

Mitsubishi Rayon Group  
CSR Report

2010

# Mitsubishi Rayon Group: Expanding Core and Growth Businesses on a Global Scale

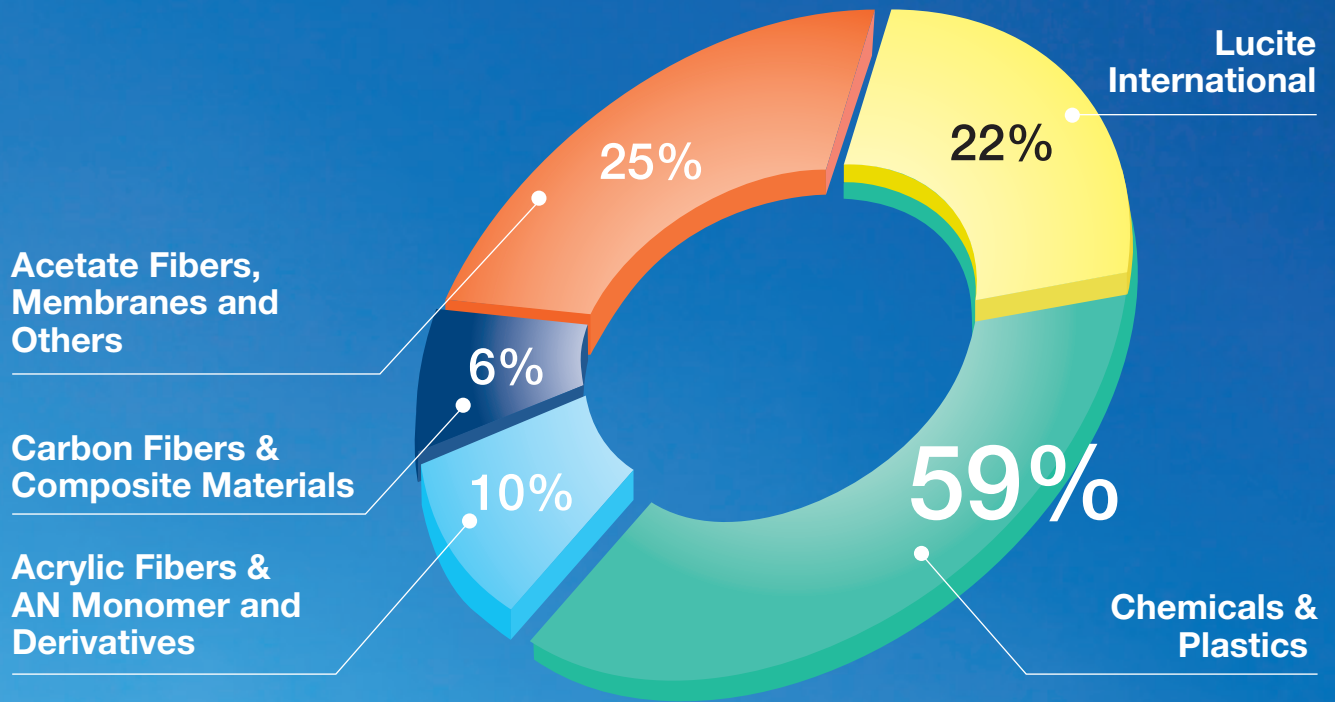
The methyl methacrylate monomer (MMA) business is a key business for the Mitsubishi Rayon Group. As a polymer chemicals maker, we are also developing the acrylonitrile (AN) business. By integrating with the world's No. 1 MMA manufacturer, UK-based Lucite International Group Limited (Lucite International), in May 2009, the Group has become the worldwide leader in this field. Looking ahead, we will expand such new businesses as hollow-fiber membrane filters and optical and carbon fibers by utilizing polymer technology cultivated through our synthetic fiber and acrylic resin operations.

## Mitsubishi Rayon Group's Potential

- **Achieve No. 1 production capacity worldwide**
  - > Increase MMA monomer annual production capacity from 487 thousand tons to 1.356 million tons
  - > Scheduled to expand annual production capacity by 340 thousand tons by 2015
- **Become a leading company in the water treatment business in Asia**
  - > Aim to establish Mitsubishi Rayon as a leading membrane water treatment company in Asia through alliances with global companies
- **Expand value chains through carbon fibers that meet the needs of each era**
  - > Carbon fibers, for which demand is expected to rise, contribute to weight reduction, which, in turn, significantly reduces CO<sub>2</sub> emissions
- **Be a globally unique maker of synthetic fibers centered on functional acrylics and acetates**
  - > Propose comfortable lifestyles by utilizing technologies developed over many years



# Business Composition Breakdown



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## EDITORIAL POLICY

<b>Time Frame</b>	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
<b>Scope</b>	Mitsubishi Rayon Group
<b>Referenced Guidelines</b>	Japan's Ministry of the Environment's Environmental Reporting Guidelines (fiscal 2007 version) Global Reporting Initiative (GRI)'s 2006 Sustainability Reporting Guidelines (third edition)
<b>Publication Schedule</b>	The booklet version was published in November 2010 The website version was posted in November 2010



# We are everywhere.



**Window frames**

"ACRYPLEN" acrylic resin film

**Window frame sealant**

"PYLEN" polypropylene fiber

**Bedding and interior decoration**

"PARCLEAN" antimicrobial acrylic fiber  
 "RENAISS" fiber with moisture absorption and heat generation features

**DVDs**

"RAYQUEEN" coating material for optical discs

**LCD televisions (backlights)**

"SHINKOLITE" acrylic sheets

**Antistatic and thermal clothing**

"THERMOCATCH" fiber with heat generation, thermal retention, and electrical conductivity features  
 "RENAISS" fiber with moisture absorption and heat generation features

**Tail lamp covers**

"ACRYPET" and "Diakon" acrylic molding material

**Headlamps**

"ACRYKING" hard coating material for automotive head lamps

**Dashboard and door trim panels**

"ACRYPLEN" acrylic resin film

**Automotive coating materials**

"Dianal" acrylic resin coating material

**In-car network**

"ESKA" Plastic optical fiber

**Automotive interior and exterior components**

"UMG ABS" acrylonitrile-butadiene-styrene (ABS) resins

**Engine room components**

"PYROFIL" pellets—carbon fiber reinforced thermoplastic resins

**Automotive mats**

"PLA/PP" and "ALPORT" polypropylene filament yarns

**Vehicle-mounted batteries**

"M.V.P" acrylic fiber for nonwoven fabric

**Kitchen counters**

"Du Pont™ CORIAN®™" solid surface materials  
 "Avron" acrylic resins

**Bathtubs**

"SHINKOLITE," "Asterite" and "Lucite SW" acrylic sheets

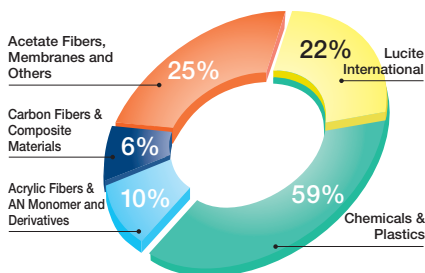
**Bath carbonator**

"SODABATH" artificial carbonated spring water generator

**Water purifiers**

"CLEANSUI" home-use water purifiers

■ Business Composition Breakdown



**Chemicals & Plastics**

With excellent transparency and weather resistance, methyl methacrylate monomer (MMA) is used as a raw material for the manufacture of various plastic products, including acrylic resin. With production bases worldwide and businesses ranging from monomers to polymers, the Mitsubishi Rayon Group is the world's largest MMA maker and the only one employing all three major manufacturing methods. Acrylic resin is an environment-friendly material as it enables monomer recycling. Eco-friendly acrylic resin is contributing to the improvement of plastic products, users' lifestyles and the global environment.

**Acrylic Fibers & AN Monomer and Derivatives**

In the field of acrylic staple fiber, the Company provides functional materials with superior conductivity as well as heat generation and retention functions in its "COREBRID" series, the world's first sheath-core staple fiber. Also, the Company's "MIYABI" series of acrylic fibers are as soft as baby skin and quickly shed any pilling and fuzz that is generated, thereby increasing user comfort. Furthermore, the Company provides raw materials for the manufacture of acrylic fibers and acrylonitrile-butadiene-styrene (ABS) resin as well as acrylonitrile (AN) and its derivatives, which are used in the synthesis of various chemicals.



**Aircraft components**

"PYROFIL" carbon-fiber composite material

**Water treatment and purification facilities**

Membrane plant business  
 "STERAPORE" hollow fiber membrane filter  
 "DIAFLOC" polymer flocculant  
 "DIAMARS" oil absorption material

**Golf club shafts**

"DIAMANA" golf shafts processed from carbon fiber

**Sportswear**

"VENTCOOL" ventilation fiber

**Aquarium Panels**

"ACRYTEC" acrylic panels

**Pools**

"Lucite SW" acrylic sheets

**Tennis rackets**

"PYROFIL" carbon-fiber composite material

**Window frames**

"TufCoat" acrylic resin-based sheathing material  
 "METABLEN" plastic modifiers

**Signboards**

"Perspex" and "SHINKOLITE" acrylic sheets  
 "ILLUMI LIGHT" LED-based surface light-emitting board

**Mobile Phones**

"SHINKOLITE" acrylic sheets

**Multifunctional printers**

"RODSCOPE" rod lens array

**Personal computers (circuit formation)**

Acrylic polymer for semiconductor photoresists  
 DuPont™ RISTONR™ acrylic dry film photoresist

**Personal computers (light guide panels, LCD display backlights)**

"SHINKOLITE" acrylic sheets  
 "ACRYPET" and "Diakon" acrylic molding material

**Personal computers (cases)**

"UMG Alloy"—carbon fiber reinforced thermoplastic resin

**Street signs (reflective sheets)**

"ACRYPLEN" acrylic resin film

**Cosmetics**

Hyaluronic acid

**Sports bicycles**

"PYROFIL" carbon-fiber composite material

\*Registered trademark of Du Pont™ in the United States

**Carbon Fibers & Composite Materials**

Stronger than steel and lighter than aluminum, carbon fiber has various unique features, such as high electrical conductivity, excellent anti-abrasion properties and X-ray transparency. It is usually utilized in polymer-composite materials. The Mitsubishi Rayon Group's carbon fiber product chain ranges from polyacrylonitrile (PAN) base precursor and "PYROFIL" carbon fiber to intermediate or composite materials, and the Group deploys these products worldwide. We hold JIS-Q-9100 Quality management system certification for aerospace applications and are focusing on the further improvement of our quality control system.

