeting (Mitsui Chemicals Europe GmbH)

<sup>\*1</sup> REACH: An acronym for "Registration, Evaluation, Authorisation and Restriction of Chemicals"; This new regulation is intended to protect human health and the environment.

### Our efforts to ensure product safety



## Providing Safety Information and Responding to GHS

Mitsui Chemicals goes beyond what is required by relevant laws and regulations and provides Materials Safety Data Sheets (MSDS) for all of its products and puts warning labels on its containers. The United Nations has recommended that all member countries introduce and disseminate GHS<sup>\*2</sup> by 2008. Mitsui Chemicals is undertaking revisions which will make its MSDS and container labels for all products conform to GHS standards.

In addition, Mitsui Chemicals is developing a "safety information database for Responsible Care (RC) activities" which allows for centralized management and sharing of product safety data. Among other uses this database can assist with research into applicable laws for chemicals handled by Mitsui Chemicals and assist with MSDS management.

<sup>\*2</sup> GHS: An acronym for "Globally Harmonized System of Classification and Labeling of Chemicals"



## Safety Evaluation of Chemical Substances and Products

At Mitsui Chemicals, whenever we sell a new product, we perform an evaluation (risk assessment) of its impact on the workers who handle it, on the environment, and on the target consumers through its intended use (as a food, medical product, cosmetic, etc.), and we implement safety measures suited to the level of risk assessed.

During these risk assessments, in addition to collecting that safety data which is required by relevant laws and regulations, we carry out testing related to safety standards which we have established independently in order to help us achieve more accurate risk assessments.

### >> Staff Comment

I work for Mitsui Chemicals Europe GmbH as a chemical products safety manager. Examples of what I do include checking to make sure legal requirements are being met for product shipments from Japan and writing up MSDS in different European languages.

I identify those substances which are subject to registration under the new REACH law and work in conjunction with the corporate headquarters on preparations for pre-registration.



**Dr. Regina Döler**  
Mitsui Chemicals Europe GmbH

# Together with our Suppliers

The Mitsui Chemicals Group aims to be a good partner to every supplier and to engage in purchasing which is both conscientious and fair so that sustainable development can be achieved for both parties.

## Purchasing Policy

The Mitsui Chemicals Group considers every supplier to be a good partner and thus seeks their cooperation in purchasing which is in line with CSR promotion. Towards this end the Mitsui Chemicals Group Purchasing Policy was established in April 2006. This policy is one of not only legal compliance but one of fair and honest business transactions as well, where the Mitsui Chemicals Group's doors are open wide to the world and equal opportunity is afforded to all, and where harmony with the environment is advocated. Transactions are also looked at from the standpoint of CSR and the selection criteria for suppliers made clear.

### Mitsui Chemicals Group Purchasing Policy

The purchasing departments of the Mitsui Chemicals Group consider every supplier to be a good partner for the Mitsui Chemicals Group in conducting purchasing activities that contribute to increasing the corporate value of our member companies. We understand the importance of fair competition and we trade in good faith seeking mutual sustainable development of corporate activities. We conduct purchasing following the Purchasing Policy stipulated below.

#### 1. Legal Compliance

We will strictly observe laws and social norms in conducting purchasing.

#### 2. Equal Opportunity and Transparency

We will be open to suppliers, both domestic and abroad, and provide equal opportunities for fair trade in good faith.

#### 3. Harmony with the Global Environment

We will endeavor to purchase goods and materials with less impact on the global environment.

#### 4. Choosing Suppliers from the Viewpoint of CSR

Seeking to build better partnerships, we will preferentially choose those companies that satisfy the following requirements:

- ① Strictly observe laws and social norms.
- ② Respect human rights and emphasize considerations for the labor environment.
- ③ Be proactive in environmental preservation and safety assurance.
- ④ Practice sound management.
- ⑤ Provide appropriate quality, prices, delivery deadlines, etc. and strive to maintain and improve them.

## CSR Procurement

In fiscal 2007, based on the Mitsui Chemicals Group Purchasing Policy, a survey of CSR procurement was carried out. The content and results of the survey are summarized below.

#### 1. Survey Content: 20 items

- Compliance with Laws and Social Norms (5 items)
- Respect for Human Rights and Consideration of the Labor Environment (3 items)
- Environmental Preservation and Safety Assurance (6 items)
- Sound Management (4 items)
- Appropriate Maintenance of Quality, Prices, Delivery Deadlines, etc. (2 items)

#### 2. Survey Target: 806 companies (trading companies and manufacturers)

#### 3. Survey Method: E-mail response

#### 4. No. of Respondents: 589 companies (response rate: 73%)

#### 5. Rating Results: Average score of 15.7 (out of 20 points)

For the future we will work to increase our survey response rate from suppliers and ensure that this survey continues to be carried out on a regular basis.

### >>Partner Comment

Thanks to a purchasing policy which is committed to compliance with relevant laws and regulations as well as social norms, which emphasizes environmental protection, and which advocates fair and honest business transactions, the Mitsui Chemicals Group is our most trustworthy partner. We too are committed to meeting the demands of fair and honest business transaction called for by the Mitsui Chemicals Group Purchasing Policy, and it is our hope that we will both remain good business partners.



**Kazunori Terauchi**  
Specialty & Performance Chemicals Group II,  
Specialty & Performance Chemicals Dept.,  
Chemicals Division, Nippon Oil Corporation

### >>Staff Comment

With our 2006 CSR survey, I feel we were able to get a better grasp of our suppliers' situations as well as promote a broader understanding of the Mitsui Chemicals Group's CSR initiatives. In addition, I believe that actively carrying out other surveys, such as on materials that have an environmental impact, with the cooperation of our suppliers, will also help increase the trustworthiness of business transactions.



**Yoko Kondo**  
Purchasing Division

# Together with our Shareholders

**We are determined to increase the transparency of our management and to continue stable payments of dividends and distribute profits in consideration of consolidated results from medium and long-term viewpoints to earn the trust of shareholders and investors.**

## Dialogues with Shareholders

At Mitsui Chemicals, general meetings of shareholders are opportunities for candid dialogues with our shareholders. Accordingly, we strive to answer shareholder questions straightforwardly to facilitate their understanding of us.

At the general meeting of shareholders on June 27, 2007, we held an exhibition on the Mitsui Chemicals Group's products and CSR activities in the venue lobby.



Exhibition at the general meeting of shareholders

## Information Disclosure

Adequate fluidity of shares and the participation of many individual investors in the stock market are essential to the vitalization of the stock market and the setting of appropriate stock prices. Therefore, we endeavor to disclose information appropriately.



Shareholders' leaflet "To our Shareholders" and Annual Report

## Establishing a Division to Handle IR Matters

One board director is given the specific task of overseeing IR\* and public relations and under his leadership we disclose information. We have established the CSR & Corporate Communications Division as a contact liaison for the media, analysts and general public, and do our best to provide reliable information at appropriate times and to respond to inquiries courteously and properly.

\*IR: Investor Relations, referring to the act of providing information to investors.

## Explanatory Meeting for Analysts and Investors

We hold meetings to discuss our management status with analysts and institutional investors after announcing the annual settlement of accounts (May) and intermediate settlement (November).

## IR Information on Website

Summary of financial statements, timely disclosure information, annual security report, materials for analysts and institutional investors, status of corporate governance and convocation notice for the shareholders' meetings (including an English version) are posted on our website immediately after disclosing relevant information (press releases).

Our corporate IR website was selected by Daiwa Investor Relations as one of the top 296 corporate IR websites in 2007.

## Basic Policy on Distribution of Profits

We place top priority on increasing company value by business expansion and growth. Accordingly, we view the return of profits to shareholders as a key issue of our management.

Regarding the distribution of profits, we endeavor to continue providing stable dividends and to return profits in consideration of consolidated achievements from medium and long-term viewpoints, considering both the return of profits to shareholders and our internal reserves.

We allocate internal reserves mainly to investments focusing on functional products, markets for high-growth areas and highly profitable businesses to improve our business achievements.

## >> Staff Comment

My job is to oversee the provision of information to shareholders in order to ensure that the general meeting of shareholders is carried out in a manner which is both legitimate and appropriate. I do my utmost to put myself in the shareholders' shoes when creating meeting materials, such as by designing visuals to accompany corporate explanations and report items and by making the shareholders' leaflet, "To our Shareholders", easier to read.



**Megumi Matsumoto**  
Corporate Administration Division

# Together with Local Communities

**With the aim of having open manufacturing sites, the Mitsui Chemicals Group makes efforts to build a close relationship with local communities. Meetings are held with residents in local communities to exchange opinions, for example, and diverse initiatives are introduced related to children and the environment.**

## Dialogues with Local Communities

### Meetings with Local Residents to Exchange Opinions >>> P 45

Each of Mitsui Chemicals works holds meetings to exchange opinions with the residents in local communities—important stakeholders of the company—about the company's initiatives concerning environmental preservation.

On July 6, 2007, a meeting was held at the Ichihara Works to exchange opinions with representatives of eight local neighborhood associations. On the agenda that day was an explanation of the works' initiatives concerning safety and the environment followed by a discussion, a tour of the facilities for air and water quality control, and a presentation to clarify the current situation. The meeting deepened the visitors' appreciation of the activities the works regularly conducts related to environmental preservation.

On March 12, 2007, the Nagoya Works held a meeting to exchange opinions with the heads of six school districts, the persons in the Minami Ward Office in charge of promoting urban development, and a technical adviser knowledgeable about chemical substances. Discussions centered on the works' initiatives in responding to complaints about noise.



Listening to explanation in boiler control room (Ichihara Works)



Meeting to exchange opinions (Nagoya Works)

### Mitsui Chemicals Group Social Activities Policy

The Mitsui Chemicals Group will make constant efforts to:

1. Contribute to society at large by using and innovating chemical technology;
2. Coexist with local communities through active communication with the public;
3. Conduct activities that help foster the next generation who are responsible for ensuring the wellbeing of the future of the earth;
4. Conduct activities for protecting the global environment;
5. Proactively act to promote international exchange and cooperation; and
6. Create a corporate environment that enables each employee to actively participate in social activities.

### Issuing Public Relations Newsletters

In order to help local people understand the activities at our works and to promote communication with local communities, public relations newsletters are issued at least twice a year at each works.

The newsletters feature opinions and questions from local residents and the company's responses, as well as descriptions of products manufactured at individual works and the status of environmental preservation efforts.



PR newsletters of each works  
(from left: Ichihara, Nagoya, Osaka, Iwakuni-Ohtake, Omuta)

### Fifth Local Meeting for Discussion on RC Issues for Kashima District

The Kashima Works of Mitsui Chemicals Polyurethanes, Inc. hosted the Fifth RC Local Meeting on February 23, 2007, jointly sponsored by 19 member companies in the Japan Responsible Care Council (JRCC).

There were 115 participants from private groups, government agencies, schools, neighboring companies, and JRCC member companies from other regions. After tours of two companies the participants heard presentations by three companies about their initiatives concerning safety and disaster prevention, and environmental preservation, followed by a constructive discussion.



### Teachers Tour Manufacturing Sites in Singapore

On May 30, 2006, Mitsui Chemicals Asia Pacific, Ltd., and Mitsui Phenols Singapore Pte. Ltd., jointly invited high school teachers, representatives from the Singapore Institute of Technical Education, the Economic Development Board, and the Education Ministry—a total of

80 people—to tour their works and become familiar with their activities. After the tours, the group attended a presentation about the Mitsui Chemicals Group and the Group's cooperative relationship with the Singapore government. The visitors showed a particularly keen interest in manufacturing processes. Mitsui Chemicals hopes the teachers will pass on to students the information they obtained during the visit.





## Activities Contributing to Local Communities

### Participation in Sunagawa Summer Festival Carrying Portable Lantern Shrine

Twenty-eight employees of Hokkaido Mitsui Chemicals Co., Ltd., participated this year in the Love River Summer Festival held in Sunagawa City, Hokkaido. Wearing identical happi coats with the Mitsui crest, the employees shouldered a portable lantern shrine, yelling out words of encouragement to each other. A fireworks display brought a close to this annual festival, lighting up the late July night sky in Hokkaido's short summer.



### Gymnasium Opened to Young Kendo Students, and Instructors Provided

Shimonoseki Mitsui Chemicals Co., Ltd., opened its Hikoshukan Gymnasium to 30 kendo students, including children of employees and children from the local community. Three employees acted as volunteer instructors. The Hikoshukan Youth Kendo Club always wins a prize in competitions. In November 2006, the All Japan Kendo Federation awarded the club its Youth Kendo Education Encouragement Prize.



### Children's Day Celebrated (Thailand)

On January 7, 2007, Siam Mitsui PTA Co., Ltd., and Thai PET Resin Co., Ltd., jointly held an event to celebrate Children's Day. A total of 600 people were invited, centered on children 6–9 years old and their parents and guardians. Employees played games with the children, and a lucky draw was held in the afternoon. Among the many prizes distributed were bicycles, toys, and sets of stationery.



## Nurturing the Next Generation

### Wonder-in-Chemistry Class

>>> P13

Centered on employee volunteers, chemistry experiment classes are being held for children at eight of Mitsui Chemicals' operating sites in Japan. Sometimes children visit the works, and other times the volunteer employees visit the children at grade schools or junior high schools. Classes are also sometimes held in tents set up at festival sites. After seeing the smiling faces of more than 700 children last year, the volunteers look forward eagerly to working with even more students this year.



### University Scholarship Fund Established (China)

Along with the expansion of the business operations of the Mitsui Chemicals Group in China, a scholarship fund was established aimed at undergraduates and graduate students studying chemistry or materials at Tsinghua University and seven other universities in China. The new fund reflects the Group's wish to support the development of China's education system and the nurturing of human resources in the chemicals industry, and to promote the expansion of exchanges with universities in China.



### Donation to Business School of Bandung Institute of Technology (Indonesia)

Mitsui Chemicals donated funds to the Business School of Bandung Institute of Technology for preparing teaching materials to be used in its MBA program. A retired employee of Mitsui Chemicals provides guidance to local staff in assembling case studies from Japanese companies doing business locally. Although the case studies will comprise only a part of the teaching materials, efforts will continue afterward to assist in preparing the complete set of materials.



## Together with Local Communities

### Environmental Preservation

#### Hosting of Environmental Seminar (Thailand)

On July 19 and 20, 2007, Mitsui Chemicals hosted a two-day environmental seminar for representatives of about 20 local companies in Thailand. The participants were introduced to Japanese environmental regulations, the policies and initiatives of Mitsui Chemicals concerning environmental preservation, and actual examples of environment-related initiatives at the Ichihara Works. Environmental regulations have become stricter in Thailand in recent years, and the participants were thus especially pleased with the timeliness of the seminar's content.



#### Planting of Cherry Trees (U.S.)

In September 2006, Advanced Composites, Inc., planted more than 100 cherry trees around its plant in Sidney, Ohio, a length of about 580 meters. The local Chamber of Commerce evaluated the activity highly and awarded the company its Beautification Award for 2006. Although the trees are still only about two meters tall, in five to ten years the local residents can expect to enjoy viewing cherry blossoms in the spring.



#### Clean-up Activities

>>> P 13

Employees from Mitsui Chemicals and its affiliates are participating in beautification of the environment through regular activities to clean up the areas around their works and research laboratories in their local communities. From fiscal 2007, moreover, a company-wide "Mitsui Chemicals Clean-Up" initiative was begun in order to make employees more aware of the importance of the local communities and the environment.



Clean-up at the Shin-shiro Works of Mitsui Chemicals Crop Life, Inc.



Printec Co., Ltd.

### International Exchange

#### Omuta Works Welcomes Two Engineers from Datong, China

Since 1981, Omuta City has maintained a close relationship with Datong City in China. It has promoted a wide range of international exchanges and cooperation in preserving friendly relations with respect to culture and education, as well as initiatives related to the Japan International Cooperation Agency (JICA), and the welcoming of medical care researchers. Based on a request from Omuta City, the Omuta Works welcomed two engineers from Datong towards to end of 2006. The engineers studied technology for processing wastewater in October 2006, and technology for preventing air pollution in November.