**Acetate Fibers, Membranes and Others**

The world's only comprehensive acetate fiber manufacturer, the Group holds proprietary positions in the clothing, industrial usage and cigarette filter fields. Leveraging polyester and polypropylene fiber technologies, the Group has been developing materials for such social infrastructure usage as civil engineering and construction as well as clothing. Our mainstay "STERAPORE" microporous hollow fiber membrane filter's applications range from wastewater reclamation facilities and turbine generator condenser filters to providing sterile water for hospital surgical facilities. The Group also offers high-performance water purifiers incorporating hollow fiber membrane filters for home and industrial use.

# MMA Supports Modern Society

MMA monomer is a high-performance resin used as a raw material in the production of acrylic resins with both excellent transparency and weatherability. The Mitsubishi Rayon Company (MRC) Group boasts a production capacity of approximately 1.36 million tons, which accounts for 37% of the industry's global production capacity. In addition to the aforementioned properties, MMA boasts strength and coloration and is used in a wide variety of products, including automobiles, IT devices, building materials, electric appliances, leisure goods, and the daily commodities of modern life.

**MMA monomer:**  
Methyl methacrylate  
monomer



## Automobiles

Many automobile parts are made from acrylic resins. Taking advantage of their excellent transparency, weatherability and optical properties, the acrylic resins are utilized in radiator grilles, lamps and instrument panels, as well as in coating materials. In addition, the light weight and flexibility of high-performance acrylic optical fibers has led to an increase in their use in automotive computer systems.

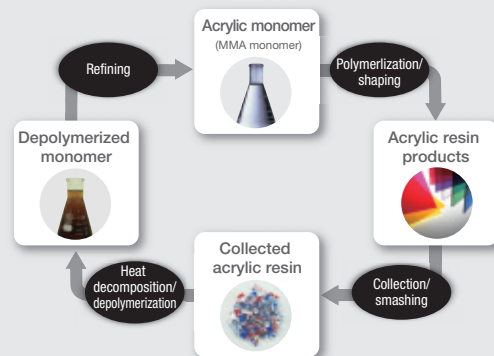
## IT Devices

Mitsubishi Rayon has tried to enhance both the quality and the production capacity of acrylic continuous cast sheets since a revolutionary technology was developed in 1971. Acrylic sheets are used for the light guide panels of LED TVs, in audio-visual equipment and for surface-hardening plates for mobile phones, where they contribute to reducing the weight and size of devices in order to enhance usability. Abrasion-resistant surface sheets are used for the small touch panels of new mobile phones. In this way, MRC provides high-quality and high-functional acrylic sheets for various IT equipment.



## Environment-Friendly Recycling Technology to Reuse Acrylic Resin

Acrylic resin is a recyclable material that, with appropriate heating, can be decomposed into MMA monomer and reused to make new products. In 1997, MRC Toyama Production Center began operating a recycling plant using an original recycling technology. This plant recycles acrylic resin waste generated within its site into high-purity MMA monomer. Aiming to help realize a sustainable society, Mitsubishi Rayon is now striving to establish a larger-scale monomer recycling system to recycle acrylic resin products now in use.



## Building Materials

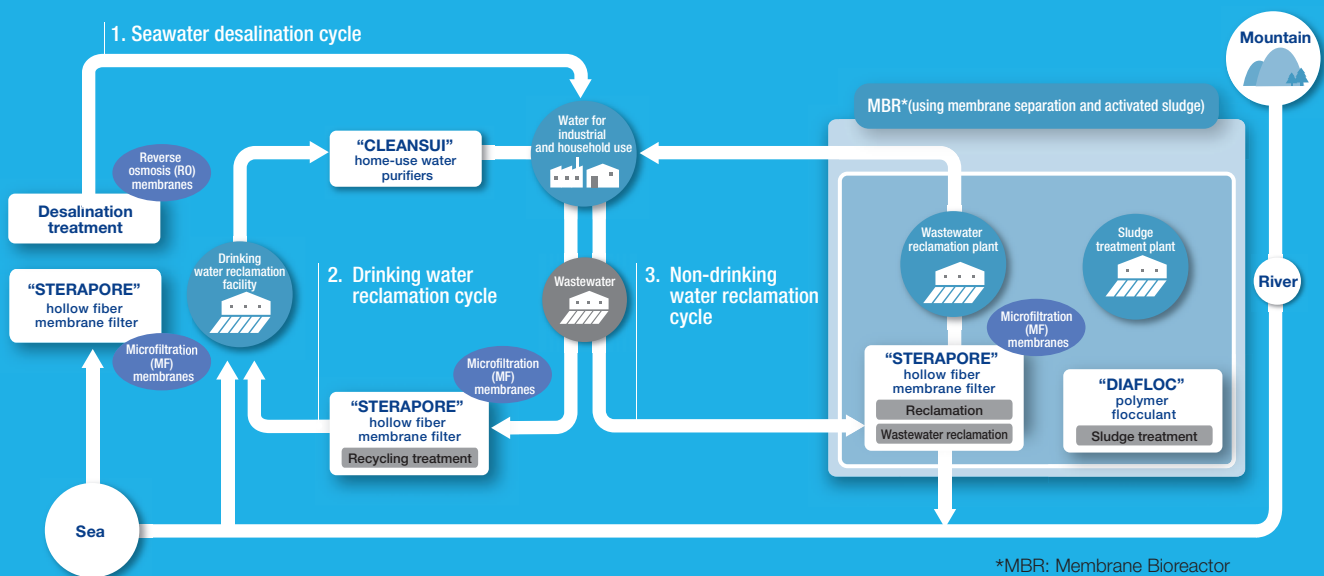
MMA is also used for a variety of building materials because of its excellent transparency and weatherability. Acrylic resins not only exceed glasses in their full-spectrum light transmissivity, they stay crystal clear and do not deteriorate with age. Moreover, the unlimited workability and myriad coloration options of acrylic resins encourage innovation in building design and construction methods.

## Signboards

Acrylic sheets are used for many company and building signboards. Acrylic resins' excellent weatherability, coupled with resistance to deterioration due to exposure to sunlight, is a distinct advantage over competing products. Acrylic sheets have superior workability and coloration that allow the creation of unique advertisements while offering excellent safety, as they do not scatter shards if broken.

# Next-Generation Products and Technologies

The Mitsubishi Rayon Group is helping to solve water problems, an emerging issue worldwide, through its water reclamation technology and hollow fiber membrane filters, which use polymer technology cultivated from synthetic fibers and synthetic resins. We are also cultivating carbon fibers as our next core business. Carbon fibers are used to reduce the weight of automobiles and airplanes as well as in blades for wind turbines, which are a source of clean energy. We will expand new businesses by utilizing next-generation products and technologies.



## Contributing to advanced water reclamation

The Mitsubishi Rayon Group undertakes water purification and industrial water reclamation (for use as clean drinking water) and wastewater reclamation using MF membranes (microfiltration membranes).

At present, with approximately 10% of the world's population suffering extreme water shortages and about 25% confronted with lifestyle difficulties due to chronic shortages, water supply has become a serious global problem. Raising water reclamation to a higher level has become a global issue amid worldwide concerns about water shortage in recent years. High expectations are now held for wastewater reclamation and seawater desalination using membranes.

The "STERAPORE" hollow-fiber membrane filter is used not merely in industrial water filtration and many other types of water reclamation but in the pre-treatment process

for seawater desalination treatment and in wastewater reclamation as well. This technology is used in "CLEANSUI" home-use water purifiers. The series has a broad array of commercialized models, ranging from faucet-mounted to pot-type.

Apart from that, the Group markets the "DIAFLOC" polymer flocculant among an array of products related to wastewater reclamation.

Moreover, we are promoting wastewater reclamation using an MBR (membrane bioreactor) system that combines hollow fiber membrane filters with activated sludge containing microorganisms.

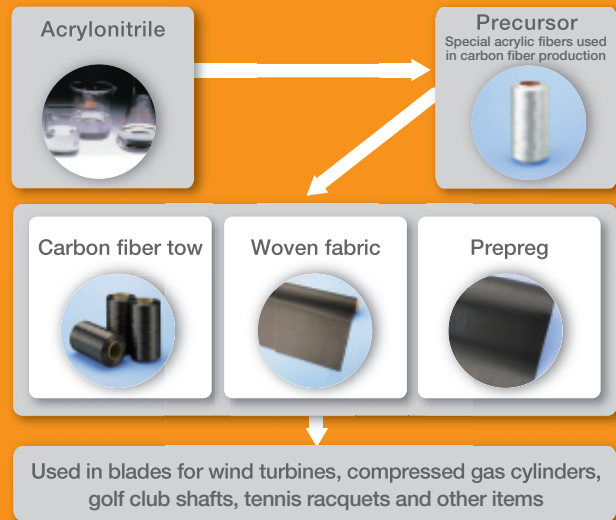
The Group's MBR microfiltration membranes use advanced technology to meet demand for high durability even after multiple uses.