Two Chinese engineers (second and third persons from right) with employees

#### Welcoming Intern Student

For the six-month period from August 2006 to January 2007, a student from the Louis Pasteur University in France studied as an intern at the Sodegaura Center. The student studied diligently during the six months, and her presence provided a major positive stimulus to the Center's employees.



Intern student (fifth person from left) and Sodegaura Center employees

### Support for Disaster Recovery

#### Donation for Disaster Relief

Mitsui Chemicals donated 10 million yen to the Indonesian government through the Japanese ambassador to Indonesia for use in providing disaster relief to the area in central Java struck by an earthquake on May 27, 2006.



# Together with Industrial and Academic Sectors

In moving to build a global science network, the Mitsui Chemicals Group conducts a broad range of activities for contributing to the sustainable development of chemistry and the chemical industry, including international symposiums that strengthen the ties between the industrial and academic sectors.

## International Symposium on Catalysis Science

With the aim of contributing to the development of catalysis science, which supports Dream-Inspiring Innovation, Mitsui Chemicals has hosted the Mitsui Chemicals International Symposium on Catalysis Science (MICS) every two years since 2003. The third symposium, MICS 2007, was held on March 14 and 15, 2007, under the title of "Polymerization Catalysts—Current Status and Future Prospects." A total of 11 world-renown figures in the field of catalysis science, including three Nobel Laureates, lectured at the symposium. Some 1,600 people attended from government, industry, and academia, and there were lively discussions and exchanges of research results.

At the 2005 symposium, Mitsui Chemicals established the Mitsui Chemicals Catalysis Science Award to recognize young researchers in Japan and abroad who have contributed to the development of catalysis science. At MICS 2007, two researchers won the Mitsui Chemicals Catalysis Science Award and two the Mitsui Chemicals Catalysis Science Award of Encouragement. The researchers gave commemorative lectures after receiving their awards.

## Invitations to MICS 2007 Extended to Students

In order to have the next generation of scientists appreciate the wonders of chemistry, the Mitsui Chemicals Group invited 11 high-school students—candidates for representing Japan at the International Chemistry Olympics—and the three winners (students of the National University of Singapore) in a Chemistry Essay Contest held by Mitsui Chemicals Asia Pacific, Ltd., to attend MICS 2007. The young guests listened enthusiastically to the plenary and other lectures, and during refreshment breaks mixed eagerly with the Nobel Laureates and other scholars.

### >>Staff Comment

I was in charge of the symposium secretariat. Besides being deeply moved by the inspiring lectures, I was pleased to see the participants enjoying themselves during intermissions, especially the high-school students shaking hands and talking with the lecturers and requesting their autographs. I look forward in the future to a wider segment of society recognizing the importance of this symposium.



**Yoshikazu Uehara**  
Process Technology Center  
Planning & Coordination Division



Kazusa Academia Hall, the symposium venue  
(Kisarazu City, Chiba Prefecture)

Professor Jean-Marie Lehn  
(Nobel Prize in Chemistry, 1987)  
lecturing at the symposium



## Mitsui Chemicals Catalysis Chemistry Awards

Award	Names of Awardees in 2007	Outline of Awards
Mitsui Chemicals Catalysis Science Award	<b>Dr. Zhaomin Hou</b> Research Laboratory Physics and Chemistry	Eligibility: Researchers up to 45 years old affiliated with public research organization Main/secondary awards: Commemorative plaque, and 5 million yen
	<b>Gregory C. Fu</b> Professor Massachusetts Institute of Technology	
Mitsui Chemicals Catalysis Science Award of Encouragement	<b>Jun Terao</b> Research Associate Osaka University	Eligibility: Researchers up to 35 years old affiliated with public research organization Main/secondary awards: Commemorative plaque, and 1 million yen
	<b>Michael C. W. Chan</b> Assistant Professor City University of Hong Kong	



Students talking with Nobel laureates and other world-renown lecturers



From right: Professors R. R. Schrock and Richard R. Grubbs (both 2005 Nobel Laureates in Chemistry)

### >>Guest Comment

My first impression was of how difficult the lectures were. The content was very specialized and the only subjects I knew anything about were regio-selectivity and ring-opening metathesis polymerization. But I gained much from attending the symposium. Now I realize the importance of learning English, for instance, and I understand what academic presentations are like.



**Naru Tanaka**  
Kaisei High School



# Together with Employees

The Mitsui Chemicals Group is striving to motivate its employees in both their work and private lives so that they may achieve happiness and fulfillment.

Giving top priority to occupational safety and health, we are constantly developing an appropriate work environment and promoting our employees' own activities to stay healthy.

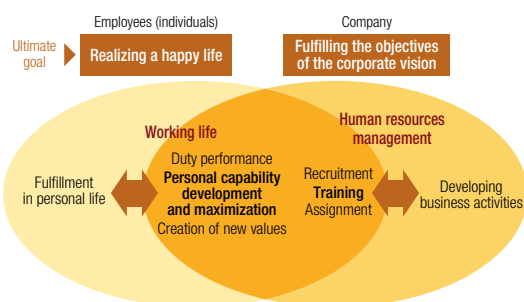
## Fostering Human Resources

### Stance on Fostering Human Resources

Within the Mitsui Chemicals Group we are constantly pursuing innovation and materializing dreams with the wonder of chemistry. And we believe that a key component to achieving this is found in our stance on fostering human resources, which is to promote happiness and fulfillment amongst employees and to provide them with an ideal working environment where they can continue to achieve personal growth in close communication with others.

Our unique educational system is based on this thinking, allowing employees to set forth their own goals, freely choose the programs they need from those offered and independently strengthen their skills.

### Relationship between employees and company



### Awareness Promotion of Human Resources Management Policy

In order to promote the Mitsui Chemicals Group's human resources management policy, we distributed the "Human Resources Management Policy" guide (in English and Japanese) to all employees within the Group. In conjunction with this, we hold a global HR meeting aimed at human resources managers within the Group's overseas affiliates in order to raise awareness of our human resources management policy.



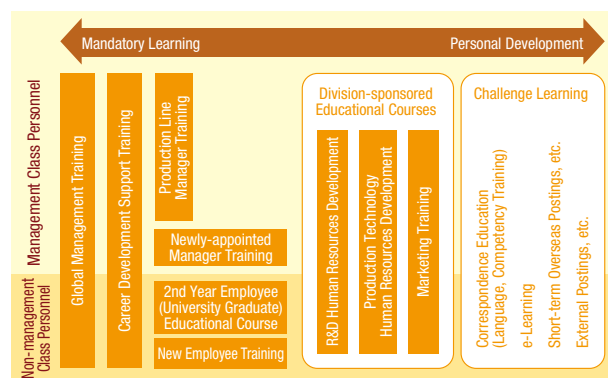
An opportunity for exchange at the global HR meeting

### Personnel Cultivation Program

In addition to mandatory training sessions for different positions and abilities of employees, a diverse range of elective in-house and external programs are arranged whose goal is to fully meet each individual's desire for personal development.

Furthermore, e-learning is being used to increase the convenience of the courses being offered.

### Diagram of companywide education system



### Training on a Global Basis

In fiscal 2007, with the goal of strengthening the operational ability of the Mitsui Chemicals Group, we began hosting a seminar called the "Global Managers Training" seminar in Tokyo which is aimed at local managers working in Mitsui Chemicals Group affiliates overseas. This training seminar plays a significant role in our human resources development. Together with giving key personnel from overseas affiliates an opportunity to partake in internships in Mitsui Chemicals in Japan, it helps to cultivate overseas human resources and to promote interpersonal exchange amongst members of the entire Mitsui Chemicals Group.



Global Managers Training

### >>Staff Comment

My internship in Japan lasted five months, and I learned a great deal about "Better Technical Support for Customers" from the course ICROS tape. On top of this, my internship gave me the opportunity to learn about life in Japan, to study Japanese, and to make a number of new friends. This was a tremendously valuable experience for me, and it has further motivated me to do my best to contribute to the success of Mitsui Chemicals.



Nelly Lesmana (3rd from the right)  
Mitsui Chemicals Asia Pacific, Ltd.



## Human Resources Management Policy

Mitsui Chemicals has formulated the Human Resources Management Policy to express our attitude toward

employees and the labor market. This policy provides our basic stance on Human Resources Management.

### Human Resources Management Policy of Mitsui Chemicals Group

The Mitsui Chemicals Group (MCI), based on the "Action Guidelines," will restructure its organization and engage in recruiting, assignment, training, evaluation and compensation towards the realization of the "Corporate Mission" and "Corporate Target" stipulated in the Corporate Vision.

#### 1. "Always in Good Faith"

- ❶ MCI will require employees to "act in good faith" as stipulated in the "Action Guidelines," highly appreciate such employees and offer an appropriate environment for them to give full rein to their strengths.
- ❷ MCI will comply with all labor and employment laws wherever it operates.
- ❸ MCI will disclose its rules and operate fairly and justly according to the rules regarding recruiting, assignment, training, evaluation and compensation of employees without any discrimination against gender, race, nationality, age, religion or disability.

#### 2. "For People and Society"

- ❶ MCI will expect employees to "have a high regard for people and society" as stipulated in the "Action Guidelines," highly appreciate such employees and offer an appropriate environment for them to give full rein to their strengths.
- ❷ MCI will protect employees' safety and health in the workplace.
- ❸ MCI will not tolerate any form of harassment, and will support and respect the protection of human rights.

#### 3. "Dream-Inspiring Innovation"

- ❶ MCI will expect employees to undertake the following actions stipulated in the "Action Guidelines," highly appreciate such employees and offer an appropriate environment for them to give full rein to their strengths:
  - To challenge unflinchingly with full trust in one's own potential and with no fear of failure.
  - To create novel values by enhancing one's sensitivity.
  - To consider and act proactively based on the actual data and facts at the workplace.
  - To aim to be a world-class professional with a global view.
  - To cultivate the next generation by passing on one's experience and technologies.
  - To integrate individual strengths into the organization through active communication.

#### 4. Human Resources Practices

MCI, based on the above, will conduct Human Resources Practices under the following policies:

	A. Toward sustainable growth of the company	B. Toward happiness and self fulfillment of employees
<b>Organization</b>	To create an organization based on the corporate strategy and implement job allocation suited for realization of the strategy	To implement job allocation in consideration of each employee's personal motivation and capability
<b>Recruiting</b>	To carefully recruit human resources that contribute to the organization's growth	To give opportunities for employment equally to motivated and capable human resources
<b>Assignment</b>	To promote proactively human resources that yield fruitful results	To allocate suitable jobs for employees so that they can exercise their motivation and capabilities
<b>Training</b>	To foster world-class professionals from a long-term perspective	To assist employees in making self-reliant efforts to become world-class employees
<b>Evaluation</b>	To evaluate achievement appropriately	To conduct fair evaluation that leads to enhancement of motivation and capability
<b>Compensation</b>	To implement a compensation system that is competitive in terms of cost	To implement a compensation system that is competitive in securing motivated and capable human resources

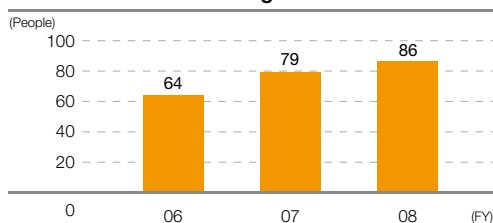
# Together with Employees

## Regard for Diversity of Personalities and Views

### First Step in Achieving Diversity

It has been over a year since the Promotion and Development of Women Team was formed on May 1st, 2006. This team is working to ensure that the diverse personalities and views of all employees are respected in order that they may fully utilize their talents and to ensure that a vibrant corporate working environment is maintained. The team promoted a range of affirmative actions in fiscal 2007, such as work culture promotion (lecture presentations, establishment of a dedicated intranet, etc.), skills development support for female employees (various training seminars), and support for the creation of human networks within offices through the FACE TO FACE Network (a round-table discussion). The team will continue implementing these initiatives in fiscal 2008 and supporting the creation of diversity in the work environment which enables employees to achieve a balance between their work and private life.

#### Number of female managers



Lecture on promoting greater involvement of female staff (Sodegaura Center)



Screen of intranet site promoting greater involvement of female staff

#### >>Staff Comment

##### Promotion and Development of Women Team, Human Resources & Employee Relations Division

We feel that there is strong interest in promoting the involvement of female employees within management. We work to encourage female employees to actively pursue opportunities and at the same time to remind managers about the importance of developing their female human resources and providing them with a support system.



## Support for Employee "Work/Private Life Balance"

A declining birth rate, an aging population and the trend toward a larger number of nuclear families characterize the Japan of recent years. In response, we have introduced programs to help secure appropriate jobs and income for employees who have to utilize child or nursing care to help them reconcile the demands of their job and home life. These programs help employees to work with greater peace of mind.

#### Support programs

Time off and leave	• Nursing care holidays	• Childcare leave
	• Special holidays	• Extended care leave
Working hours	• Shorter work hours for those taking infants to nurseries	
	• Shorter work hours for caregivers	
Income	• Limitation of overtime work (childcare and family care)	
	• Limitation of late night work (childcare and family care)	
Income	• Maternity pay	
	• Childcare assistance	
Income	• Family care assistance	
	• Home helper service assistance	
Income	• Babysitting service assistance	

## Promoting Employment of People with Disabilities

The Mitsui Chemicals Group has been striving to increase the employment of people with disabilities. During the three years since fiscal 2005, we have continued to achieve the statutory employment rate (1.8%). We will continue to promote the employment of people with disabilities while improving the workplace environment so that they can maximize their capabilities and work safely in the company.

#### Shift in employment rate of disabled persons

FY2005	FY2006	FY2007
1.86%	1.93%	1.98%

## Re-employing Retirees

In response to the revised Law Concerning Stabilization of Employment of Older Persons, we introduced a re-employment system for retirees in April 2006.

We provide various opportunities for skilled and talented older employees to continue working after retirement to help accommodate their diverse life plans.

## Providing an Environment for Employees to Work with Peace of Mind

We have introduced a variety of forms of employment, including flextime and discretionary work, to allow employees to work

efficiently and comfortably. We also strive to appropriately manage work hours to prevent overwork and have employees who work long hours meet with an industrial physician for advice.

## Transmission of Skills and Knowledge

### Establishment of a Technical Training Center

>>> P33

On October 13, 2006 we established the Technical Training Center in Mobara City, Chiba Prefecture with the aim of cultivating on-site manufacturing operators who are thoroughly versed in operating and safety methodology as well as who have a solid understanding of their facilities and equipment. In order to ensure that the skills of veteran operators are passed on to the newer operators, that the newer operators are keenly aware of safety considerations, and that the newer operators receive training focused on encouraging them to take a personal interest in solving problems, employees receive laboratory training provided by a team of ten experienced staff.

This 10,000 m<sup>2</sup> Center contains a training facilities with an area for learning about explosive combustion, liquid spillage, falling machinery and a number of other hazards. The Center is equipped with a dormitory facility to allow participants from works throughout Japan to come and train. In fiscal 2008, a number of employees, including 83 new staff members, took part in training at the Technical Training Center, and understood the importance of safety, quality and compliance.

Furthermore, in May 2007 we established a new facility at the Nagoya Works for training employees in manufacturing and assembly. Together with the Technical Training Center, we will use this facility to provide employees with laboratory training focused on passing along skills and knowledge.



Technical Training Center



Training in progress

### Introduction of the Meister System >>> P33

On April 1, 2007, Mitsui Chemicals introduced the "Meister System." The goals of the Meister System are to help motivate both employees with specialized knowledge and

skills and workplaces, and to standardize and pass along skills and knowledge, by refining and improving both employees and workplaces. In Fiscal 2008, 25 people were selected as "Meisters" from the manufacturing and engineering sectors.

Meisters guide and instruct others in offices and works and also participate in "visibility" and "standardization" training at the Technical Training Center.



Designated Meisters (Omuta Works)

## Labor Relations Based on Frank Dialogue and Mutual Understanding

Under the shared philosophy of "developing cooperation between labor and management through frank dialogues and mutual understanding" as advocated in our labor agreements, we are working to build a shared sense of security in our stable labor relations.