# 1. Water Reclamation Technology



### Contributing to the realization of a low-carbon society

Developing lightweight, fuel-efficient products is one of the major issues that we must address to realize a low-carbon society. Dubbed “stronger than steel and lighter than aluminum,” carbon fibers are promising materials that are attracting attention in this field. With these advantages, carbon fibers are mainly used in road-reinforcing materials for expressways, compressed gas cylinders and golf club shafts. In addition, carbon fibers are expected to find in a broad array of uses, including as materials for vehicles and blades for large-sized wind turbines.



## 2. Carbon Fibers

### Developing unique, specialty materials

As a globally unique synthetic fibers manufacturer focusing on functional acrylics and acetates, the Mitsubishi Rayon Group develops fibers based on its own polymer designs and spinning technologies. Fibers have a wide array of uses, from clothing, sportswear, sleepwear and interiors to industrial materials. In addition, we have been developing biomass and recyclable polypropylene filaments that have low environmental loads. Looking ahead, we will develop fibers that meet current and customer needs.



Triacetate filament yarn "SOALON"



Polypropylene filament "PYLEN"

## 3. Fiber Business



## Pursuing Sustainable Growth in the Global Market

### The Mitsubishi Rayon Group's CSR Management

1. Ensure Corporate Sustainability through Employee Development
2. Enjoy the Synergies Generated by Joining the Mitsubishi Chemical Holdings Group
3. Select a Business Portfolio for the Sustainable Growth of the Mitsubishi Rayon Group
4. Implement New Design MRC
5. Provide an Environment in Which a Diverse Array of Employees Can Work in a Dynamic Manner

## 1. Ensure Corporate Sustainability through Employee Development

The UK-based chemical company Lucite International became a member of the Mitsubishi Rayon Group in May 2009. Through this integration, the Group has developed into a business with a diverse and multinational workforce.

Over the past year I have been promoting communication with the people of Lucite International. To ensure the success of this integration with a company that is not only geographically distant and culturally different but a former competitor, reaching a mutual understanding is a priority.

In Japan, with my "Mobile President's Office" I have visited production centers and R&D centers on a regular basis over the past four years and held face-to-face talks with employees. This has helped me to find out what employees are thinking while deepening their

understanding of the Company's management philosophy. Although language, culture and time differences hamper communications with Lucite International employees, I know that such dialogue facilitates "full human resource development," which is important to enabling employees to contribute to global CSR, and builds trust. While integrating corporate governance-, compliance- and internal control-related functions and systems is necessary, first we need to foster mutual understanding as partners.

Sustainability is rooted in the connections between people and regions. We will work toward social responsibility with a global perspective through relationships with a diversity of customers and other stakeholders.

## 2. Enjoy the Synergies Generated by Joining the Mitsubishi Chemical Holdings Group

The Mitsubishi Rayon Group became a part of the Mitsubishi Chemical Holdings Group in March 2010. We believe that this is the best partnership for realizing growth based on the level of trust we have with stakeholders as well as our culture, employees and social responsibility. The fundamental goal of New Design MRC, which sets out a vision for the Group in 2018, is to "establish and develop the top-ranking business units in the global markets." I believe that this integration with a business group with ¥3,500.0 billion in annual sales as well as a solid business foundation and superior management resources will allow the early realization of this goal.

The purpose of this integration was not merely to reduce surplus facilities and employees in order to increase efficiency and generate short-term profits; rather, it was to allow the pursuit of synergies in such areas as R&D to

strengthen existing businesses. For example, each engineering division can share technologies and expertise in the water treatment business regarding Mitsubishi Chemical's ion exchange resins<sup>1</sup> and our hollow fiber membrane filters. Moreover, through Mitsubishi Plastics' pitch-based<sup>2</sup> and our pan-based<sup>3</sup> carbon fibers, we can expand the scope of applications while strengthening the development of highly functional composite materials. Consequently, the Mitsubishi Rayon Group will provide technologies and expertise in areas where it can make long-term, broad and global contributions. I am also certain that we will create synergies by utilizing our worldwide manufacturing bases and sales channels.

1. Ion exchange resin: An acrylic resin possessing an ionized structure that forms an ionic grouping as part of its molecular structure

2. Pitch-based: A material made from pitch extracted from carbon-petrochemical resin that is carbonized after undergoing melt spinning

3. Pan-based: Polyacrylonitrile fiber (PAN) that is carbonized through high heat

## 3. Select a Business Portfolio for the Sustainable Growth of the Mitsubishi Rayon Group

Recently, barriers between capital, people and information are blurring as the market becomes "one world." But, no matter how large the market becomes, only one company can be on top. We must constantly strive to both maintain and expand our No. 1 worldwide share of the core MMA

business. Improving the competitiveness of such core businesses is essential. We will heighten our global market presence for all new businesses, particularly the core water environment and carbon fibers businesses.



Being a member of the Mitsubishi Chemical Holdings Group enables us to achieve this goal. I believe that it is necessary to remain involved in commodity businesses. Although such items are difficult to differentiate and so generate low profits, giving them up in favor of specialty products

will not achieve further growth. Over the medium- to long-term we must remain strong in core technologies and procurement capabilities to be competitive. We will gain a foothold in upstream businesses through MMA-based alliances with Mitsubishi Chemical Holdings and other partners.

## 4. Implement New Design MRC

Amid global economic disruptions caused by the financial crises and the worldwide recession, the chemical industry saw steady growth in basic chemical production in the Middle East and China, faltering competition in the Japanese chemical industry, increased market globalization and the accelerated disappearance of business barriers. In response, the Mitsubishi Rayon Group revised the Sixth Medium-Term Management Plan in August 2009, establishing a vision for the Group in 2018 entitled New Design MRC.

The fundamental goals of New Design MRC are:

(1) establish and develop top-ranking business units in global markets and (2) achieve sales of ¥1 trillion and operating income of ¥100 billion by 2018. To secure ongoing growth in global markets, which are moving toward becoming “one world,” it is necessary to maintain numerous leading businesses. Becoming No. 1 will enable us to develop solid earnings platforms and, with the thorough implementation of business-portfolio management as a basic strategy, the following six major issues will be executed:

1. Accelerate the Growth of the MMA Business Chain
2. Develop new core businesses:
  - 1) Carbon Fibers & Composite Materials business
  - 2) Water Treatment business
3. Undertake R&D for emerging new businesses
4. Pursue an ongoing program to strengthen operational efficiency (JK→2010)
5. Restructure unprofitable businesses
6. Optimize global business operations

Ensuring corporate sustainability, as outlined in our medium- to long-term management plan, is the utmost management priority for the Mitsubishi Rayon Group. The responsibility falls on managers to develop strategic systems to address this issue, and my particular challenge is to find ways to combine our strengths.

### ■ Numerical Targets

(¥ billion)

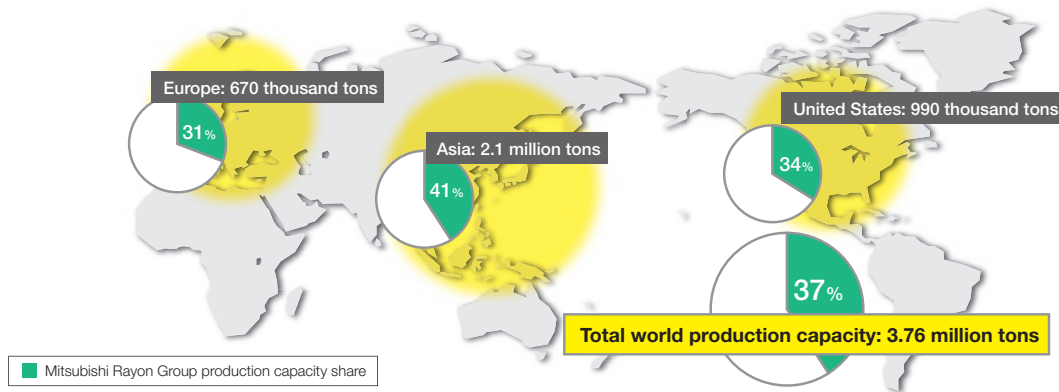
	FY2009	FY2010 (initial plan)	FY2010 (revised projection)	FY2015 (goal)	FY2018 (goal)
Sales	365.0	500.0	480.0	770.0	1,000.0
Chemicals & Plastics	216.3	250.0	308.0		
Acrylic Fibers & AN Monomer and Derivatives	35.6	70.0	40.0		
Carbon Fibers & Composite Materials	23.7	55.0	35.0		
Acetate Fibers, Membranes and Others	89.5	125.0	97.0		
Operating income (prior to the amortization of differences arising from changes in actuarial assumptions)	10.4	40.0	24.0	80.0	100.0
Chemicals & Plastics	16.0	26.0	24.0		
Acrylic Fibers & AN Monomer and Derivatives	(1.1)	3.0	0		
Carbon Fibers & Composite Materials	(5.7)	6.0	(3.0)		
Acetate Fibers, Membranes and Others	1.1	4.5	3.0		

### 1. Accelerate the Growth of the MMA Business Chain

The Mitsubishi Rayon Group holds 37% of the worldwide MMA market, and New Design MRC aims to raise this to 45% by 2018. Our MMA monomer annual production capacity stands at 487 thousand tons, and Lucite International's at 869 thousand tons. An additional 340 thousand tons annually between 2010 and 2015, expected

from a newly constructed plant, will bring this to 1.696 million tons as of the fiscal 2014 year-end. From 2010, demand should expand in Asia, Eastern Europe, Russia, South America and other emerging markets. We will deepen our presence in these markets by taking advantage of Lucite International's sales channels.

## MMA Monomer Production Capacity by Region



\*Forecasted production capacity as of the end 2010 (Mitsubishi Rayon estimates)

## 2. Develop new core businesses:

### 1) Carbon Fibers & Composite Materials business

### 2) Water Treatment business

For the Mitsubishi Rayon Group, developing the next core business is a pressing issue. At the same time, the current new core businesses, Carbon Fibers & Composite Materials and Water Treatment, must be promoted Groupwide amid a heightened need for environmentally friendly products.

Our fundamental target is to establish a leading position in industrial applications for the **Carbon Fibers & Composite Materials business** by 2015. To this end, we will undertake the following policies.

#### 1. Short-Term Policies (2009 – 2010)

- Substantially cut costs by introducing innovative technologies to precursor and carbon-fiber production processes
- Reinforce production technology and quality-assurance systems to expand industrial applications

#### 2. Medium- to Long-Term Policies (2009 – 2015)

- Expand applications: wind-power turbines, vehicles, pressure vessels, civil engineering/construction and marine development
- Develop precursor businesses to create demand (strategic sales based on business alliances)
- Strengthen the Composite Materials Business through alliances and M&As to expand applications

#### 3. Product mix management

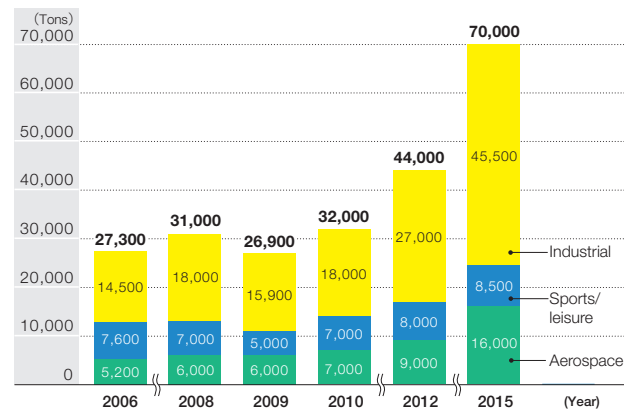
- Introduce high-quality and highly cost-competitive carbon fibers

In the **Water Treatment business**, our fundamental goal is to establish the Mitsubishi Rayon Group as a leading membrane water treatment company in Asia and establish high-profit global operations. Thus, we will pursue the following policies.

#### 1. Forging alliances with global companies to accelerate worldwide expansion

- Wastewater: Garner an overwhelming share (at least

## Forecasted Demand for Carbon Fibers



\*Mitsubishi Rayon estimates

50%) of the rapidly expanding Chinese market based on PVDF (polyvinylidene fluoride) membranes and accelerate business development in Europe, the United States and growth markets in India and the Middle East

- Water purification: Apply PVDF membrane technology to water-purification membranes and expand into Europe and China by collaborating with local engineering companies
- Desalination: Utilize technology in conjunction with jointly developed microfiltration (MF)/reverse osmosis (RO) membranes and accelerate the business expansion of stable and high-efficiency desalination systems
- Obtain membrane facility maintenance and operations services

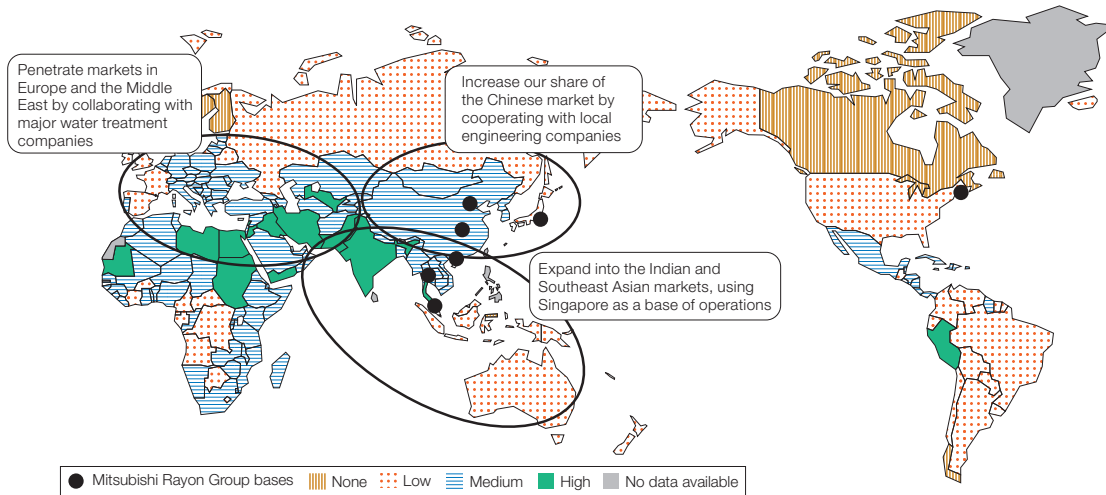
#### 2. Increase PVDF membrane production and significantly improve cost-competitiveness

- Expand production capacity to 10 times the current level by 2015 and ensure cost competitiveness

#### 3. Expand "CLEANSUI" Business

- Develop "CLEANSUI" operations worldwide in over 60 countries
- Harness technical capabilities to establish brand strength based on the image of purified water being synonymous with "CLEANSUI" safe and great tasting water

## ■ Regions Experiencing Water Shortages and the Global Expansion of the Water Treatment Business



Source: Ministry of Land, Infrastructure, Transport and Tourism website

### 3. Undertake R&D for emerging new businesses

We will enhance the functions of MMA-based materials, carbon fibers and composite materials while pursuing applications for environmental and cutting-edge materials in the automotive, electronic materials and life sciences sectors.

In the automotive sector, we will expand business domains through development that leverages the functionality of MMA-based materials, carbon fibers and composite materials to meet demand for weight reduction, recycling and cost savings. We aim to increase sales in this segment by ¥100.0 billion by 2018.

In the electronics business, we will cultivate new business opportunities by developing highly functional components using precision forming technology. We aim to generate ¥100.0 billion in sales in this segment by 2018.

In the life sciences business, we will create a “unique and specialty” domain utilizing distinctive bio- and other technologies. We aim to generate ¥10.0 billion in sales in this segment by 2018.

### 4. Pursue an ongoing program to strengthen operational efficiency (JK→2010)<sup>4</sup>

Through rationalization, we aim to achieve cost cuts worth ¥10.0 billion over a three-year period between fiscal 2008 and fiscal 2010 by improving responsiveness to severe changes in the business environment through company-wide operational innovations in such areas as production technology and system upgrading, distribution and stock management.

The “JK→2010” program has two purposes: strengthening cost-competitiveness and expanding into new areas

to increase profit. Strengthening cost-competitiveness involves reducing fixed costs at our manufacturing bases and making modifications to facilitate optimal company-wide operations. Expanding into new areas to increase profit involves undertaking organizational innovations by stepping up the development of new products and applications.



4. JK: Strengthening business competitiveness activities



## 5. Restructure unprofitable businesses

We have been undertaking structural reforms in response to changes in the business environment. In the acrylic fiber business, we withdrew from overseas spinning operations, artificial leather businesses and the production of polyester

filaments. Full human resource development involving personnel reallocation is being implemented for employees affected by these withdrawals.

## 6. Optimize global business operations

We will undertake the early maximization of unified synergies with partner companies by restructuring global organizations, applying internal control systems, undertaking financial strategies (initiatives targeting foreign exchange risk management and the realization of optimal financial structure), implementing global human resource management (full human resource development) and integrating IT systems.

Forming alliances both inside and outside the country to facilitate growth will become an important strategy.

In this case, the approach we take to achieving total synergy is important because focusing only on rationalization measures will lead to negativity at the workplace and, in turn, will not produce synergy. A thoroughly scientific and logical approach is required to undertake global management. Global CSR-focused management that considers and incorporates the needs of various people, cultures and regions, referred to as “soft management,” is also necessary.

5.

## Provide an Environment in Which a Diverse Array of Employees Can Work in a Dynamic Manner



Diversity is indispensable to global CSR initiatives and, because it involves a variety of people, cultures and regions, entails “soft management.” For the Mitsubishi Rayon Group, pursuing growth based on management integration requires that we share partner companies’ traditions, values and cultures and goals.

Diversity can hamper communication due to language and cultural differences. Therefore, we place the utmost importance on full human resource development while undertaking CSR-focused management. It is vital that we

utilize people to realize success through the formulation of specific plans and communicate these plans to employees. We also aim to ensure that all employees are motivated and enjoy a comfortable work environment.

New Design MRC’s fundamental goal, to “establish and develop the top-ranking business units in the global markets,” is essential to maintaining sustainable growth. By realizing this goal, we will provide employees with opportunities to pursue new challenges in a growing business. We will develop a new Mitsubishi Rayon Group in which goals and values are shared to ensure the growth of all employees who will, in turn, vigorously work to realize these goals.

November 2010

鎌原 正彦

Masanao Kambara  
President and CEO

Based on our Corporate Behavior Charter, we will expand our business activities globally to realize our management philosophy, “Best Quality for a Better Life.”

Corporate Behavior Charter



**Best Quality for Customers**

1. We will provide safe and high-quality products and services for customers.
2. We will deal fairly and build a strong relationship of trust with customers.
3. We will grow together with customers through innovation.



**Best Quality for Society and the Environment**

4. We will actively work to ensure safety and to conserve the environment.
5. We will comply with laws and regulations and disclose and manage information appropriately.
6. We will respect different cultures as we work to enhance our relationship with stakeholders and society.



**Best Quality Behaviours**

7. We will maintain a passion, a sense of purpose and the courage to develop and improve our capabilities and work.
8. We will respect individuals and build a healthy and positive work environment.
9. We will work and co-operate with partners around the world and make best use of our abilities.