At Mitsui Chemicals, we continue to promote the creation of a base from which our employees can find motivation in their private lives and work so that they may achieve happiness, and towards this end we have committed ourselves to regular, mutual communication through dialogues between labor and management. These dialogues include round-table discussions between labor and management aimed at creating a shared understanding of general corporate operations; occupational safety and health committees that seek to ensure a sound work environment, safety and good occupational health; and a Labor-Management Environment and Safety Forum.



On-site patrol by Labor-Management Environment and Safety Forum members

### >> Staff Comment

It is a joy to be a part of the staff which provides new employees with training. The trainees are excited at the opportunity afforded them to handle machinery and take part in useful laboratory training provided by veteran employees on topics such as occupational safety. I will continue to fully utilize my skills, ability and experience during training to provide trainees with easy-to-understand explanations of the methods and principles of manufacturing.



**Nobuhiro Hirayama**  
Technical Training Center  
Planning & Coordination Division

# Together with Employees

## Creating a Safe Workplace

Mitsui Chemicals strives to prevent labor accidents through activities to create a safe workplace, and raise employee safety awareness based on the Occupational Health and Safety Assessment Series (OHSAS 18001). In fiscal 2007, we implemented policies which sought to address the key issue of "preventing occupational injuries with new approaches" through such activities as strengthening safety activities carried out by on-site managers and support for bottom-up initiatives.

## Occurrence of Occupational Injuries

In fiscal 2007, the occupational injury frequency rate (DAFWC<sup>\*1</sup> + RWTC<sup>\*2</sup>), including subsidiaries and affiliates<sup>\*3</sup> inside MCI Works, was 0.9, while the DAFWC rate alone was 0.23. Although this is lower in comparison with the previous year's rate, it is still higher than usual. Also, similar to the previous year, a serious crushing accident occurred in August which resulted in a DAFWC. We are working to prevent such accidents from occurring in the future by carrying out thorough on-site accident prevention measures.

<sup>\*1</sup> DAFWC: Days Away From Work Cases

<sup>\*2</sup> RWTC: Restricted Work or Transfer to another job Cases

## Towards the Elimination of Occupational Injuries

We have taken up the key issue of "preventing occupational injuries with new approaches." An external safety evaluation carried out in fiscal 2007 found a significant gap in safety awareness between managers and operators. We have sought to narrow this gap by having production managers create and implement their own action plans. With the aim of providing on-site assistance, support teams comprised of retirees who are knowledgeable, experienced and motivated with regard to safety have been organized and dispatched on site. Furthermore, all works are implementing hands-on safety education, which is run by an external organization, in order to enhance employee awareness.



Training with a hanging safety belt (Ichi-hara Works)

## Safety Instruction at Overseas Affiliates

In order to raise the level of safety at our overseas affiliates, in fiscal 2007 we began overseas on-site safety instruction.

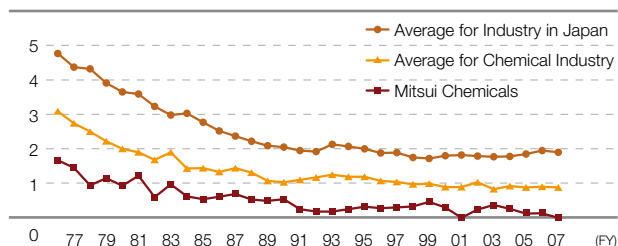
And from fiscal 2008, under the motto that "safety is caring," instructional support matched to the needs of our affiliates, primarily those in Asia, has been carried out in the hope that it will prove beneficial to raising safety results.



Instruction being carried out at Mitsui Hygiene Materials (Thailand)

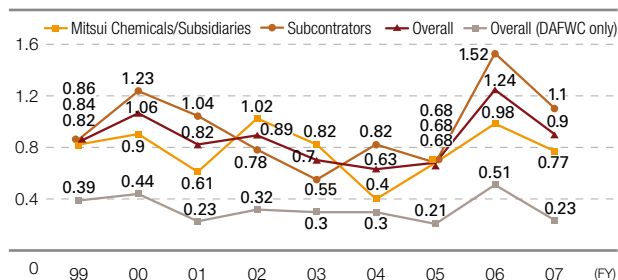
## Trend in DAFWC Frequency (All Industries/Chemical Industry/Mitsui Chemicals)

$$\text{DAFWC rate} = \frac{\text{Number of DAFWC}}{\text{Total work hours (per 1 million hours)}}$$



## Trend in occupational injury frequency rate (DAFWC+RWTC)

$$\text{Occupational injury frequency rate} = \frac{\text{Number of DAFWC + RWTC}}{\text{Total working hours (per 1 million hours)}}$$



<sup>\*3</sup> Subsidiaries and affiliates: subsidiaries and affiliates which are located on the premises of Mitsui Chemicals' works and which are under the supervision of Mitsui Chemicals with regard to environmental and safety initiatives (37 companies).

## >>Staff Comment

### Retiree Support Team "Kizuna (solidarity)"

We all have a wealth of experience (even with accidents!), and we are more than happy to apply this experience to on-site instruction to help raise employee awareness and eliminate occupational injuries.





## Caring for Employee Health

Our philosophy in implementing health measures is that employee health is linked directly to corporate soundness. We have health management offices at the head office, Sodegaura Center and all five works, where fulltime industrial physicians, healthcare nurses and healthcare managers are available.

Furthermore, we have assigned industrial physicians and nurses to our subsidiaries' main plants, we perform RC audits of our subsidiaries and we send industrial physicians to visit subsidiaries' overseas offices all as part of our efforts to support addressing the health and occupational safety-related issues of Mitsui Chemicals Group employees.

### Reducing Occupational Health Risks

We make use of the Occupational Health and Safety Assessment Series (OHSAS 18001) and visits by industrial physicians and health supervisors to help us reduce occupational health risks and improve the working environment.

In fiscal 2007, we carried out a company-wide review of the management situation of our local exhaust ventilation equipment and since then have made progress on carrying out planned improvements.

#### Changes in occupational health risks

	FY2005	FY2006	FY2007
Total number of cases	41,833	42,953	57,920
Risk level III	8.71%	5.84%	3.86%
Risk level IV	0.34%	0.15%	0.14%
Risk level V	0.007%	0%	0%

Risk level

V: Take immediate measures or discontinue operation.

IV: Take measures within a given period.

III: Draft measures within a given period and implement them systematically.

II: Equipment upgrading is unnecessary. Improve procedures.

I: No action is necessary.

### Health Management

Industrial physicians, healthcare nurses and others check the health status of employees through regular medical checkups and health consultations and provide thorough health advice. At all of our business sites, we are conducting a variety of health promotion activities, including walking events, relay road races, inter-workplace sports competitions, fitness classes and dietary habit improvement programs. As a result of these efforts, the risk for lifestyle-related diseases has tended to decrease.

In fiscal 2008 we are striving to further improve employee lifestyle habits through such



initiatives as revitalizing our health awareness classes, expanding our Internet-based voluntary health promotion program, and improving our employee cafeteria.

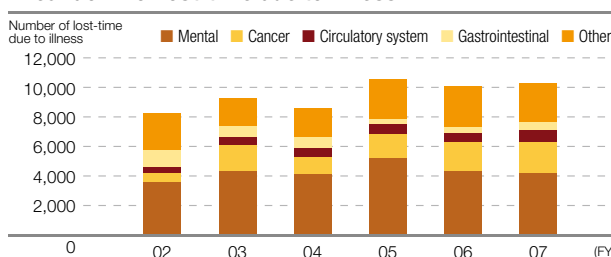
At the same time, we have seen a slightly increasing trend in lost-time illness due to cancer and are therefore moving ahead with preparations for changing our cancer screening system from fiscal 2009 in order to increase the rate of successful cancer detection.

### Mental Health Measures

In fiscal 2007, we continued to provide employees (new employees, managers, production line managers, etc.) with a variety of mental health training seminars, counseling, stress checks, and cognitive behavioral therapy-based e-learning, among other programs. We also conducted an Occupational Stress Questionnaire as part of the program for systematic mental health measures. Employees and workplaces received the results as feedback. In addition, the Communication Enhancement Plan to promote stress management for the entire workplace was implemented company-wide based on the findings of the survey. As a result, about 60% of the workplaces implementing the plan achieved improvements in internal communication.

Statistics for lost-time due to illness show that the number of work days lost related to mental health peaked in fiscal 2005 and has gradually been declining ever since.

#### Breakdown of lost-time due to illness



#### >> Staff Comment

We strive to develop occupational health according to the basic principle that "employee health is linked directly to corporate soundness." As the average age of employees moves upward so does the incidence of physical and mental illness. We use a steady, continuous approach towards lowering the rate of mental health-related problems and health risks in order that company employees can remain fit and healthy.



**Seitaro Dohi**  
Manager of the Health Management Dept.,  
Human Resources & Employee Relations Division

# Toward Dream-Inspiring Innovation—Transferring

In 2007, in the context of louder calls concerning issues specific to the first wave of baby-boomers retiring in 2007, and issues related to the product quality of manufacturers, what is being requested of the worksites where things are being made? In this article Managing Director Yoshiyuki Funakoshi of Mitsui Chemicals discusses this subject with Professor Noriko Asai of Chukyo University's School of Management. Professor Asai is particularly knowledgeable regarding the transfer of skills.

## Refine Technical Capabilities, and Raise Level of Awareness toward Work

**Asai:** In my research to date I have focused on worksites, the places where things are made, with emphasis on the subject of skills transfer. Although things made in factories provide consumers with richer and more enjoyable lives, if the employees at the worksites relax their attention, or are off the mark even slightly, the consequences can be serious. In moving forward with my research into worksites, specific items being made, and the true onsite situation, I feel strongly that rather than QCD as a so-called competitive factor, companies should feel a greater sense of urgency in the area of safety.

**Funakoshi:** In plants like ours, a huge amount of energy is required to operate the equipment. We are thus keenly concerned about preventing accidents and ensuring the safety of our employees. If safety cannot be ensured, production is not possible, and outside observers will see no value in our continued existence. Although we aim for a perfect safety record, in practice it is quite difficult to achieve. The central point, I believe, is being able to refine the technical capabilities of employees at the worksites while raising the level of awareness they feel toward their work.

**Asai:** Worksites in Japan have a dependability that lets employees aim for the best possible work format. Then, through teamwork, they accept the challenge of trying to do even better. Technology and the market are both changing rapidly, and companies expect the worksites to respond to those changes at a high level.

**Funakoshi:** Yes, our worksites have the potential to do even better. I think the high technical level of our engineers and operators is the source of our competitiveness.



**Yoshiyuki Funakoshi**  
Managing Director and Deputy Center Executive  
of Production & Technology Center  
Mitsui Chemicals

**Asai:** The worksites in Japanese companies are commended highly around the world for being able to introduce quick and appropriate measures in response to unexpected phenomena, changes, and uncertainties that occur. I view Japanese worksites as places where employees gain various experiences and where they never lose heart even when they make mistakes. Raising the technical level, of course, has resulted in fewer problems. Although these technological improvements are obviously good news for workplace safety, I think there is a trend with respect to younger employees of moving away from making and learning from one's own mistakes.

**Funakoshi:** In Mitsui Chemicals, we have been manufacturing a large percentage of the same products for several decades. We have introduced technical improvements any number of times, and problems related to the worksites have been reduced remarkably. It's true, though, that when problems occur they are sometimes quite significant. Our worksites have become greatly automated, however, with alarm systems in place to warn personnel in advance of a possible irregularity. In addition, veteran operators are able to rectify a situation even before an alarm sounds. They can do that because they know the principles and rules and are sensitive toward changes that occur around them.

**Asai:** There are times when Japanese personnel are sent to other countries to provide technical guidance to local workers. It seems that they sometimes run into misunderstandings overseas related to unfamiliar traditions, social values, and practices, and matters do not always progress smoothly.

**Funakoshi:** Yes, that does happen. For that reason, when we prepare to transfer technology we create and distribute manuals to the local workers. But we cannot include details in the manuals of exactly what to do in every operation. So the supervisors interact with the local workers, guiding them and urging them to supplement what they are taught with their own input. Afterward, the local workers operating the equipment supplement with actual practice what they are taught, gradually honing their skills.

**Asai:** What about the language barrier? That would seem to be a problem in communicating overseas.

**Funakoshi:** Speaking some of the local language and using gestures is usually enough for communicating overseas. A lot depends on whether the supervisor providing the guidance is trusted or not, whether the local workers feel they should do what the supervisor is saying because it is the correct thing to do. Worded differently, we have to send technically capable people overseas whom the local employees can trust.

## Select Acutely Aware Personnel as "Meisters"

**Asai:** It seems like local employees overseas tend to follow standards and feel they must not try to exceed them. In Japan, on the other hand, employees at the worksites usually work as a team and introduce continuous improvements.

# Technology to the Next Generation

**Funakoshi:** Let me give you an example of what is changing at worksites. If, say, one or two people cannot reach a certain standard in a triple shift system it becomes difficult to operate the overall system smoothly. For that reason, we are moving toward standardizing operations at a level that all personnel can achieve. Such standardization allows us to include personnel with a high level of skill in a team in order to raise the overall level of achievement.

**Asai:** With globalization having reached the current level there is a need to externalize individual skills—so-called “tacit knowledge”—as much as possible. Discussions will eventually emerge, I think, that lead to skills being externalized. Rather quickly afterward the skills will be raised to expected levels without much disparity among employees.

**Funakoshi:** Chemical plants have large pieces of equipment that use chemical processes to manufacture chemicals. It's important to nurture personnel who can picture in their mind and understand the processes occurring inside the equipment. If they understand the principles and rules involved they can read and understand the manuals. They will then also understand all matters related to application.

**Asai:** Up to now, Japanese companies nurtured employees by assigning them to worksites to experience manufacturing at first hand. Today, however, time has become a much more important factor, and employees cannot be nurtured that way any longer. It seems to me there is a significance in providing new venues where employees can use their five senses.

**Funakoshi:** That is exactly the aim of the training center we built. Training is difficult, though, if OJT and OffJT aren't combined effectively. One especially important point is for employees to learn the principles and rules involved, undergo basic training, and when they start using equipment, to recognize in practice some of the things they learned in theory.

Our company introduced a “meister” system in April 2007. Meisters possess an acute sense of awareness at patrol worksites, detecting the source of potential problems by noticing changes in heat, temperature, sound, and smell. They are highly computer literate, system and mechanical engineers who study widely and have earned various official qualifications. They are able to generally keep the plant operating smoothly. That is why they are called “meisters.” They were selected not only for their superior technical ability, but also for their outstanding character. Those around them trust them and their work.

**Asai:** In such a situation employees will make continuous efforts as they aim to become meisters themselves. If an atmosphere is created where everyone is making the effort to become a meister, one benefit to be expected is that the overall work level will be raised.

## Expectations for Dream-Inspiring Innovation

**Asai:** The global environment currently faces difficult circumstances. The central role of Japan as a manufacturing



**Noriko Asai**

Professor, School of Management, Chukyo University  
Professor Asai visits manufacturing worksites around Japan, and conducts research into technological innovations and tacit knowledge

nation, emphasizing harmony with the global environment and pursuing world peace and the happiness of people around the world, is to fulfill its mission of contributing to industry and society through quality manufacturing and innovations. The expectations directed toward the chemical industry as a basic materials industry are especially strong. Through technological innovation at the world's foremost level, and with the development of epoch-making environmentally friendly technology that results in products for reducing impact on the environment, there are expectations for dream-inspiring innovation in the process of manufacturing products.

**Funakoshi:** That theme is an especially important one. To promote it I'd like to see us emphasize technology even further. Without an increased emphasis on technology I don't see how we can manufacture epoch-making products. Three kinds of technology are needed if a chemical manufacturer is to realize dream-inspiring innovation: process development technology, engineering technology, and operation technology for applying the first two. Without these three kinds of technology it will also be impossible to manufacture safe, environmentally friendly products. I would like to see a broader use of these technologies, see them improved, provide training and motivation, and consequently raise the overall level of our technology.