The Mitsubishi Rayon Group is making steady progress toward becoming a global company through its business integration with Lucite International. Given this change, we have formulated the Corporate Behavior Charter, which developmentally combines the existing Corporate Ethics Policy and the CSR Charter as a set of specific policies. Such policies enable employees of the Group around the world to embrace its management philosophy and implement it at an individual level. The Corporate Behavior Charter has a range of themes, including growing together with customers through technological innovation, ensuring workplace safety and environmental friendliness, legal compliance, encouraging ethical awareness, respect for cultural diversity, self-improvement, more complete human resource development and CSR.

Based on these ideas, we will realize our management philosophy, “Best Quality for a Better Life,” through the reorganization of the Business Code of Conduct Based upon Corporate Ethics.

<b>Business Code of Conduct Based upon Corporate Ethics</b>	
	1-1. We will provide safe and high-quality products and services for customers.
	2-1. We will develop proper business relationships based upon mutual trust with all our business partners, including customers, vendors, and sub-contractors.
	2-2. Entertainment and the giving of gifts should be limited to a level consistent with sound business judgment. We will not engage in the giving or receiving of entertainment or gifts for unethical purposes.
	3-1. We will listen carefully and sincerely to our customers' opinions and seek to make use of those opinions in the development, manufacture and sale of our products and services.
	3-2. If problems arise with respect to our products or services, we will take prompt and appropriate measures.
	4-1. Safety will be given a high priority in all our business activities. We will strive to ensure the safety of products and services, including the safe conduct of manufacturing operations and the proper control of chemicals.
	4-2. We will strive to sustain the global environment, including biodiversity, by conserving resources and energy and reducing and reusing waste. We will work to develop new technologies as well as products and services that contribute to the reduction of the burden on the environment.
	5-1. We will comply with international rules; the laws and regulations of the countries where we conduct business activities; and our corporate regulations.
	5-2. We will maintain a high sense of ethics and sound business judgment and not engage in conduct that could be suspected of illegality.
	5-3. We will comply with the Anti-monopoly Law and other relevant laws and regulations. We will engage in fair and free competition and not engage in cartels, bid rigging, or abuse of dominant bargaining position.
	5-4. We will comply with the Foreign Exchange and Foreign Trade Act and other relevant laws and regulations applicable in the relevant jurisdictions and perform proper export control. We will not export products or technologies that may obstruct international peace and security.
	5-5. We will not infringe upon others' intellectual property rights such as trade secrets, patents, copyrights, or technical know-how.
	5-6. We will control the personal information of employees, business partners, and other third parties in a strict and proper manner in accordance with applicable laws and regulations, including the Act on the Protection of Personal Information.
	5-7. We will control confidential information in a proper manner and prevent insider trading.
	5-8. We will not to engage in illegal political donations or payoffs and will take firm action against anti-social behavior and organizations acting against the public interest.
	5-9. We will maintain transparency in our corporate activities by disclosing in a timely and appropriate fashion corporate information, including financial data and business activity reports.
	6-1. We will strive to respect the cultures and customs of the various countries and regions where we conduct business and to coexist with society.
	6-2. We will strive to value relationships with and to maintain and develop appropriate and friendly relations with our stakeholders, including customers, consumers, business partners, employees, shareholders, investors and local communities.
	7-1. We will maintain a passion for creating value that contributes to society and will engage in our work with high ideals and a sense of purpose.
	7-2. We will be attentive to changes in the environment from a global perspective and consistently endeavor to identify issues and make reforms based on that awareness.
	7-3. We will endeavor to improve our capabilities based on our awareness of our roles and will boldly take on challenges and work toward goals.
	8-1. We will respect human rights, dignity, and individuality.
	8-2. We will not discriminate against anyone based on ethnicity, nationality, gender, ideology, philosophical principle, belief, disability, etc.
	8-3. We will use and nurture our diverse human resources, and provide opportunities for our employees to develop and utilize their abilities.
	8-4. We will strive to create a workplace culture and environment where communication and teamwork are valued.
	8-5. We will encourage well-balanced work lives for our employees by respecting their work-life balance.
	8-6. We will not accept unwelcome sexual advances in the workplace, or verbal or physical conduct of a sexual nature, or any other words or actions that violate the dignity or value of another.
	8-7. We will not accept forced labor and child labor of any form.
	8-8. We will respect the activities of the labor union and strive to build good relations between the workforce and management.
	8-9. We will strive to become a company where employees can have pride in their work through the contribution it makes to society.
	9-1. We will endeavour to work and cooperate with partners around the world and make best use of our abilities.



## Committed to the creation of unique, high-quality products and services that contribute to society as a whole.

We believe that offering superior products and finely tuned services is indispensable to delivering full customer satisfaction. Furthermore, we promise to provide best quality for customers by undertaking fair business transactions and developing new innovations.

- 1. We will provide safe and high-quality products and services for customers. ... p17
- 2. We will deal fairly and build a strong relationship of trust with customers. .... p19
- 3. We will grow together with customers through innovation. .... p20

Corporate Behavior Charter / Business Code of Conduct Based upon Corporate Ethics

# 1. We will provide safe and high-quality products and services for customers.

### Providing Safe Products That Have Been Checked at Each Stage

We maintain the following system of checks at each stage—pre-release, production management and distribution safety measures—to deliver safe products to customers.



**Pre-Release Check**

In order to provide safe products, we undertake safety assessments and screening not only for new products and applications, but also in cases where changes in production method and facility occur and information available regarding new hazards becomes available.

**Production Management Check**

Production management is undertaken based on the adoption of ISO9001 to ensure safety and quality. This type of production management is implemented by all Group companies.

**Distribution Safety Measures Check**

In order to prevent distribution-related accidents, we regularly hold conferences with distributors to review accident cases and to provide education related to transported products. To minimize damage, drivers always carry yellow cards that describe how to respond to accidents.

### Ensuring Safety through Communication

We constantly strive to ensure product safety in order to deliver best quality from the customers' perspective, and, to support this goal, we work to maintain active communications with customers. By obtaining customer understanding of product safety, environmental friendliness and functionality, the Mitsubishi Rayon Group has bolstered frameworks capable of responding to all opinions and demand regarding our products.

● **Providing MSDS**

With every sale of a chemical product, we provide information that includes applicable product properties as well as handling and disposal procedures to ensure that customers understand product safety. This is accomplished by using MSDS product safety data sheets.

● **Providing Technical Services and Information to Customers**

We comply with the differing legal regulations of the countries in which we do business while disclosing product material specifications to meet customer needs. Moreover, we provide such services for fiber processors as preparing technical manuals, dispatching technicians and developing quality-management databases.

### ● Cooperating with Green Procurement

To meet customer demand, the Mitsubishi Rayon Group provides data on each type of toxic substance included in its chemical products.

### ● Refurbishing the Open Laboratory (DNA Chip)

To increase awareness of "GENOPAL" DNA Chips among a broader array of customers, Yokohama Corporate Research Laboratories' open laboratory was refurbished in October 2009 to create a venue where information can be exchanged with customers. This open laboratory is capable of introducing uses for and demonstrating "GENOPAL" DNA Chips and peripheral devices. The facility also provides an opportunity for hearing the opinions and needs of customers regarding this product.

### ● Customer Hotline

Mitsubishi Rayon established a toll-free customer hotline for "CLEANSUI," a home-use water purifier intended for consumers. This hotline responds to customer opinions, questions and complaints.

### ● Utilizing Customer Feedback for Product Improvement

We actively participate in exhibitions in order to facilitate direct dialogue with numerous customers. Utilizing customer feedback about product safety and quality enhancement helps us increase satisfaction with our products and services.

## Product Safety and Quality Management That Completely Conforms to Laws and Regulations

### ● Proceeding with REACH\* Registration

Earlier, the Group prepared for the introduction the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) by cooperating with European law firms and registration offices and selecting substances for registration. The entire Group, including Japan-based and overseas companies, pre-registered 195 substances. Currently, the Group is preparing for REACH registration mainly by participating in various consortiums, which are parent organizations intended to promote registration efforts. The Group is scheduled to complete the registration of high-production substances in 2010.

\*REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is an EU regulation to protect human health and the environment

### ● The Mitsubishi Rayon Group Achieves Compliance with the Industrial Safety and Health Act Ahead of Schedule

Having achieved compliance with the Industrial Safety and Health Act ahead of schedule, the Group is responding suitably through local consulting offices and law firms in order to ensure compliance with GHS\* regulations currently being implemented in each Asian country and ensure compliance with CLP regulations, which forms the basis of actual GHS in Europe.



A GHS compliance form is affixed to the top of a drum containing MMA monomers

\*Globally Harmonized System of Classification and Labelling of Chemicals

### ● Adoption of a Policy to Eliminate Polychlorinated Biphenyl (PCB)

In line with the Act on Special Measures against PCB Waste, the Mitsubishi Rayon Group adopted a policy of removing all equipment containing PCB by 2015, even replacing equipment tabled for replacement in 2015 or later. Along with the legislation, the Japan Environmental Safety Corporation (JESCO) centralized PCB treatment. The Group submitted a plan for the systematic disposal of equipment containing high concentrations of PCB to JESCO; however, due to a string of treatment facility breakdowns in 2006, the plan is far behind schedule. Regarding equipment with low concentrations of PCB, treatment methods have been decided and, as a result, appropriate treatments will be undertaken in the future. Even though total removal may take longer than planned, the Mitsubishi Rayon Group will manage its equipment in accordance with the law until disposal becomes possible.

## 2. We will deal fairly and build a strong relationship of trust with customers.

### Business Code of Conduct Based upon Corporate Ethics

- 2-1. We will develop proper business relationships based upon mutual trust with all our business partners, including customers, vendors and sub-contractors.
- 2-2. Entertainment and the giving of gifts should be limited to a level consistent with sound business judgment. We will not engage in the giving or receiving of entertainment or gifts for unethical purposes.