**Asai:** Everyone involved must provide support. If that happens it will then become possible to realize dream-inspiring innovation.

# The Mitsui Chemicals Group and the Environment

The Mitsui Chemicals Group strives to stay in harmony with the global environment while developing its business activities. In this section we report on the Group's environmental protection efforts and results in dealing with the environmental load caused by our business activities.



## Keeping the Air Clean through the Wonder of Chemistry

The Mitsui Chemicals Group strives not only to reduce the environmental load of its production activities, but further, to promote environmental preservation through its products. Here, we introduce "Mitsui's AdBlue," which is used in the Urea Selective Catalytic Reduction (SCR) System, an exhaust gas purification system for diesel vehicles.

### Breaking Down NO<sub>x</sub>, Cleaning Up Exhaust Gas

For several years, Japanese truck manufacturers have been struggling to develop vehicles that meet exhaust gas regulations (Automotive NO<sub>x</sub>/PM Law, enacted in October 2005). The Urea SCR System, which uses an aqueous urea solution, is garnering attention as an effective method for cleaning exhaust gases. As Japan's biggest manufacturer of urea, Mitsui



**Kazuhiro Sakai**

Manager  
AdBlue Sales Team  
Ammonia & Organic Chemicals Dept.  
Industrial Chemicals Div.  
Basic Chemicals Business Sector

Chemicals has been participating for the past decade on committees of various related governmental institutions, where it has been cooperating to develop a new system. The result of this work has been the creation of the NO<sub>x</sub><sup>\*1</sup> reducing additive "Mitsui's AdBlue."

The Urea SCR System sprays AdBlue into exhaust gases containing NO<sub>x</sub>, produced during combustion, causing a chemical reaction through which NO<sub>x</sub> is broken down into water and nitrogen gas.

Diesel engines have a contradictory nature in that when combustion occurs efficiently, NO<sub>x</sub> is produced, but when the efficiency decreases, PM<sup>\*2</sup> (soot) is produced instead. With this new system, however, complete combustion can be achieved, minimizing the PM, while the AdBlue breaks down the NO<sub>x</sub>. Thus we have realized a diesel engine system that achieves good mileage and generates clean exhaust gas.





### Considering the Environment in All Areas of Business, Including Marketing Methods and Supply Systems

"Our consideration of the environment is not limited to the AdBlue product itself. We are particular about the environment in all aspects of our work, including our marketing methods and supply systems. For the containers, we have adopted recyclable plastic drums. Also, by using filters and gun-type water-supply ports, we have found a way to prevent dust from getting in which could cause damage," says Manager, AdBlue Sales Team Sakai.

Not only are all of Japan's approximately 1,100 filling stations used solely by large trucks and buses to be outfitted with AdBlue supply systems, consideration is being given to reducing the cost and energy used in transporting the product by dispersing the production facilities throughout Japan.

"There are JIS standards for AdBlue, and while other companies are also selling it, many customers choose Mitsui's AdBlue when they see what efforts we are making for the environment. There is a real sense in this of a shift in environmental awareness among our customers and willingness among them to take action," says Director Tadashi Yoshino.

### Our Future Mission is to Build the Infrastructure for a Stable Supply

Compared to the nations of Europe, who are more advanced with regard to AdBlue vehicles, a large-scale adoption of this technology is expected to take place in the future in Japan. As AdBlue vehicles become more widely used, the air will become cleaner. "We are happy to be contributing to protecting our blue skies. In order to have clean air in Japan, I think we need to further promote the expansion of the

AdBlue supply infrastructure while working within the limits of market conditions," says Yoshino.

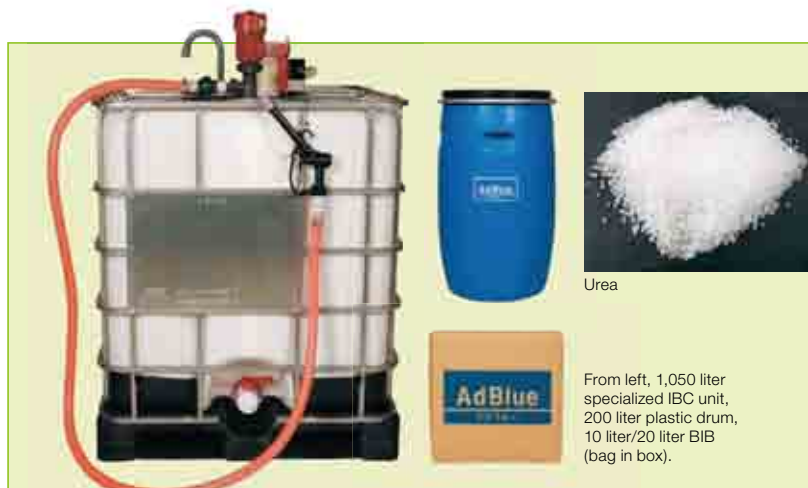
As of June 2007, two of Japan's truck manufacturers had adopted this system. Of the approximately 700,000 large trucks running on Japan's roads, only about 20,000 have adopted this system, but in anticipation of future demand, the system is being further built so that AdBlue can be supplied smoothly and reliably at any place in Japan. Sakai says, "I feel deep satisfaction that a way has been found to make active use of urea, one of the products that we have been manufacturing since the earliest days, to help the environment in accordance with the needs of the times. We have been given the mission and responsibility of promoting the creation and maintenance of infrastructure to provide a stable supply of AdBlue."

The Mitsui Chemicals Group would like to stay in harmony with the global environment while striving to achieve "Dream-Inspiring Innovation" and contributing to environmental preservation.



**Tadashi Yoshino**

Director  
Ammonia & Organic Chemicals Dept.  
Industrial Chemicals Div.  
Basic Chemicals Business Sector



"Mitsui's AdBlue" is a NO<sub>x</sub>-reducing additive which clears the world's strictest regulations. It is a colorless, transparent, high-quality aqueous urea solution produced under the stringent quality control system at the Osaka Works. The product is packaged in three types of containers: 10 liter and 20 liter BIBs (bag in box), 200 liter plastic drums and 1,050 liter specialized IBC units.

\*1 NO<sub>x</sub>: When combustion occurs under conditions of high temperature, atmospheric nitrogen (N<sub>2</sub>) and oxygen (O<sub>2</sub>) combine to produce nitrogen oxide (NO), nitrogen dioxide (NO<sub>2</sub>) and other nitrogen oxides.

\*2 PM (Particulate Matter): Tiny carbonaceous particles commonly called "soot." It occurs in smokestack effluents from factories, in black exhaust gas smoke and in dust.

# Business Activities and Environmental Impact

The Mitsui Chemicals Group uses eco-efficiency to evaluate the relationship between its economic activities and the environmental impact arising from corporate activities, striving for sustainable development of society and business. We have also introduced environmental account and are investing proactively in environmental preservation.

## Assessment of Environmental Impact

### Assessing Environmental Impact of Production Activities Using Eco-efficiency

At the Earth Summit (1992), improvement of eco-efficiency was declared important from the standpoint of sustainable development. Eco-efficiency is an index for measuring how much of an environmental burden accompanies the provision of a product or service. Mitsui Chemicals continues to test the use of eco-efficiency to evaluate the relationship between its overall corporate economic activities and environmental preservation. To find the environmental load points necessary to calculate eco-efficiency, we are using coefficients to assign appropriate weights to the chemicals industry and Japan's environment, referring to the Panel Method developed by Professor Katsuya Nagata at Waseda University.

$$\text{Eco-efficiency} = \frac{\text{net sales}}{\text{environmental load points}}$$

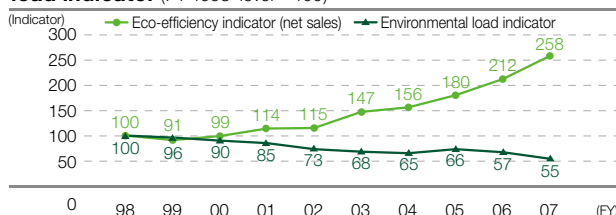
### Eco-Efficiency Evaluation for the Business Activities of Mitsui Chemicals as a Whole

The eco-efficiency of the business activities of Mitsui Chemicals as a whole is calculated by dividing non-consolidated net sales by the environmental load points.

In fiscal 2007, our sales grew thanks to increasing demand both in Japan and abroad. Nonetheless, by reducing our environmental load, our eco-efficiency has showed continual improvement since the base year of fiscal 1998, which is set at a benchmark value of 100, reaching a value of 258 in fiscal 2007. Mitsui Chemicals will continue striving to produce higher quality products employing manufacturing methods with less environmental load, using eco-efficiency as an indicator.

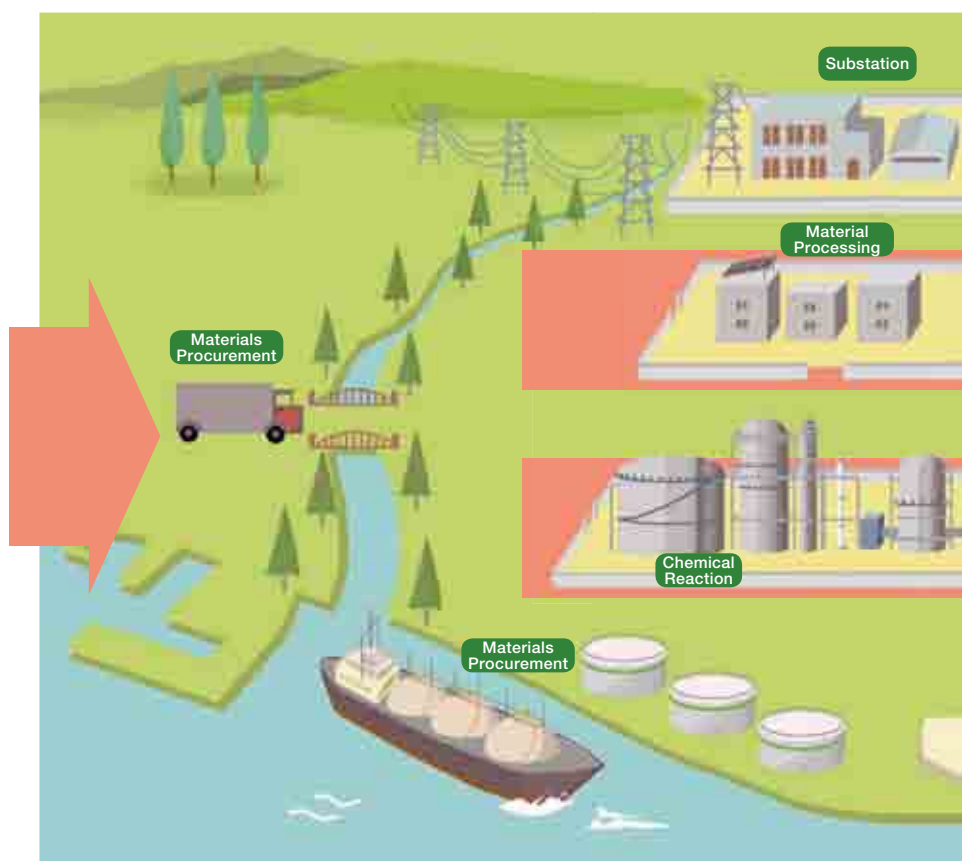
#### WEB Eco-efficiency indicator and environmental load indicator

#### Changes in eco-efficiency indicator and environmental load indicator (FY 1998 level = 100)



## INPUT

Energy	
Total fuel heat (GJ)	65,766,062
Purchased electricity (GWh)	1,600
Total purchased gas (million Nm <sup>3</sup> )	382
Purchased materials	
Purchased raw materials (thousand tons)	6,924
Other purchased materials (thousand tons)	28
Water resources	
Tap water (million m <sup>3</sup> )	0.8
Underground water (million m <sup>3</sup> )	0.5
Industrial water (million m <sup>3</sup> )	99
Seawater (million m <sup>3</sup> )	471



#### WEB Input/output data, by plant

\*The data on Mitsui Chemicals in the environmental report includes those of on-site subsidiaries and affiliates.

## Environmental Account

### Fiscal 2007 Results

Mitsui Chemicals invested approximately 2.9 billion yen in environmental preservation and spent a further 19.6 billion yen to protect the environment in fiscal 2007. The investments were made for facilities and equipment to reduce atmospheric emissions of GHGs and VOCs, measures against odors, measures to protect water quality, reduction of wastewater sludge and other protective steps. Economic benefits accompanying environmental preservation totaled about 5.8 billion yen, and included savings in resources and energy.

Investments concerning occupational health and safety, and disaster prevention amounted to approximately 2 billion yen, including 500 million yen for special measures for occupational safety initiated in fiscal 2008, specifically the enhancement of facilities related to prevention of fires, explosion and occupational injuries.

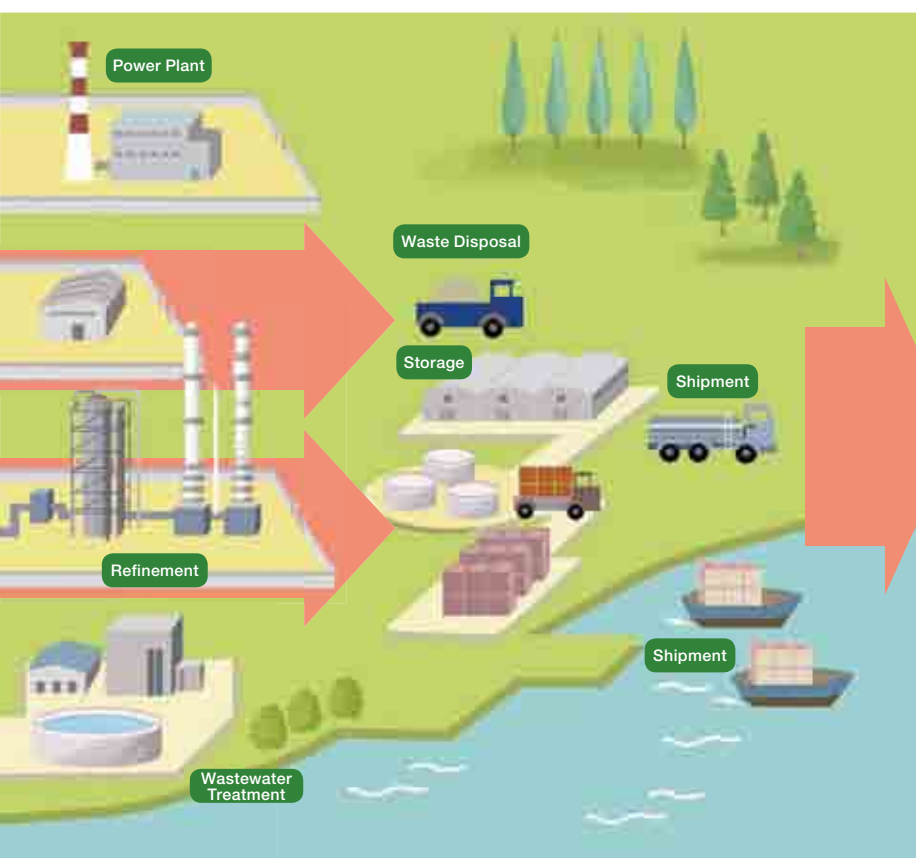
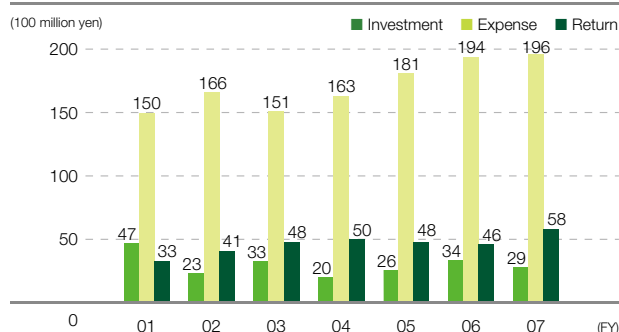
**WEB** Investments concerning occupational health and safety, and disaster prevention

### Major Environmental Enhancement Plans

Mitsui Chemicals has been implementing environmental preservation plans for further reduction of wastewater sludge, atmospheric emissions of GHGs and VOCs, aiming for completion in fiscal 2007–2008.