### Full-Fledged Promotion of CSR Procurement through Supplier Surveys and a New Procurement System

The Mitsubishi Rayon Group promotes CSR procurement in pursuit of best quality through the provision of eco-friendly products. To this end, in 2008 we formulated the following five policies:

- (1) Complying with laws and social standards
- (2) Securing the ecological soundness and safety of products purchased
- (3) Respecting human rights and improving working conditions

- (4) Developing partnerships
- (5) Requesting business partners' compliance

We are conducting fact-finding surveys of suppliers using questionnaires issued over three-year periods, the first from fiscal 2008 through fiscal 2010, and a second initiated in fiscal 2009.

#### Survey Overview

- (1) Implementation period: December 1, 2009 – January 31, 2010 (approximately two months)
- (2) Survey target: Suppliers in the top 70% (approx.) in terms of transactions and monetary value, total of 203 companies
- (3) Survey method: Suppliers are asked to complete a questionnaire on CSR procurement policies

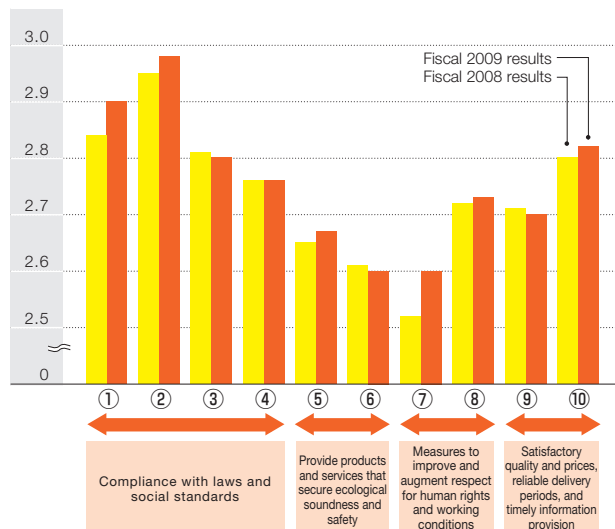
### ● CSR Procurement Questionnaire

Requirements	Outline of measures	Self-evaluation*
1. Compliance with laws and social standards	(1) Compliance with laws applied to business activities including the Company Law, Antitrust Law, Subcontract Law, intellectual property rights regulations, labor regulations and environmental regulations	1, 2, 3
	(2) Have no questionable relationships with politicians and governments, and have not come under the influence of, or have developed close ties with, antisocial forces and groups	1, 2, 3
	(3) Value stakeholders connected to business activities, including customers, consumers, local communities, shareholders, investors and business partners while working to maintain and expand appropriate and effective relationships with them	1, 2, 3
	(4) Appropriately manage access, use and disclosure of personal and customer information	1, 2, 3
2. Provide products and services that secure ecological soundness and safety	(5) Promote the development of technologies, products and production activities that consider ecological soundness and safety	1, 2, 3
	(6) Work to ensure safety and reduce environmental load during business activities and throughout the entire lifecycle of products	1, 2, 3
3. Measures to improve and augment respect for human rights and working conditions	(7) In the spirit of the Global Compact, endorse internationally accepted rules regarding human rights, labor standards, the environment and corruption prevention to the degree in which these items affect Mitsubishi Rayon and each Group company	1, 2, 3
	(8) Value employee rights, personalities and individuality, ensure a safe and comfortable workplace, and assist in career and skills development	1, 2, 3
4. Satisfactory quality and prices, reliable delivery periods, and timely information provision	(9) Constantly undertake R&D into new products and services, and provide socially beneficial products and services to customers	1, 2, 3
	(10) Deliver within the designated period only fair-priced raw materials of satisfactory quality while providing useful information services related to products	1, 2, 3

\*Self-rating standard regarding the status of initiatives  
 1: Will take action to thoroughly familiarize oneself about this  
 2: Actions to date remain insufficient  
 3: Initiatives almost completely implemented



## ● Overview of CSR Procurement Self-Evaluation Questionnaire Results



Survey results reveal that compliance is high and efforts are being made to avoid questionable political relationships, the influence of or ties to antisocial forces and groups.

However, self-evaluations pertaining to the requirements “Provide products and services that secure ecological soundness and safety” and “Measures to improve and augment respect for human rights and working conditions” were low. In fiscal 2010, we will take action to:

- (1) Identify and focus on issues related to the CSR efforts of suppliers and contractors
- (2) Support CSR measures that improve suppliers and contractors as needed
- (3) Request that new suppliers and contractors conform to CSR objectives

As for general supplies used in production, since July 2009 we have been using an indirect-materials procurement system. We are promoting efficiency and the procurement of Green Purchasing Act and Eco-Mark compliant items. In the second stage of our efforts, in fiscal 2011 we will begin operating a procurement system incorporating CSR-procurement evaluation standards. We are fully committed to CSR procurement in Japan and plan the expansion of new procurement systems at overseas bases.

## 3. We will grow together with customers through innovation.

### Business Code of Conduct Based upon Corporate Ethics

3-1. We will listen carefully and sincerely to our customers’ opinions and seek to make use of those opinions in the development, manufacture and sale of our products and services.

3-2. If problems arise with respect to our products or services, we will take prompt and appropriate measures.

### The MRC Innovation Bridge Connects the Mitsubishi Rayon Group to Its Customers

At the head office, the Mitsubishi Rayon Group regularly holds the MRC Innovation Bridge exhibition of innovative materials and technologies to introduce newly developed products in a wide array of fields to sales representatives savvy to the latest market trends. This pooling of development and marketing ideas generates initiatives for commercialization. Our business growth is based on developing and working together with customers.

In addition, at our “Fiscal 2009 MRC Group R&D Conference” in October 2009 at the Yokohama Corporate



Participants look at exhibit panels

Research Laboratories, various R&D-related successes were announced.

With panels highlighting 18 new research themes as well as samples of recently developed products, this event

welcomed research and sales staff.

Both of these events were popular and increased Group communication while raising interest in R&D.

**Committed to the creation of unique, high-quality products and services that contribute to society as a whole.**

We pursue best quality by actively undertaking safety assurance and environmental conservation initiatives. Such efforts are promoted in accordance with Mitsubishi Rayon Group’s Business Code of Conduct Based upon Corporate Ethics. We promise to provide best quality with regard to society and the environment by complying with the law, implementing transparent operations and coexisting harmoniously with society.

- 4. We will actively work to ensure safety and to conserve the environment. .... p21
- 5. We will comply with laws and regulations and disclose and manage information appropriately. .... p25
- 6. We will respect different cultures as we work to enhance our relationship with stakeholders and society. .... p27

## 4. We will actively work to ensure safety and to conserve the environment.

**Business Code of Conduct Based upon Corporate Ethics**

- 4-1. Safety will be given a high priority in all our business activities. We will strive to ensure the safety of products and services, including the safe conduct of manufacturing operations and the proper control of chemicals.
- 4-2. We will strive to sustain the global environment, including biodiversity, by conserving resources and energy and reducing and reusing waste. We will work to develop new technologies as well as products and services that contribute to the reduction of the burden on the environment.

### Safety Activities

● **The Mitsubishi Rayon Group Undertakes Safety and Disaster Prevention Initiatives in Accordance with Its Medium-Term Management Plan.**

**1. Overview of Activities in Fiscal 2009**

Continuing from fiscal 2008, the Group undertook safety and disaster prevention initiatives in fiscal 2009 while revising the content of its activities to realize success even greater than that achieved in the previous fiscal year. These activities center on three goals set out in the medium-term management plan: 1) Eliminate injuries that result in work absence and eliminate serious accidents; 2) Provide support for Group companies; and 3) Implement policies related to external commitments.

**1) Eliminate injuries that result in work absence and eliminate serious accidents**

● **Implement activities focusing on domestic production centers**

- (1) Safety conventions, at which managers directly emphasize

the importance of safety (held every July at four production centers)

- (2) Simultaneous workplace patrols by supervisors are undertaken daily between 1:00 and 1:30 p.m.
- (3) Safety events for staying mindful of past serious accidents in each division
- (4) Safety reinforcement month (December)

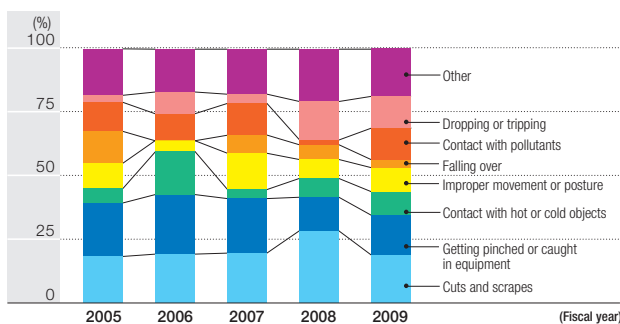
● **Activities undertaken that include Group companies**

- (1) Integrated training for safety personnel of production centers and Group companies in Japan
- (2) Safety and environmental assessment of new equipment and updated equipment (enlargement of scope of applicability)
- (3) Improvements in reporting and issues cited in the general audit
- (4) Audits of Group companies based in China through the Safe, Environmental and Quality Products and Compliance Promotion Office at Mitsubishi Rayon (Shanghai) Co., Ltd.

## ● Occupational Injuries

The total number of occupational injuries Groupwide decreased almost 60% from the previous fiscal year's level, the lowest incidence rate reached in the past few years. Notably, a major decrease occurred among cooperating businesses and at four production centers. Although the number of injuries that result in work absences also fell to approximately 60% of the previous year's level, more effort must be taken in this area.

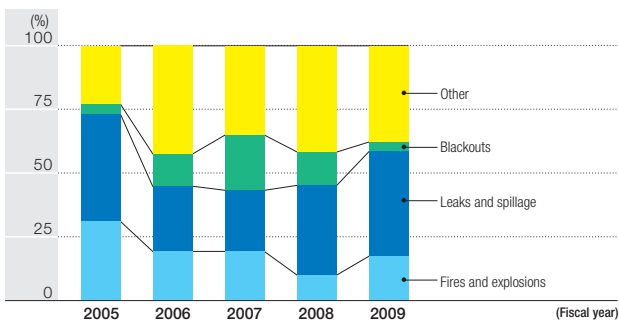
### ■ Causes of occupational accidents (MRC Group)



## ● Accidents

The total number of accidents Groupwide has been declining for the past four years. However, there has been almost no change in the number of leak- and spillage-related accidents. Although we have not yet experienced any major accidents due to early detection and response initiatives, we will promote further countermeasures by concentrating on preventive management to stop the occurrence of accidents.

### ■ Accidents by type (MRC Group)



## 2) Provide support for Group companies

As in fiscal 2008, two training sessions covering legal revisions, safety management and Group activity status were held for safety/environment personnel in fiscal 2009 at domestic Group manufacturing companies. In China, Mitsubishi Rayon (Shanghai) Co., Ltd.'s Safety, Environmental and Quality Products and Compliance Promotion Office implemented various measures that include strengthening safety management systems, audits and training.

## 3) Implement policies related to external commitments

Activities to reduce environmental burdens as decreases in chemical emissions and the external landfill volume of waste are proceeding on schedule. To help prevent global warming, Mitsubishi Rayon Group production facilities in fiscal 2009 moderated operations, thereby reducing total CO<sub>2</sub> emissions. In contrast to the deterioration in energy consumption per unit of production, energy conservation efforts showed improvement compared with fiscal 2008.

\*Please refer to "Initiatives for Preventing Global Warming" on page 24 regarding the energy consumption per unit of production index

## 2. Fiscal 2010 Action Plan

### 1) Aim to eliminate injuries that result in work absence and eliminate serious accidents

We will continue to implement activities launched in fiscal 2008 and 2009.

### 2) Strive to eradicate accidents

We will prioritize the preventive management of spillage accidents, which have not decreased in incidence.

### 3) Initiatives for preventing global warming

In fiscal 2008 and 2009, as the Kyoto Protocol's first commitment period (2008-2012) began, we reduced total CO<sub>2</sub> emissions by keeping a low operational ratio. However, as recoveries in business operations cause emissions to rise, we will work to reduce greenhouse gases.

\*Please refer to "Initiatives for Preventing Global Warming" on page 24

### 4) Others

We will continue to augment efforts that began in the previous fiscal year in such areas as managing chemical substances; responding to Japan's Chemical Substances Control Law and the EU's chemical substance-related regulations, REACH; and undertaking product liability-related training.

## Three Principles of Safety in Japanese, English and Chinese

### 安全3原則

- 決めたことは守る
- 安全優先の行動をとる
- 管理者は安全確保の責務を果たす

### Three Principles of Safety

- Honor your commitments
- Make safety your top priority in your conduct
- Managers shall be responsible for securing safety

### 关于安全的基本三原则

- 遵守已定事项
- 采取安全优先的行动
- 管理者履行确保安全的职责

\*Results of environment-, safety- and quality-related audits are listed on the Mitsubishi Rayon Group website

## Initiatives for Reducing Environmental Burdens

### ● Chemical Emission Reduction Activities

In accordance with its Fourth Chemical Substance Reduction Plan (target year: fiscal 2010), the MRC Group has set targets for total and individual managed substances.

#### [Targets]

#### 1. Reduction of total emissions (target year: fiscal 2010)

- (1) All MRC and MRC Group companies operating as of the fiscal 2003 year-end: fiscal 2010 total emission target for MRC-PRTR substances\* (490 chemicals) shall be 50% of fiscal 2000 emissions (reference year)
- (2) All MRC Group companies that began operations after fiscal 2004: fiscal 2010 total emission target for MRC-PRTR substances (490 chemicals) shall be 75% of fiscal 2007 emissions (reference year)

#### 2. Reduction of emissions of individual managed substances (target year fiscal 2010)

Cuts will be made to the specific substance groups detailed below:

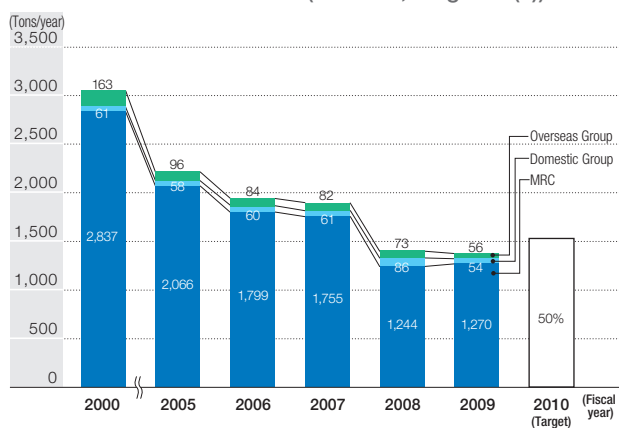
- (1) Sixteen volatile organic compound (VOC) substances, including priority substances as defined under the Air Pollution Control Law, which account for most of MRC's atmospheric emission volume
- (2) The five substances that MRC Group emits the most

#### [Results]

Due to a decline in production in fiscal 2009, total emissions were below target. The Group will proceed with reduction activities in order to fulfill goals even after a rally in production. In addition, emissions of all but one individual managed substance were below target.

\*MRC-PRTR substances: 480 substances subject to the PRTR research conducted by the Japan Chemical Industry Association on its corporate members (including 354 substances subject to legal notification), and dimethylacetamide and other substances emitted by MRC in high volumes

■ Total chemical emissions (4th Plan, Target 1. (1))



### ● Waste Reduction and Recycling

MRC's target for fiscal 2010, revised in fiscal 2007, for reducing external landfill volume, excluding power combustion ash, was achieved by a wide margin in fiscal 2009 owing to a production decline and reduction measures.

Total waste: 82,000 metric tons (down 10,000 metric tons year on year). The recycling ratio dropped because of an increase in liquid waste following the production of new products.

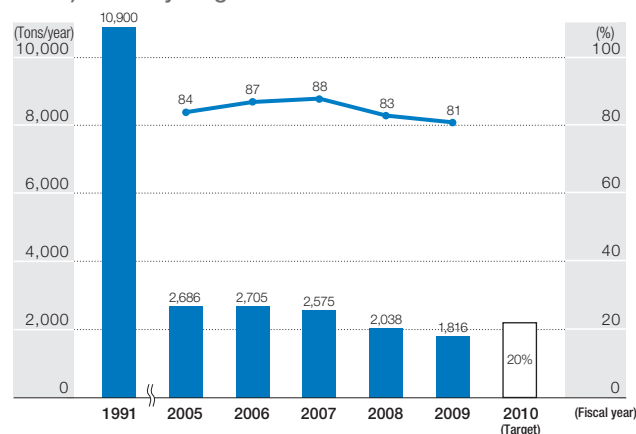
#### [Targets]

By fiscal 2010, external landfill volume, excluding power combustion ash, shall be reduced to 20% of the fiscal 1991 volume.

#### [Results]

17% of the fiscal 1991 volume

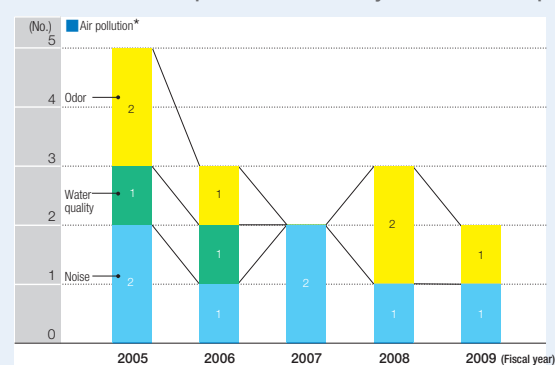
■ External landfill volume (excluding power combustion ash) and recycling ratio for MRC



### Environmental Complaints

In fiscal 2009, Mitsubishi Rayon's Otake Production Center received complaints about noise, while an overseas Group company fielded odor-related complaints. In these cases, we took corrective actions to remedy the problems and prevent recurrences. The Mitsubishi Rayon Group strives to undertake business activities that fully consider the lifestyles of local residents.

■ Number of complaints received by the MRC Group



\* There were no air pollution-related complaints between fiscal 2005 and fiscal 2009



## Initiatives for Preventing Global Warming

### Toward a Low-Carbon Society

We are undertaking various activities to prevent global warming. CO<sub>2</sub> accounts for the majority of greenhouse gases emitted by the MRC Group. Eighty percent of CO<sub>2</sub> emitted by the Group comes from energy use. Consequently, we are applying our ingenuity in fuel-conversion and resource-saving activities, which are centered on energy conservation.

#### Our main activities

- Energy-saving activities in production departments and offices
- Energy-saving and fuel-conversion activities in logistics departments
- Energy-saving and fuel-conversion activities, chiefly in energy departments
- Resource-saving activities

From fiscal 2008 onward, the Group has been reviewing its past activities and creating a new energy flowchart in an effort to eliminate energy loss.