**WEB** Major environmental enhancement plans

#### Trends in environmental account



## OUTPUT

#### Products, etc.

Products shipped (thousand tons)	6,300
Electricity delivered (GWh)	206
Steam delivered (thousand tons)	879
Fuel delivered (thousand tons)	27

#### Atmospheric emissions

CO <sub>2</sub> (thousand tons)	5,540
NO <sub>x</sub> (tons)	3,655
SO <sub>x</sub> (tons)	810
Hazardous air pollutants (tons)	64
Non-methane VOCs (tons)	3,223
Soot and Dust (tons)	202

#### Industrial waste

External recycling (tons)	76,172
External final disposal (landfill) (tons)	24,437

#### Water discharged

COD (tons)	1,389
Total nitrogen (tons)	1,180
Total phosphorus (tons)	41
Effluent (million m <sup>3</sup> )	530

# Commitment to Global Warming Prevention

The Mitsui Chemicals Group is striving to reduce greenhouse gas (GHG) emissions to do our part in preserving the global environment through various approaches, including energy conservation at production sites and air-conditioning temperature adjustment at offices.

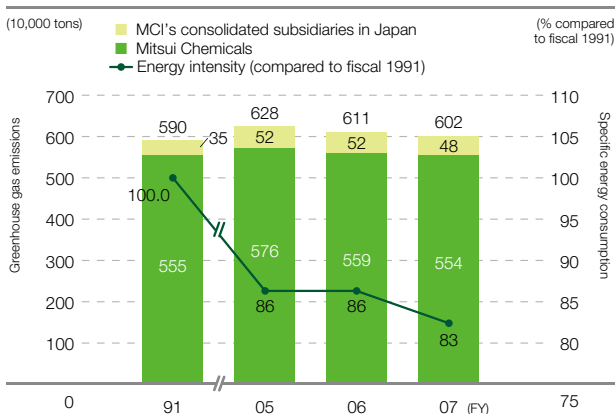
## Greenhouse Gas Emission Reduction

The Mitsui Chemicals Group is making efforts to reduce GHG emissions at the five works of Mitsui Chemicals, Inc. and its consolidated subsidiaries (20 companies) outside MCI works in Japan. Within the scope of these limits, Mitsui Chemicals has reduced GHG emissions from 6.11 million tons in fiscal 2006 to 6.02 million tons in fiscal 2007. This reduction was achieved through energy conservation brought about by reviewing the operating conditions at each of the works and switching to commercially purchased electricity by shutting down our own electric generators, and also by shutting down some of the production facilities. It is worth noting that MCI's GHG emissions result almost entirely from energy production.

Even more impressively, while the chemicals industry set a goal of reducing energy intensity (energy consumed per predefined production volume) to 90% or less of the fiscal 1991 level by fiscal 2011, Mitsui Chemicals had already achieved that target by fiscal 2005, with a further reduction to 83% achieved in fiscal 2007.

The GHG emissions of the Mitsui Chemicals Group were 2% greater in fiscal 2007 than in fiscal 1991, but with the help of improved processes and new energy-saving proposals within the company, and by teaming up with neighboring companies to save energy, we plan to reduce GHG emissions by 400,000 tons by fiscal 2011.

### Changes in greenhouse gas emissions and specific energy consumption



\*Greenhouse gas emissions are calculated on the basis of the "The Law Concerning the Promotion of Measures to Cope with Global Warming" (Global Warming Law), and in addition, MCI includes in its own calculations CO<sub>2</sub> released as the result of burning gas and oil by-products of manufacturing processes. It has also reviewed the companies within the scope of the calculations and revised the calculations in light of past data. Also, within this data, in addition to CO<sub>2</sub> emitted during energy production, CO<sub>2</sub>, methane, nitrogen monoxide and chlorofluorocarbons emitted in small amounts during chemical processes, which are not necessary to report under the Global Warming Law, have been included in the calculations.

## Installing a Solar Panel System for Electricity Generation

DuPont-Mitsui Polychemicals Co., Ltd., installed a 10 kW solar electricity generation system at the Technical Center in January 2007. As a joint research project with NEDO\*, it is conducting long-term operation verification of this system, thus contributing to improvements in the functionality of medium- to large-scale solar electric generating systems in industrial fields, paving the way for more widespread utilization. Additionally, the solar module encapsulating sheets (SOLAREVA™) produced by Mitsui Chemicals Fabro, Inc., with its main material of ethylene-vinyl acetate copolymer resin EVAFLEX produced by Mitsui Chemicals, are used in this system.

\*NEDO: New Energy and Industrial Technology Development Organization, a public R&D management organization.



The DuPont-Mitsui Polychemicals' Technical Center

## Reducing CO<sub>2</sub> Emissions from Transportation

Mitsui Chemicals' "Bulk Transport of Petrochemical Products," recognized as a model project in fiscal 2006 by the Conference on Green Transport Partnership in Japan, sponsored by the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure and Transport, and others, switched the transport mode for the resins produced at the Iwakuni-Ohtake Works from trucks to marine transport (a modal shift), reducing CO<sub>2</sub> emissions by about 300 tons.

The Revised Energy Savings Law, enacted in 2006, obligates shipping companies to reduce specific energy consumption (energy consumption per predefined amount transported). This is promoting measures such as modal shifts and improved truck loading efficiency.



Modal Shift to Marine Transport



# Commitment to Environmental Impact Reduction

The Mitsui Chemicals Group is working to preserve the environment in two ways: reduction of the environmental impact of our business activities, and appropriate management of chemical substances. We will continue to monitor our environmental load and make proactive efforts to preserve the global environment.

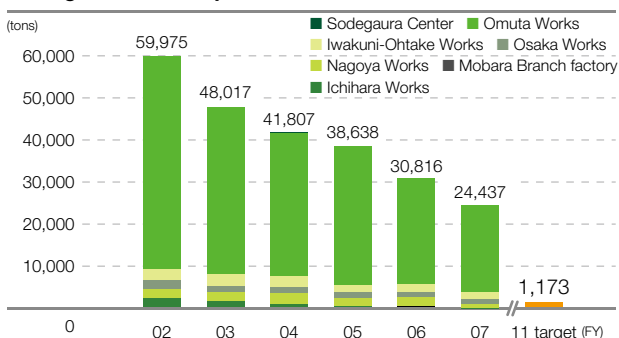
## Industrial Waste Reduction

Since fiscal 2005, Mitsui Chemicals has been promoting efforts to attain minimization of industrial waste\* at each of its works by fiscal 2011.

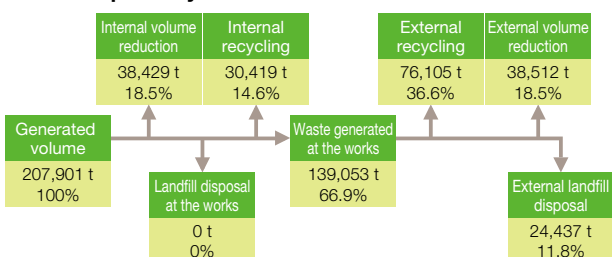
In fiscal 2007, the Ichihara Works achieved minimization for a second consecutive year, with 0.4% landfill disposal. The figures at other works were 2.1% at the Mobara Branch Factory, 5.1% at the Nagoya Works, 5.9% at the Osaka Works, 3.8% at the Iwakuni-Ohtake Works, and 23.4% at the Omuta Works. The high final disposal (to landfill) rate at the Omuta Works is being resolved by organizing a Task Force at the Head Office and using technical means to achieve minimization.

\*Minimization of industrial waste: Maintaining a landfill disposal rate of 1% or less of industrial waste generated.

### Changes in final disposal volume of industrial waste



### Waste disposal by destination



Internal volume reduction: Volume reduced as a result of waste plastic incineration and waste acid neutralization  
 Internal and external recycling: Value including waste plastic recycling and the fuel use of waste oil  
 Generated volume: Sum of sludge, waste plastics, soot and dust, etc.  
 (the figures for sludge are based on dry weight)

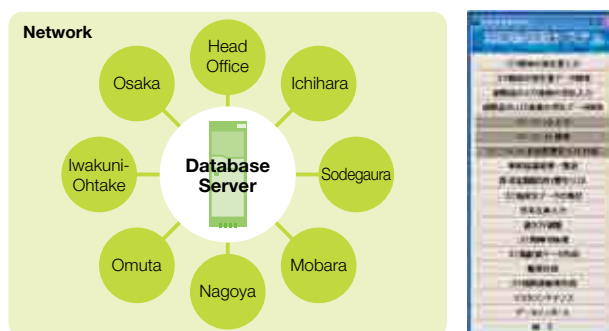
## Data Control System for Industrial Waste

The data control system for industrial waste at Mitsui Chemicals, which will be fully implemented from October 2007, involves keeping records of industrial waste from its generation to its treatment, issuing and maintaining a logbook and creating a record of notifications to government officials. This unifies most of the information regarding the treatment of industrial waste and ensures the management of conditions for the promotion of minimization and legal compliance of the treatment of industrial waste.

## Mitsui Chemicals Group's Initiatives

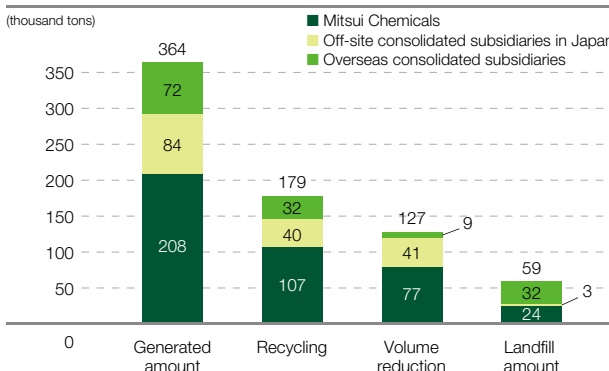
The Grand Design includes "minimization of industrial waste at the production sites of Mitsui Chemicals and all domestic and overseas consolidated subsidiaries by around 2015." The subsidiaries account for the majority of landfill industrial waste of the Group overall. By aiming to achieve minimization at the subsidiaries by around 2015, the Group is striving together to reduce the amount of waste sent to landfills.

### The Industrial Waste Data Control System



- Amounts and types of industrial waste (by-products)
- Application forms (records of consent)
- Information on contractors (category, expiry dates of licenses, etc.)
- Logbook slips
- Other records
- Other information

### Steps in reducing industrial waste disposal



# Commitment to Environmental Impact Reduction

## Reduction of Releases of Chemical Substances

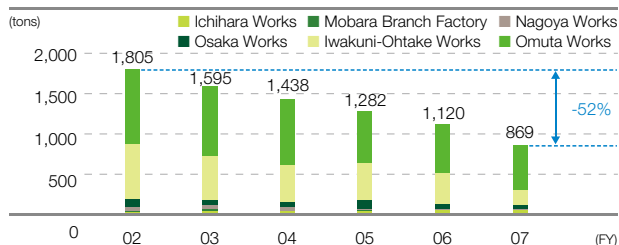
### Substances subject to PRTR Law

In accordance with the "Law Concerning Reporting etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR<sup>\*1</sup> Law)," Mitsui Chemicals reports to the Japanese government each year the amounts of the specific substances it produced or used which were released into the environment or transferred elsewhere. Releases into the environment of substances subject to the PRTR Law have been steadily reduced over the last five years, with the total amount released in fiscal 2007 reduced to 52% of that released in fiscal 2002.

<sup>\*1</sup> PRTR: Acronym for Pollutant Release and Transfer Register.

[WEB PRTR data, by works](#)

### Trend in amounts released of substances subject to the PRTR Law

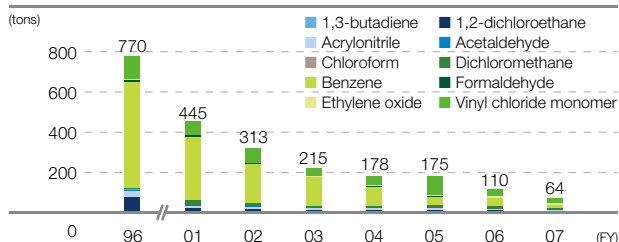


### Harmful Atmospheric Pollutants

Mitsui Chemicals is currently using ten of the atmospheric pollutants considered to pose a certain degree of health risk (priority substances) as specified under the Air Pollution Prevention Law, and we are currently making proactive attempts to reduce releases of these substances in accordance with our own voluntary guidelines.

Thus far we have instituted detoxification measures such as the use of catalytic oxidation equipment, and have reduced releases to 64 tons for the company overall in fiscal 2007.

### Trend in amounts released of harmful atmospheric pollutants



## Volatile Organic Compounds (VOC)

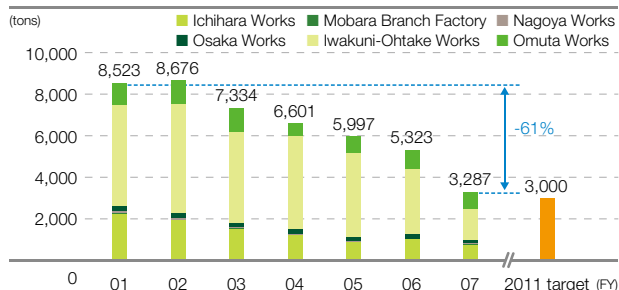
Under the Air Pollution Prevention Law as amended in May 2004, release of volatile organic compounds (VOC) is regulated. The government has set a goal of 30% reduction in amounts of VOC released from non-mobile sources by fiscal 2011 in comparison with fiscal 2001.



Regenerative thermal oxidizer installed at the Ichihara Works

In fiscal 2007, Mitsui Chemicals reduced its overall VOC emissions by about 61% from the level in fiscal 2001. Our voluntary target for fiscal 2011 is to reduce releases to 3,000 tons, and each of our works is making efforts to achieve this. The Ichihara Works has installed regenerative thermal oxidizer as a countermeasure to its high levels of atmospheric releases of vinyl acetate.

### Trend in amounts of VOC released



## Atmospheric Pollutant Risk Control

Mitsui Chemicals is controlling the atmospheric concentration of each potentially harmful chemical substance, based on the level of toxicity and estimated concentrations at the boundaries of its works, so as to maintain levels that would not impact human health.

The concentration of a chemical substance at which effects appear is evaluated using the MOS indicator<sup>\*2</sup> as a guide. From fiscal 2004, Mitsui Chemicals has taken countermeasures to ensure the MOS indicators of its chemical substances are 1.0 or less.

<sup>\*2</sup> MOS (Margin of Safety) value: (estimated concentration of a chemical substance at the boundary of works) / (maximum allowable environmental concentration or voluntary control concentration of a substance).

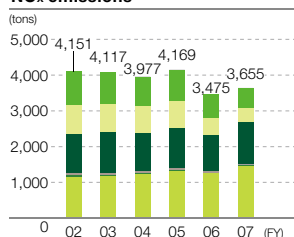
[WEB Example of atmospheric dispersion calculations](#)  
Prioritizing countermeasures through risk assessment

## Reduction of Air and Water Pollutants

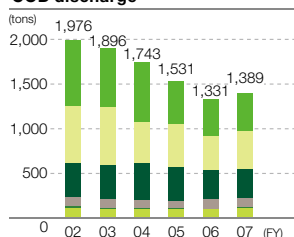
Mitsui Chemicals is striving to reduce the load of atmospheric pollutants (NO<sub>x</sub>, SO<sub>x</sub>, soot, etc.) and substances that degrade water quality (COD, nitrogen, phosphorus, etc.), and currently in each case, the load is far lower than the standards set by relevant laws or ordinances. In addition, efforts are being made to reduce the load of water usage in our production activities through measures such as recycling 1,804 million cubic meters of water in our cooling towers each year.

### Changes in environmental load on the atmosphere and water

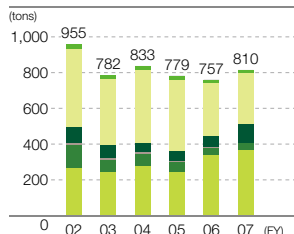
#### NO<sub>x</sub> emissions



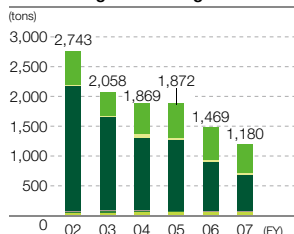
#### COD discharge



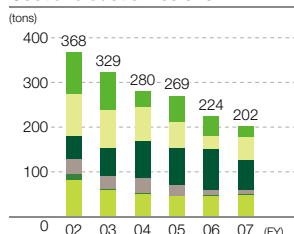
#### SO<sub>x</sub> emissions



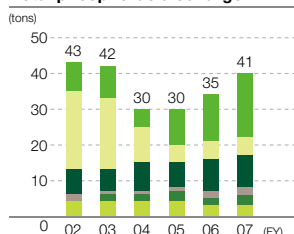
#### Total nitrogen discharge



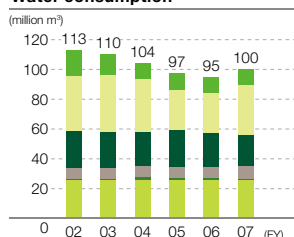
#### Soot and dust emissions



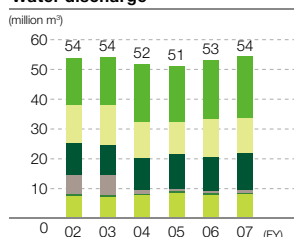
#### Total phosphorus discharge



#### Water consumption



#### Water discharge



Legend: Ichihara Works (yellow), Mobara Branch Factory (dark green), Nagoya Works (light green), Osaka Works (dark green), Iwakuni-Ohtake Works (yellow), Omuta Works (dark green), Sodegaura Center (blue)

## Measures Against Soil Pollution

Mitsui Chemicals has voluntarily instituted investigations of and countermeasures to soil and underground water pollution at all of its works. At the Nagoya Works, an investigation of soil and underground water was conducted between April and June 2007 at a site slated for construction of new manufacturing facilities. The results showed levels of mercury and other pollutants exceeding standards in part of the site. Necessary measures were taken under the guidance of the relevant city authorities.

## PCB Recovery, Storage and Disposal

On the basis of the "Law for Special Measures on Promotion of Proper Disposal of Polychlorinated Biphenyls (PCB) Waste," Mitsui Chemicals is recovering and storing PCB waste properly.

The law stipulates that handlers of PCB waste are obliged to appropriately dispose of it by 2016. We are planning to gradually dispose of our PCB waste in accordance with the capacity of the regional disposal facility of Japan Environmental Safety Corporation to accept such waste.

## Environment-Related Complaints

Mitsui Chemicals received two environment-related complaints and took immediate, appropriate measures to handle them.

### Complaints in fiscal 2007 and steps to respond to them

Works	Description of complaint	Response
Iwakuni-Ohtake	We received a complaint about noise from the use of a jackhammer in an earth-floored room.	We made changes in the procedure, substituting a low-noise model jackhammer for the work.
Omuta	We received a complaint about noise after hours from use of a grinder to smooth welded joints.	We stopped the work in progress and prohibited this sort of work after hours.

### >>Staff Comment

The Omuta Works produces many functional materials, so more industrial waste generated must undergo final disposal than at other works. However, we are keeping the three Rs (reduce, reuse and recycle) in mind as a basic principle and putting our heart into promoting efforts toward minimization of waste.



**Yoriaki Matsuzaki**  
Safety & Environment Group,  
Safety & Environment Div.,  
Omuta Works

# Commitment to Accident and Disaster Prevention

**The Mitsui Chemicals Group is making proactive efforts to eliminate accidents, placing its highest priority on ensuring safety. Putting accident prevention first, Mitsui Chemicals is constructing a system that does not allow accidents to happen.**

## Prevention of Accidents and Disasters during Production

### Fortifying Safety Technology

The "Safety Technology Center," established by the Safety & Environment Division, acts as the nucleus for safety technology, with the aim of strengthening and enhancing the level of safety technology of the Mitsui Chemicals Group through support of safety evaluations and provision of safety technology education.



Gathering data on danger of chemical reactions

#### Functions of the Safety Technology Center

- Consulting with regard to safety evaluation
- Checking safety at each stage of development
- Conducting safety evaluation testing
- Conducting safety and disaster prevention education
- Providing support and inquiring into causes in the event of accidents or other trouble
- Expanding and maintaining a safety information database

### Ensuring Safety

Earthquake countermeasures at our works are based upon operation of facilities built using earthquake-resistant designs in accordance with the relevant laws in effect. Each works has installed several earthquake detectors and in the event of an earthquake, they are designed to ensure safety by shutting down operation of the facilities in accordance with the gal value of the earthquake. For example, at one works it has been determined that in the event of a 150 gal earthquake, the non-power generation plants will cease operations, and at 200 gals, the power plants will also be shut down.

### Plans and Drills for Local Safety and Disaster Prevention

To ensure safety in the case of emergencies, the Mitsui Chemicals Group conducts disaster training, including fire fighting, contacting the appropriate persons in charge in the event of emergencies and notification to the appropriate authorities. Annual plans are drawn up for each workplace and are implemented in accordance with the type of work being engaged in at each site. General disaster prevention drills involving entire works are planned regularly and conducted together with the local public fire service and volunteer fire fighting units. Joint disaster prevention drills are conducted as training for mutual

assistance among companies and involve exchanges with the local public fire service and neighboring companies. In order to deepen others' understanding of our disaster prevention and safety efforts, we invite local community associations to view the general disaster training drills involving entire works.



General disaster prevention drill at the Osaka Works



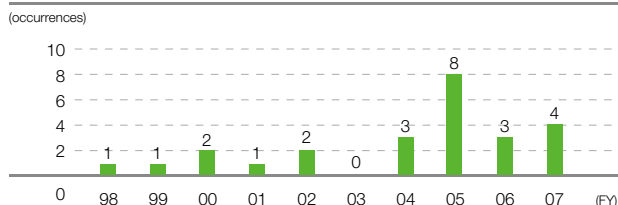
Disaster prevention drill at Amoco Mitsui PTA Indonesia

### Efforts to Prevent Accidents

In fiscal 2007 the four accidents listed below occurred. Immediate measures were taken in each case, and thorough efforts are being made to avoid similar accidents based on what we have learned from these incidents.

- Accidental fire at a phosphorus ore-loading conveyer belt (Shimonoseki Mitsui Chemicals, Inc.)
- Fire in a bag filter attached to the exhaust gas-oxidizer (Osaka Works)
- Leakage from a heavy oil C feedstock pipe (Iwakuni-Ohtake Works)
- Minor fire near an extruder (for insulation material) (Iwakuni-Ohtake Works)

#### Trend in number of accidents



#### >>Staff Comment

I think the job of an SE\* at a works can be summed up as "taking the lead in introducing safety technology in the works." In order to achieve this, I consider it my mission to take on the challenge of improving safety technology in various ways while listening to the workers on the job and teaming up with the SEs at other works and the Safety Technology Center.

\*SE: Safety Engineer.



**Yuji Oishi**  
Safety & Environment Group,  
Safety & Environment Div.,  
Omuta Works



## Safe Logistics of Products

### Dialogues with Logistics Contractors

The Mitsui Chemicals Group is teaming up with its logistics contractors to conduct safety activities.

The Ichihara Branch of Mitsui Chemicals Logistics, Inc., holds a "Logistics Improvement Reporting Meeting," in which it announces the results of activities of each of the logistics contractors during the past year. In fiscal 2007, 19 teams from 17 companies participated, and one team was commended for outstanding performance and two other teams for excellent performance.

These activities are conducted voluntarily by logistics managers and staff and are very helpful in raising awareness of safe transport of products among logistics professionals.

### Safety Measures Using MSDS and Yellow Cards

Since we handle many hazardous, toxic and deleterious substances, we practice great caution during product transportation.

In order to provide the logistics contractors information on the danger or toxicity of products and ensure safety during transport, we supply them with a materials safety data sheet (MSDS). We also make it obligatory for the drivers or crewmen to carry a yellow card containing information on measures to take and information to be reported in the event of an accident.



Yellow Card

#### >>Logistics Contractor Comment

Our company's theme in fiscal 2008 is "strict enforcement of visual confirmation by all employees" in order to prevent human errors. Focusing on the drivers, we are putting all our effort into propagating the realization that "visual confirmation is for their own safety."



**Keishi Kabashima**  
Shiraishi Jidosha, Ltd.

### Efforts to Eliminate Logistics and Labor Accidents

Among logistics accidents, those involving tanker trucks can lead to major disasters. For that reason, points requiring attention in inspections during loading and unloading are clearly indicated in the procedures manuals and on signs to draw attention to them, and we strive for mistake-free operations by having the workers point their finger at each checkpoint and confirm it aloud.

### Minimizing Damage in the Event of an Accident

The Mitsui Chemicals Group operates the Mitsui Chemicals Group Logistics Emergency Network (MENET), an around-the-clock safety system for taking emergency action to minimize damage in the event of an accident while carrying a product.

In this system, Japan is divided into six areas. Upon hearing of an accident, employees are immediately dispatched from the nearest support base to take action. Anti-disaster equipment and materials are always available at support bases to enable speedy action. To ensure that the system works effectively, we conduct MENET drills twice a year.



MENET drill

#### MENET support bases



#### >>Staff Comment

Tanker truck accidents can lead to major disasters, so we hold regular joint training sessions with contract transport companies to practice visual confirmation. Through visual confirmation, we aim to eliminate human errors and have zero logistics accidents.



**Teruyuki Ikeda**  
Planning & Coordination Team,  
Omuta Branch,  
Mitsui Chemicals Logistics, Inc.

## Community Meeting to Exchange Opinions Held at Omuta Works

The works of Mitsui Chemicals hold community meetings every year with local residents to exchange opinions, one expression of the positive attitude the works have toward communicating with members of the local communities, our important stakeholders. On July 13, 2007, the Omuta Works in Fukuoka Prefecture held a meeting with members of the local communities.



### Fifteen People from Neighborhood Associations in Four School Districts

A total of 19 people participated in the community meeting, including 15 representatives from the neighborhood associations of four school districts around the Omuta Works, plus Sumio Nagata, former professor at Fukuoka University; Hiroko Terasawa, a chemical substances advisor<sup>\*</sup>; and Takatomo Shimada and Hirosuke Katsuki of the Omuta City Environment Office. The participants listened to an explanation of Mitsui Chemicals' initiatives concerning activities related to environmental preservation and social contributions, viewed a display corner of diverse products related to Mitsui Chemicals, and toured the Omuta Works, with particular attention to the wastewater treatment facilities and the control room. A meeting was held afterward where a constructive exchange of opinions took place and the guests asked many questions. Below is an excerpt from the July 13 meeting proceedings.

<sup>\*</sup>Chemical substances advisor: An independent advisor who provides objective information and advice concerning chemical substances; such persons must pass set examinations to qualify and be registered as advisors.

### Promotion of CSR Initiatives

**MC:** You will find a copy of the Omuta Works PR newsletter *Tokayama* and other materials on your table. The newsletter was formerly delivered in bulk form to your organization, and with your cooperation it was distributed to residents in your districts. We have now changed distribution of the newsletter and arranged to distribute it as a newspaper insert.

**Neighborhood Association Representative:** The newsletter has some interesting content. It would be unfortunate if inserting it in newspapers

for distribution might result in it being mistaken as advertising and then discarded without it being read. The residents of this area are also benefiting from having the Omuta Works located here, and I think we can repay that somewhat by handing out the newsletter personally as before.

**Nagata:** It would probably be worthwhile to consider adding public information from the Neighborhood Association in the newsletter. That would provide further incentive for those in the Neighborhood Association to personally distribute the newsletter. Also, from the viewpoint of transparency of operations, this type of meeting for exchanging opinions could be publicized more widely in the mass media.

**Works Representative:** Good idea. We'll certainly look into that.

**Neighborhood Association Representative:** Not all that much time has passed since your company began its CSR activities. How deeply have they permeated through the company?

**MCI Head Office Manager:** We began our CSR activities two years ago, and are placing particular emphasis on activities tied to local communities. All our works, for example, hold meetings like this for exchanging opinions. We do not publicize figures related to our CSR activities, but I believe our overall activities are moving forward according to schedule. Other examples of activities are our "Wonders-in-Chemistry Class" aimed at showing children how interesting chemistry is. We will continue our activities for having direct contact with the local communities, and turn Mitsui Chemicals into an even better and more trustworthy company in the future.



**Sumio Nagata**  
Former professor, Fukuoka University

## System for Responding to Noise and Offensive Odors

**Neighborhood Association Representative:** We are impressed with your company's efforts in the area of environmental preservation. Related to that—and I don't think there have been any recent problems—on June 7 a local resident complained about being bothered by noise after the end of the National holidays in early May. Can you tell us whether information on the measures your company takes concerning noise prevention has been passed on to that resident?

**Works Representative:** After confirming the facts with the related worksite we contacted the resident and explained what happened and the countermeasures we introduced. The resident was completely satisfied with our action. The noise was caused by a motor, which we quickly repaired. We are now studying other possible anti-noise measures, such as erecting a noise barrier.

**Works General Manager:** Offensive odors, noise, and other similar problems that lead to complaints are generated when some sort of irregularity occurs in plant operations. All information we receive related to complaints is shared throughout the works. We view information from residents in the community as helping us in the early discovery of irregularities, thus tying to the prevention of accidents. If local residents notice an abnormality, even in the middle of the night, I hope they will contact us immediately.

**Terasawa:** Concerning odors, the human nose can be considered an acute sensor. It is exactly because residents are outside a works that they can provide information on offensive odors, say, or noise.

Such information contributes toward making the works' operations better and ties to improving the local environment. By all means, therefore, residents should not hesitate to contact the works when they notice an abnormality.

**Neighborhood Association Representative:** The cause has nothing to do with your company, but there is one area where a river's banks smell terrible. We would also like to see the city respond in ways such as holding meetings like this to exchange opinions. If we contact Mitsui Chemicals, they would respond right away.... (laughter)

**Shimada (Omuta City):** Ten years ago we contacted Mitsui Chemicals and told them their company was not open enough. Today, however, I think the company has become very transparent. I would like to see the works aim in the future to become even more open, and hope the company will continue its CSR initiatives and its interaction with the citizens of Omuta City.

**Works Representative:** We will continue in the future to make efforts to respond frankly to the valuable opinions of the residents in the local community.



**Hiroko Terasawa**  
Chemical Substances Advisor



## Note on the Comments

This was the first occasion for the Omuta Works to hold a community meeting with representatives of local school districts and city officials. We received many frank opinions at the meeting. Some were cordial comments about our CSR initiatives, evaluations of the works' efforts to improve the local environment, and questions related to the works' response when noise or other problems occur. The meeting not only allowed us to deepen our mutual understanding with local residents but also let us realize anew that our works exists because of their understanding and support. Based on the principle of coexistence, we will continue the safe and stable operation of our works. Besides regular exchanges with local residents we will continue to hold meetings like this as we aim to realize a totally transparent works.

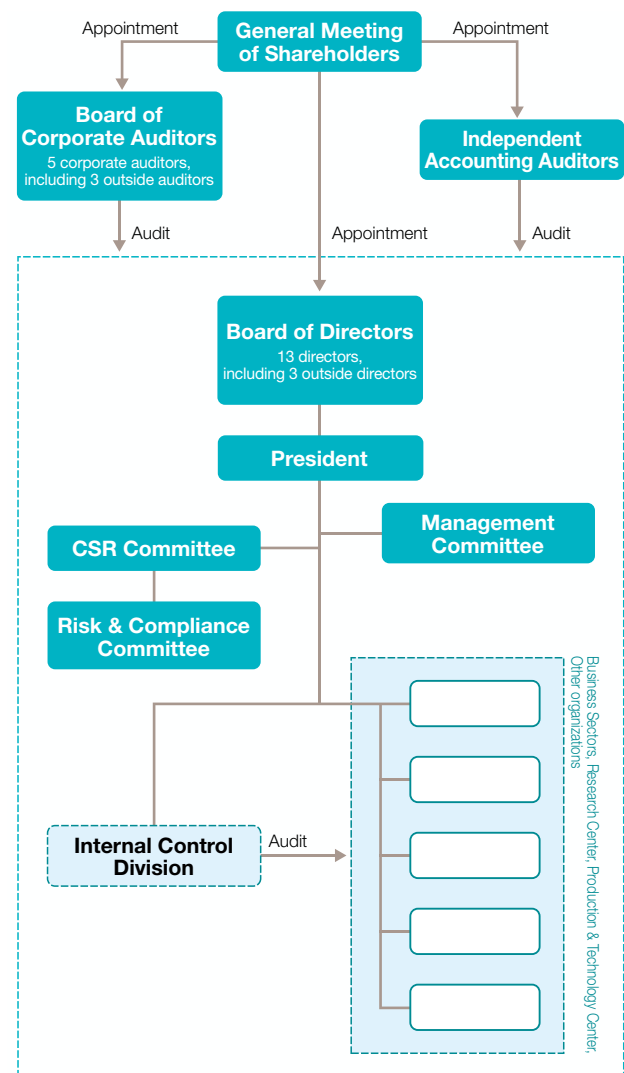


**Nobuhiro Kitano**  
General Manager,  
Safety & Environment Division,  
Omuta Works

# The Systems Supporting Our CSR Initiatives

The Mitsui Chemicals Group is striving to support various activities which form the basis of CSR. In this section we report on our efforts to fulfill our social responsibilities, through which we earn the trust of our stakeholders.

## Corporate Governance Structure





# Corporate Governance

**The Mitsui Chemicals Group places highest priority on enhancing corporate governance as one of our key management issues in order to earn the trust of shareholders, customers, local residents and all other stakeholders, and to fulfill our social responsibilities as a corporate citizen.**

## Mitsui Chemicals' Policy on Corporate Governance

We continually improve management transparency to maintain the trust of society at large, and to fulfill our social responsibilities as a corporate citizen. Mitsui Chemicals has established a system where important decisions are made through extensive discussions in various meetings as prescribed by company regulations. Our system of internal control includes appointment of outside directors, recognizing the importance of the Corporate Auditors' function, establishment of the Internal Control Division and establishment of the Risk & Compliance Committee.\*

Further, to enhance the effectiveness of our corporate governance system, we promote investor relations and public relations activities, where we disclose information to shareholders, investors, analysts, the media and others outside our company.

\*Risk & Compliance Committee: New designation (as of June 2007) of the former Risk Management Committee.

## Implementation of Corporate Governance Measures

### Board of Directors

Mitsui Chemicals' Board of Directors holds meetings once a month as a rule to make decisions concerning key business management issues. At the meetings, individual directors report on business management status, financial conditions, business achievements and other topics and Board members discuss and make appropriate decisions.

### Executive Officer System

Mitsui Chemicals has adopted an Executive Officer System to clarify the roles and responsibilities relating to the company's management supervision and its business management. This system is effective in accelerating management decision-making and allows our various divisions to carry out their work smoothly and quickly. It is also designed to further strengthen and enhance the overall management system.

## Corporate Audits and Internal Audits

Corporate Auditors attend important meetings, including those of the Board of Directors, to regularly communicate with top management and other necessary persons. They also receive and check documents of the approval for decisions by business managing directors and minutes of important meetings.

In addition, the accounting auditors and Internal Control Division exchange views on plans for annual audits and the results thereof, and auditing is conducted in mutual cooperation.

## Management Committee

Mitsui Chemicals has established the Management Committee to debate those issues to be referred to the Board of Directors that require prior discussion and key issues concerning business management so that decision-making is proper and efficient.

## Establishment of the Internal Control Division

In order to enhance the functioning of our internal auditing to meet the requirements of the Company Law and Financial Commodities Trading Law, in addition to maintaining the traditional internal auditing functions, Mitsui Chemicals established an Internal Control Division on April 1, 2007. This office has the following functions:

- Internal auditing of the Mitsui Chemicals Group overall
- Evaluating the conditions of maintenance and operation of the internal control system and perfecting risk control functions
- Establishing and maintaining an internal control evaluation system with regard to business processes

# Risk & Compliance Management

The Mitsui Chemicals Group has positioned risk and compliance management as a top priority for earning the trust of our shareholders, customers, local residents and all other stakeholders and fulfilling our social responsibilities as a good corporate citizen.

## Risk Management System

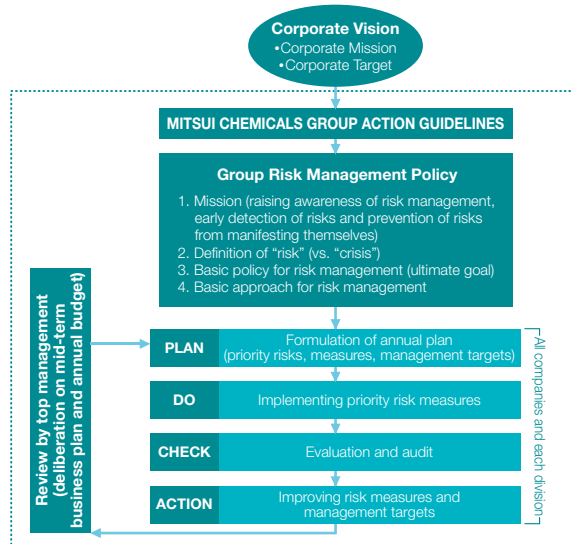
### Risk & Compliance Committee

In order to maintain and operate our risk management system and discuss the Mitsui Chemicals Group's risk management policies we have established the Risk & Compliance Committee, chaired by the board director in charge of risk management.

### Group Risk Management System

In order to detect risks early on and prevent them from manifesting themselves, we introduced the "Mitsui Chemicals Group Risk Management System," which promotes risk management under the scheme shown in the figure on the lower right. The Mitsui Chemicals Group considers non-compliance with laws and regulations a major risk area, and we are strengthening our efforts to expose potential non-compliance with laws and regulations and prevent them from occurring.

#### Scheme of the Group Risk Management System

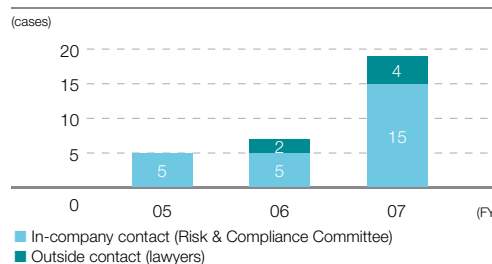


### Risk Hotline

In the event that employees discover that there is a particular risk of legal non-compliance within the company, we have created a system through which they can contact the Risk & Compliance Committee directly or consult with lawyers outside the company. Under this system, company rules

are clearly stipulated to ensure that employees who report to the committee or consult with lawyers do not receive unfair treatment.

#### Trends in risk hotline use



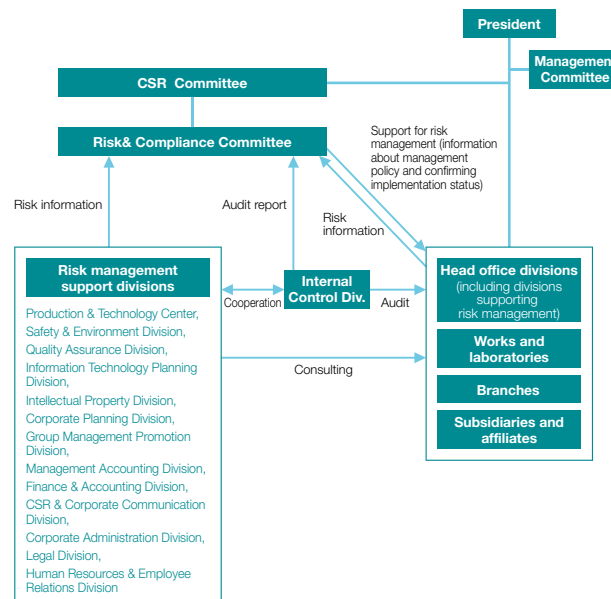
\*The outside contact was established in September 2005.

## Formulation of a Business Continuity Plan

Mitsui Chemicals has formulated a Business Continuity Plan (BCP)\* in the case of a major earthquake occurring in the northern part of Tokyo Bay with a magnitude of 7.3, as estimated by government agencies. Under the BCP, if the head office functions are paralyzed, in order to reestablish a command center quickly, an emergency headquarters would be established at the Osaka Works. To serve our customers promptly and adequately, the Osaka Branch and other offices would establish emergency customer response centers.

\*Business Continuity Plan (BCP): Minimizes the decrease in business activity levels in the event of disasters or accidents causing damage, so that recovery is achieved in the shortest time possible.

#### Organization of the Group Risk Management System



## Compliance Training

Raising the awareness of each and every employee regarding the need for legal compliance as well as knowledge of the laws and regulations that must be obeyed is necessary and critical in order to promote such compliance. To achieve this, the Mitsui Chemicals Group has adopted three measures to cover all aspects of legal compliance: Awareness-raising training; Training on observance of laws and regulations, and the distribution of the Compliance Guidebook, which can be kept on hand and used as a reference book.

### Awareness-raising Training

In order to achieve total legal compliance, nothing is more important than awareness among all executive directors and regular employees alike.

The needed awareness, however, will vary depending on the type of work each person performs. Thus we are conducting awareness-raising training with varied content, suited to each level, from newly recruited personnel to management-level employees. For the management-level employees and managers of each division, the training is conducted by university professors and lawyers who have a wealth of practical experience in legal compliance issues.

In this way each individual, regardless of their position in the company, can set an example for others and help spread legal compliance awareness, as we aim to maintain our status as an open and honest corporation.

### Training on Observance of Laws & Regulations and e-Learning

To promote knowledge of laws and regulations, the Mitsui Chemicals Group conducts training on observance of laws and regulations. These introduce each of the important rules employees must know and comply with in performing their work, and include 15 topics to date.

As a basic rule, these training are held two or three times a year, but in order to free employees of restrictions on times and places and increase the convenience to the trainees, we introduced e-learning in fiscal 2006.

Each employee is given specific subjects to study in accordance with the needs of his or her work. We have also made it a rule for the trainees to review each topic they have finished studying every



three years so that they remain up to date with the most recent information on the necessary topics.

By the end of fiscal 2007, a total of approximately 12,000 people had undertaken this kind of study.

### Compliance Guidebook

In 2003, we summarized important points to note when conducting business in the Compliance Guidebook (revised in 2006) and distributed it to every member of the Mitsui Chemicals Group to ensure complete awareness of legal compliance issues among all employees. Recitations are held at individual workplaces, and it is used in other programs to promote legal compliance on an everyday basis.



### On the Non-Compliance with the Anti-trust Law Incident in the Gas Piping Business

In November 2006, the Japan Fair Trade Commission conducted an investigation on suspicion of a price cartel, and in June 2007, Mitsui Chemicals was ordered by the Commission to pay a fine and take steps to eliminate the problem. Mitsui Chemicals has been conducting a range activities aimed at ensuring thorough compliance with all laws and regulations, including the Anti-trust Law, so we find this occurrence to be truly regrettable. We are taking this matter seriously and making thorough efforts to strengthen measures aimed at preventing a recurrence.

# Responsible Care Management

**The Mitsui Chemicals Group is promoting responsible care (RC)\* initiatives to harmonize our operations with the environment as stated in our Corporate Mission, as well as to ensure employees' safety and health, facility and product safety and to reduce our environmental impact. Furthermore, starting from fiscal 2008, we are enhancing our RC activities, aiming to achieve management which balances economics, the environment and society.**

## Basic Policy Regarding the Environment, Safety, Occupational Health, and Quality

The Mitsui Chemicals Group is developing business activities based on a corporate mission which states: "Contribute broadly to society by providing high-quality products and services to customers through innovations and creation of materials and products while keeping in harmony with the global environment." We conduct our business and manufacturing activities within the spirit of the Mitsui Chemicals Group Action Guidelines, with a high regard for customers recognizing that complying with laws and regulations and securing environmental preservation and safety are fundamental to corporate management.

We are implementing this basic policy in relation to the environment, safety (disaster prevention, product safety, occupational safety), occupational health and product quality.

### 1. The Environment

- Contribute to environmental preservation by developing new products and technologies.
- Assess and reduce the environmental impact of products through their entire life cycles, from product research and development to final disposal.

### 2. Safety and Occupational Health

- Give priority to securing safety, and aim for accident-free and injury-free operations.
- Promote the formation of an appropriate work environment and support for health enhancement of employees.
- Implement safety measures and procedures in handling chemical substances to prevent injury or harm to people connected with our activities, i.e., customers, employees and others involved in construction and logistics.

### 3. Quality

- Supply high-quality products and services that earn the trust and satisfaction of customers so that customers feel confident when using products for their intended applications.

### 4. Promoting Self-management

- Strive for continuous improvement in measures by way of self-management related to the environment, safety, occupational health and product quality, beginning with compliance with all applicable laws and regulations based on the principles of RC.

Established October 1, 1997  
Revised April 1, 2006

\*Responsible Care: RC encompasses all those activities implemented by manufacturers of chemical substances, of their own accord and out of a sense of responsibility, in order to avoid pollution of the environment through the entire product life cycle with self-management and responsibility. These activities include improvements to methods and processes undertaken in order to preserve the environment or to protect the health of the general public, to protect employees' health, and to prevent damage to facilities. For further details, please visit the website of the Japan Responsible Care Council (JRCC).

[http://www.nikkakyo.org/organizations/jrcc/top\\_e.html](http://www.nikkakyo.org/organizations/jrcc/top_e.html)

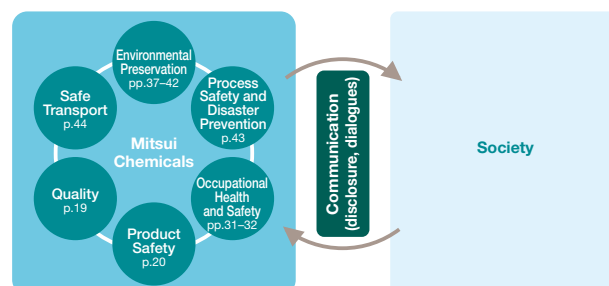


Responsible Care®

## RC Management System

Mitsui Chemicals positions RC as a pillar of our business management philosophy and is promoting it in all areas, from environmental preservation, safety and disaster prevention to occupational safety and health, product safety, quality, logistics safety and social communications. In concrete terms, we are working proactively to comply with legal regulations and to minimize potential risks, disclosing information in relation to these, and building a management system integrating an environmental management system (ISO 14001, year 2004 version), a quality management system (ISO 9001, year 2000 version) and the Occupational Health and Safety Assessment Series (OHSAS 18001). We are introducing similar systems at our subsidiaries and affiliates so as to promote RC activities throughout the Mitsui Chemicals Group.

### Relationship between Mitsui Chemicals' RC Management System and Society



## RC Promotion System

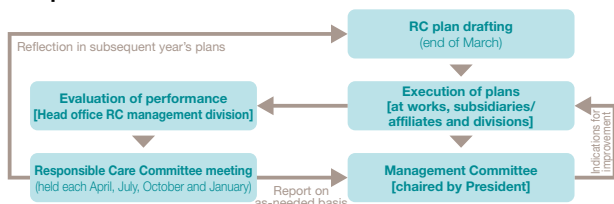
The Responsible Care Committee (RC Committee), chaired by senior managing director of the environment, safety and quality and including the executive director of occupational health, all general managers of works, all general managers of divisions and the general manager in charge of the R&D, takes the lead in drafting policies, strategies and plans, evaluating RC performance and reviewing the RC promotion system. In line with the aim for a management system that balances the three axes of economics, the environment and society, the RC Committee has increased the number of its annual meetings from two to four in order to be able to deal swiftly with problems discovered during evaluation of performance or new problems that have come to light. In addition, by reporting the minutes of each of these discussions to Management Committee, we have enhanced the involvement of executive management in the RC promotion system.

A specific example of an RC activity is having people responsible for RC promotion (business sector presidents)



in each division take the lead in promoting RC at each works, subsidiary/affiliate or division.

#### Responsible Care Activities Scheme



## Acquiring International Standard Certifications

Mitsui Chemicals has acquired certifications under international standards for quality, environmental preservation and occupational safety and health. All works have been certified under ISO 9001: 2000, ISO 14001: 2004, and OHSAS 18001.

Mitsui Chemicals Group promotes certification by ISO 9001: 2000 and ISO 14001: 2004 international standards at domestic and overseas subsidiaries and affiliates.

■WEB Status of international certifications and RC audit results at subsidiaries/affiliates

## RC Audits

### Audits of the Environment, Safety, Occupational Health and Quality at Manufacturing Sites

The internal audits of environment, safety, occupational health and quality for MCI's works and Research Center laboratories are conducted at the end of each fiscal year and focus on the degree of accomplishment of the respective annual goals as directed in the audit rules. The panel of auditors consists of the RC executive director, the RC managers of the relevant departments and other internal RC specialists. They not only hear reports but also conduct on-site field audits and hold meetings with site managers to exchange information in order to conduct audits suited to each site.

The fiscal 2007 audit included a check of efforts related to a "Safety Measures of Motive Machines" directive that had been issued by the RC director in August 2006 to prevent occupational injuries from "Being caught on" and "Being caught between" accidents of motive machines.

### Legal Compliance Audits at Manufacturing Sites

Legal compliance efforts are a key part of the Mitsui Chemicals Group's Action Guidelines, which all managers

and employees are obliged to observe at all times. We are making a group-wide concerted effort toward compliance as a point of major emphasis. In addition to legal compliance audits (performed by the Safety and Environment Department Audit Groups of Works and the Safety Audit Department of Works) and autonomous audits for safety certifications (performed by the Safety Audit Sections of Works) necessary to achieve thorough legal compliance, a double-check audit is being performed by the Safety and Environment Division Audit Group of the Head Office.

In fiscal 2007, we conducted legal compliance audits two times each at five of our domestic works with regard to seven laws, including the High-Pressure Gas Safety Law, Fire Services Law, Water Pollution Control Law and Air Pollution Prevention Law. Our three works certified for safety according to the High-Pressure Gas Safety Law (Ichihara, Osaka and Iwakuni-Ohtake Works) were also audited concerning certification safety practice inspection and certification completion three times each.

### Environment, Safety, Occupational Health and Quality Audits for Subsidiaries and Affiliates

At Mitsui Chemicals, extensive audits of our subsidiaries and affiliates concerning RC activities are conducted by the relevant divisions in charge of respective subsidiaries and affiliates, and the Safety & Environment Division and the Quality Assurance Division. These units conduct investigations and evaluations of RC management based on reports from individual companies and inspection at sites. They also provide advice and guidance concerning remedial measures for the efforts at each company and they facilitate exchange of RC-related information. Additionally, these audits ensure that the excellent work of individual companies spreads to other companies.

In fiscal 2007, environmental and safety audits were conducted for 27 domestic and overseas subsidiaries or affiliates (28 works) and quality audits for 28 domestic and overseas subsidiaries or affiliates (30 works).

#### >>Staff Comment

In October 2005, right after our company's establishment, we launched our efforts toward simultaneous certification of ISO 9001 and ISO 14001, gaining these in July 2006. Almost none of us had had any experience at this, so we had to start from zero with no knowledge about what we had to do, but by teaming up and sharing information, we were able to build the system. Currently, we are following PDCA procedures and striving for continual improvement.



**Wang Yang,**  
Environment-ISO Secretariat  
Mitsui Advanced Composites  
(Zhongshan) Co., Ltd.

# Third Party Comments



**Prof. Scott Davis**  
Professor, Rikkyo University  
Guest Researcher, Reitaku  
University Business Ethics and  
Compliance Research Center

Explaining the strategies, activities and impacts of a major producer of chemical products in a way both clear and relevant to its stakeholders is a daunting task. Despite this, Mitsui Chemicals CSR Report for 2007 is well designed, implemented, and remarkably clear.

Mitsui Chemicals organizes its CSR report and initiatives around the concept of being a "Good Company." A Good Company is defined as being trusted by its stakeholders and a source of pride for its employees. In order to realize this objective, Mitsui Chemicals has implemented a dual initiative—one coordinated and driven by management (top down) and one based on employee awareness and input (bottom up). While this dual approach to implementing CSR is not unheard of in Japanese corporations, Mitsui Chemicals is one of the best examples I have seen. I look forward to reading of the achievements of this dual approach in future reports.

Mitsui-Chemical has used its own corporate goals of contributing to society through "chemical science, innovation and dreams" as a guide to compiling this report. Mitsui Chemicals' concern with integrating social and ecological goals into its business goals, and then making them the subject of innovation, is a defining characteristic that runs throughout this report. Particularly impressive was the presentation of the "Grand Design," where strategic goals were broken down into current, medium and long-term goals that integrated business, environmental and social objectives into a quantifiable and readily understandable scheme. While this report concentrates upon greenhouse gas emissions it is hoped that this will be expanded and that further quantifiable goals will be set in future reports.

Mitsui Chemicals has done well by concentrating its reporting on a few central activities for each stakeholder group. More concentration, prioritization and presenting more information on concrete goals and achievements would further enhance the report. This report also does well by explaining the processes (goals and content) of dialogues between the corporation and various stakeholders such as members of the local community living around production facilities. More information on the concerns of community members and how Mitsui Chemicals integrates these concerns into its CSR initiative could be given.

Lastly, as part of this review I visited Mitsui Chemicals production facility at Ichihara and was greatly impressed by the remarkable social awareness and commitment shown by the staff. While standardized reporting guidelines are important, Mitsui Chemicals should try and capture this unique awareness and commitment by further innovation and originality in future reports.



**Prof. Masaru Masuda**  
President, ChemoBio Integrated  
Management Society  
President, Social Technology  
Innovation Society  
Professor, Ochanomizu University

Through its definition of CSR not as social responsibility, but as contributing to its stakeholders through its businesses, I can appreciate that Mitsui Chemicals' basic doctrine with regard to CSR is to be have the goal of "materializing dreams with the wonder of chemistry."

Inspecting the report from this point of view, one can discern in many places advancement of CSR activities emphasizing specific behavior on the job and placing value on initiative by individuals through a well-developed support system and the establishment of departments in charge at each workplace, but there were also many points in need of improvement, such as a failure to convey the normal, steady efforts being made through the business.

Throughout, compliance with the law is emphasized, but on the other hand, it appears to be a passive attitude. Mitsui Chemicals should make a straightforward expression of a stance of taking on the challenge of setting its own goals and aiming to meet them. For example, you could put the actual activities involved in "innovation to make dreams a reality through the wonder of chemistry" up front, emphasizing them; and similarly, with regard to integrated management of chemical substances, which is your main business, if you presented a summary of several outstanding activities within Japan, it would highlight the company's distinctiveness and deepen the impression left on readers.

For the overall structure, placing "The Systems Supporting Our CSR Initiatives" ahead of "The Mitsui Chemicals Group and Society" would improve the flow and make it easier to understand. Also, in the "Stakeholders and Main Initiatives for FY 2007" figure, nothing has been entered under "Government and administration." One would expect a Japanese corporation to be able to make a clear statement of its efforts with regard to working with the government. It may seem like a trifling detail, but it concerns Mitsui Chemicals' reliability and is therefore a lamentable omission.

CSR activities presented in such a generalized manner may give a superficial impression. It is difficult to gain the trust of society through the presentation of a CSR report that doesn't differentiate itself from that of other companies. I look forward to a CSR report describing the actual initiatives and activities employed in manufacturing at your various locations, something that will excite the reader, and a report that comprehensively includes a wealth of firsthand information to stimulate the reader's interest.

## Notes on the Comments

**Hiroshi Tokumaru**  
Managing Director

We wish to thank Professors Davis and Masuda for their valuable opinions on our group's CSR activities. In fiscal 2007, we adopted a new Grand Design as a basis of our CSR activities, and through our CSR Supporters' activities in the second term, we were able to make progress with our efforts more clearly defined.

On the other hand, in order "to materialize dreams with the wonder of chemistry," we think it will be necessary to hear

the opinions of more of our stakeholders and move forward with more complete efforts. We also recognize how important special initiatives and efforts are to conveying our efforts accurately and clearly.

In the future, we will make use of your opinions in working towards Mitsui Chemicals' goals in "chemistry," "innovation" and "dreams," and in advancing our CSR activities.

## Commendations from Society

Recipient	Award Name	Reason for Award	Sponsor
Mitsui Chemicals, Inc., Osaka Works	Certificate of Accident-Free Record, 1st Classification	Achievement of 5.4 million hours with no major accidents	Izumi Otsu Labor Standards Inspection Bureau
Mitsui Chemicals, Inc., Omuta Works	Excellent Manufacturing Plant of High-Pressure Gas Award	No accidents and thorough safety control measures at high-pressure gas production facilities	The High-Pressure Gas Safety Institute of Japan
Mitsui Chemicals Engineering Co., Ltd., Ichihara Office	Certificate of Accident-Free Record, 4th Classification, Construction Industry	Achievement of 3.8 million hours with no major accidents	Chiba Labor Standards Inspection Bureau
Mitsui Chemicals Logistics, Inc., Iwakuni-Ohtake Branch	Modal Shift Excellent Shipper Award	Reduction of CO <sub>2</sub> emissions in marine transport of PET resin	Chugoku Green Transport Partnership Council, Chugoku Bureau of Economy, Trade and Industry, Chugoku District Transport Bureau
Mitsui Chemicals Logistics, Inc., Omuta Branch	2006 Railroad Transport Meritorious Service Award	Promoting modal shift	Railway Freight Association
Anderson Development Company	Responsible Care Employee Health & Safety Certificate of Excellence	Achievement of accident-free record among employees and cooperating companies through excellent safety activities	American Chemistry Council (USA)
Advanced Composites, Inc.	2006 Beautification Award	Beautification of the environment through planting of cherry trees around the works	Sidney-Shelby County Chamber of Commerce (USA)
ESCO Company Limited Partnership	Performance Improvement Achievement Award	Excellent results in compliance with Association standards regarding the environment, health and safety	Synthetic Organic Chemical Manufacturer's Association (USA)
Mitsui Phenols Singapore Pte., Ltd.	Annual Health & Safety Performance Award 2006 (Gold Award)	Excellent safety results and environmental safety hygiene management system	Ministry of Manpower (Singapore)
Siam Mitsui PTA Co., Ltd.	Plant Safety Award	Excellent safety results and environmental safety hygiene management system	Ministry of Industry (Thailand)

## History of Activities for Sustainable Growth

	Initiatives of the Mitsui Chemicals Group	Trends in Japan	World Trends
	2007 Mar. 3rd Mitsui Chemicals International Symposium on Catalysis Science Feb. Grand Design formulated 2006 Apr. Human Resources Management Policy, Purchasing Policy and Social Activities Policy formulated Singapore International Symposium held (Singapore) Feb. Mitsui Chemicals Group Action Guidelines established 2005 Nov. 1st Assembly of the CSR Committee Sep. First issue of "CSR Report" published (Japanese version) Jun. CSR Committee, Social Activities Committee and CSR Division established Mar. 2nd Mitsui Chemicals International Symposium on Catalysis Science 2004 Aug. ISO 9001, 14001 and OHSAS 18001 certification acquired at all works Nov. Mitsui Chemicals Symposium at ISIS-ULP (France)  2003 Oct. New human resources system introduced Mar. 1st Mitsui Chemicals International Symposium on Catalysis Science  2002 Oct. Framework for environment-related business established Jun. OHSAS 18001 certification acquired (Nagoya Works) Apr. Risk Management Committee established Mar. ISO 14001 certification acquired (Omuta Works, Osaka Works, Shimonoseki Mitsui Chemicals, Inc.) 2001 Jun. Eco-efficiency, environmental accounting introduced Mar. ISO 14001 certification acquired (Ichihara Works) 2000 Oct. Company-wide Mental Health Promotion Project formulated Jan. First issue of "The Responsible Care Report" published	2006 Financial Commodities Trading Law announced New Corporate Law enacted Law Concerning Relief from Health Damage by Asbestos enacted  2005 Personal Information Protection Law enacted  2003 Japan Business Federation establishes Social Responsibility Management Committee Japan Association of Corporate Executives publishes Corporate White Paper "Market Evolution and CSR Management: Toward Building Integrity and Creating Stakeholder Value" Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances amended International Conference on Green Sustainable Chemistry held 2002 Soil Pollution Prevention Law enacted Kyoto Protocol ratified Enforcement Ordinance for the Waste Disposal and Public Cleansing Law amended  2001 Law Concerning Special Measures for the Promotion of Proper Treatment of Waste PCB enacted 2000 Law Regarding the Promotion of the Use of Recycled Resources amended Green Purchasing Law enacted Basic Law for Establishing the Recycle-oriented Society enacted	2007 European REACH came into effect  2006 3rd edition of the Sustainability Reporting Guidelines of the GRI published WEEE, RoHS Directive came into effect  2005 Kyoto Protocol issued  2004 ISO decision to standardize CSR Stockholm Convention on Persistent Organic Pollutants enacted Globally Harmonized System of Classification and Labeling of Chemicals (GHS) published 2003 3rd World Water Forum held (Japan)  2002 The Johannesburg Summit held Report of the OECD Environmental Performance Review on Japan published Guidelines for Waste Plastics (Basel Convention WG) adopted Sustainability Reporting Guidelines 2002 of the GRI published 2001 COP7 (Marrakesh Conference) held International Freshwater Conference held (Germany) 2000 2nd World Water Forum held (Netherlands) COP6 (Hague Conference) held Sustainability Reporting Guidelines of the GRI published
1990s	1999 Oct. Voluntary guidelines for the reduction of atmospheric emissions (to 2005) formulated 1998 Apr. 1st Assembly of the Responsible Care Committee Sludge decomposition process using ozone introduced (zero emissions) 1997 Oct. Corporate Vision and basic policies on the environment, safety and quality formulated Mitsui Chemicals, Inc., founded through a merger of Mitsui Petrochemical Industries, Ltd. and Mitsui Toatsu Chemicals, Inc.	1999 PRTR Law enacted Law Concerning Special Measures Against Dioxins enacted 1998 Law for Promoting Measures Against Global Warming enacted  1995 The Japan Responsible Care Council founded	1999 United Nations proposal for the Global Compact COP5 (Bonn Conference) held 1998 COP4 (Buenos Aires Conference) held  1997 COP3 (Kyoto Conference) held Kyoto Protocol adopted 1st World Water Forum held (Morocco)  1992 "United Nations Conference on Environment and Development (Earth Summit)" held in Rio de Janeiro, Brazil "Rio Declaration on Environment and Development" adopted "Agenda 21" adopted

## Editors' Postscript

Following upon the 2006 CSR Report, the editors formed a working group, listed below, to draft this year's CSR Report, aiming to make it more complete in terms of content and easier to understand. We hope that through this report we can expand our dialogue with all of our stakeholders.

**Hideo Akimoto** (Business Planning and Development Div., Performance Materials Business Sector)  
**Yukihito Yukimune** (Administration and Accounting Div., Advanced Chemicals Business Sector)  
**Toshimitsu Ishii** (Business Planning, Development & License Div., Basic Chemicals Business Sector)  
**Atsushi Nakamura** (Safety & Environment Div.)  
**Akio Matsunaga** (Quality Assurance Div.)  
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**Megumi Matsumoto** (Corporate Administration Div.)  
**Satoshi Gomi** (Legal Div.)  
**Yukio Takahashi, Takao Ouchi, Ken Migita, Takehiro Suzuki, Ritsuko Fukuda** (CSR & Corporate Communications Div.)

Corrections of omissions and typing errors discovered after publication will be listed on our website.

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