#### [Targets]

##### ● Energy consumption per unit of production

Reduce energy consumption per unit of production to ensure that the average from fiscal 2008 to fiscal 2012 is at least 20% lower than the fiscal 1990 level

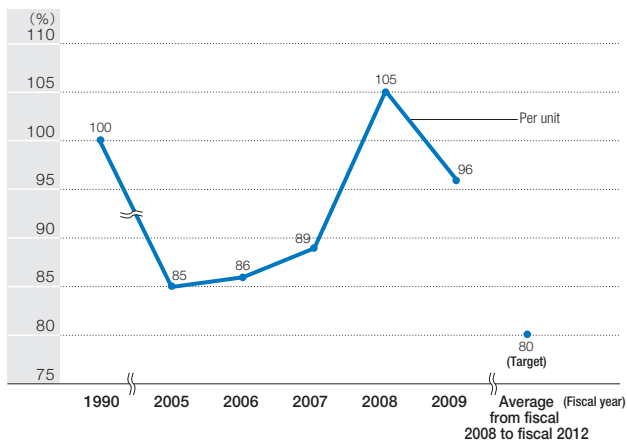
##### ● Energy-derived CO<sub>2</sub> emissions

Endeavor to keep average energy-derived CO<sub>2</sub> emissions from fiscal 2008 to fiscal 2012 below the volume of the emissions in fiscal 1990

#### [Results]

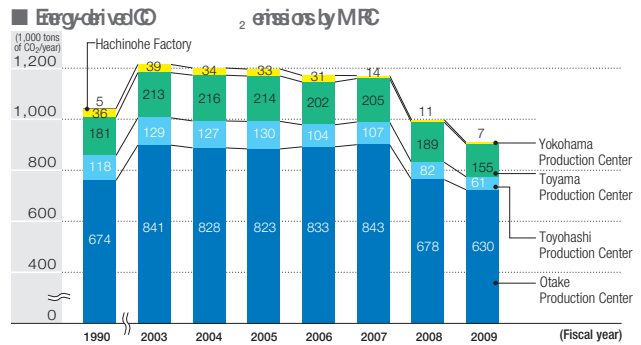
Attempts to reach these targets continued to be hampered by a decline in production. As a result of efforts at production facilities, however, energy consumption per unit of production improved 9 percentage points year on year. We will continue to focus on energy conservation in order to achieve our targets.

#### Energy consumption per unit of production (only MRC)

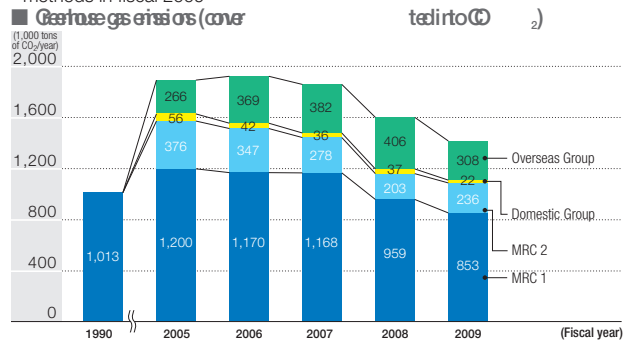


\* Energy consumption per unit of production is calculated using the standard product conversion method.

\* Some figures have been revised due to adjustments made to calculation methods in fiscal 2009



\* Some figures have been revised due to adjustments made to calculation methods in fiscal 2009



\* MRC 1 is the volume of CO<sub>2</sub> emissions derived from energy use at the four production centers in Japan.

\* MRC 2 is the volume of CO<sub>2</sub> emissions derived from items added to comply with the revised Law Concerning the Promotion of the Measures to Cope with Global Warming and the revised Law Concerning the Rational Use of Energy.

\* Aggregate amounts of domestic Group companies are included in the main body of MRC

\* Some figures have been revised due to adjustments made to calculation methods in fiscal 2009

#### Aggregate result of gas emissions in total (only MRC)

Breakdown for 2009 (1,000 tons of CO <sub>2</sub> /year)	CO <sub>2</sub>		
	Energy-derived	Derived from other sources	Flue gas
MRC	876	212	4
Domestic Group	22	0	1
Overseas Group	157	151	0

\* Energy-derived CO<sub>2</sub> includes emissions from company vehicles and from logistics activities

#### CO<sub>2</sub> emissions in logistics (only MRC)

Fiscal year	2005	2006	2007	2008	2009
CO <sub>2</sub> emissions	42	17	15	11	11

\* The calculation method was changed in fiscal 2006 in compliance with the revised Energy Saving Law

#### Information for customers and environmental-related data

Only companies that mainly engage in manufacturing and processing are subject to combined environment-related data. See (1) through (4) below for terminology used in this report. Visit the website for details about the companies covered and about the data.

- (1) MRC Group: companies that come under the following categories (2) to (4)
- (2) MRC: Mitsubishi Rayon and Group companies operating at Mitsubishi Rayon's production centers
- (3) Domestic Group: consolidated subsidiaries in Japan other than those which come under the above category (2)
- (4) Overseas Group: consolidated overseas subsidiaries

Visit the website at:  
<http://www.mrc.co.jp/english/csr/>

#### Environmental activities

- Safety, Environment and Quality Management Systems
- Overview of Environmental Burdens
- Initiatives for Reducing Chemical Substance Emissions
- Initiatives for Preventing Global Warming
- Safety and Disaster Prevention Initiatives
- Initiatives for Reducing Waste
- Environmental Data

## 5. We will comply with laws and regulations and disclose and manage information appropriately.

### Business Code of Conduct Based upon Corporate Ethics

- 5-1. We will comply with international rules; the laws and regulations of the countries where we conduct business activities; and our corporate regulations.
- 5-2. We will maintain a high sense of ethics and sound business judgment and not engage in conduct that could be suspected of illegality.
- 5-3. We will comply with the Anti-monopoly Law and other relevant laws and regulations. We will engage in fair and free competition and not engage in cartels, bid rigging, or abuse of dominant bargaining position.
- 5-4. We will comply with the Foreign Exchange and Foreign Trade Act and other relevant laws and regulations applicable in the relevant jurisdictions and perform proper export control. We will not export products or technologies that may obstruct international peace and security.
- 5-5. We will not infringe upon others' intellectual property rights such as trade secrets, patents, copyrights, or technical know-how.
- 5-6. We will control the personal information of employees, business partners, and other third parties in a strict and proper manner in accordance with applicable laws and regulations, including the Act on the Protection of Personal Information.
- 5-7. We will control confidential information in a proper manner and prevent insider trading.
- 5-8. We will not engage in illegal political donations or payoffs and will take firm action against anti-social behavior and organizations acting against the public interest.
- 5-9. We will maintain transparency in our corporate activities by disclosing in a timely and appropriate fashion corporate information, including financial data and business activity reports.

### Corporate Governance

#### ● An Audit Office Directly Controlled by the President

The Mitsubishi Rayon Group established its Audit Office to administer internal audits under the direct control of the President, in addition to audits undertaken by corporate auditors and accounting auditors. The Group is enhancing mutual collaboration and operating standards through regular information exchanges among corporate auditors, accounting auditors and the Audit Office as well as meetings with the President and said auditors.

#### ● Further Upgrading Internal Control Systems

The Group established and is further upgrading internal control systems based on its internal control policy. In fiscal 2009, the Group continued to strengthen its risk management system while further upgrading and appropriately operating the internal control systems necessary for ensuring reliable financial reporting.

### Compliance

#### ● Thorough Compliance Education, Training and PR

Based upon a strong recognition that compliance is critical for earning public trust and thereby maintaining growth, the Group promotes compliance through education, training and information provision in accordance with the action policies determined at the Corporate Ethics Committee's biannual meetings.

In fiscal 2009, we invited an outside expert to hold a seminar with the purpose of providing basic information on and case studies about anti-trust legislation.

As a fundamental part of ensuring compliance, the Group provides new management assistants with e-learning-based compliance training and comprehension tests in a number of areas, including customers, companies, competitors and society.

## Risk Management

### ● Revision of Standards for Analyzing and Evaluating Risks

In the Mitsubishi Rayon Group, the Risk Management Committee determines risk management policies and controls basic processes for the Group's risk management activities. In an emergency, a Crisis Control Center is established under the Committee and works to prevent further damage and enable rapid restoration. The Group operates in compliance with the Risk Management Regulations, which prescribe the policies and methods for managing key risks concerning operational execution, along with methods of responding to presupposed crisis situations. In fiscal 2009, the Group upgraded its risk management system by formulating risk-analysis and appraisal standards.

### ● Overseas Risk Management

#### Strengthening the China Corporate Risk Management System Establishment of a Risk-Management PDCA Cycle

To thoroughly ensure uniform corporate risk management throughout all Group companies in China, Mitsubishi Rayon established a risk-management PDCA (Plan, Do, Check, Act) cycle.

#### 1. Introduce standardized regulation management (introduce PD process)

- Introduce four regulations directly related to system risks:

(1) Workplace rules, (2) Registration/licensing management, (3) Regulation management, (4) Compliance management

- Upgrade regulations in three business risk areas:

(1) Business management (credit, purchasing, distribution), (2) Information management (documents, suppliers and customers), (3) Financial management (financial accounting, taxation)

#### 2. Formulate and implement processes to evaluate corporate risks in China (introduce CA process)

Conduct surveys of immediate risks, countermeasures, rules and maintenance status, targeting registration, business management, personnel, operations general affairs and finance. The operational status of regulation standardization management has been checked.

#### 3. Hold meetings of corporate risk-management supervisors in China (introduce PDCA process)

To raise risk-management standards at each China-based Group company, share expertise and investigate/promote solutions for business-operation issues focusing on regions in China, two meetings were held, deciding to:

- Introduce a risk-management system (first meeting, June 2009)

- Introduce a personnel-development system (second meeting, November 2009)

Furthermore, in fiscal 2010, the following will be priority issues in China:

1. Implement and entrench corporate-risk management
2. Upgrade regional personnel-management systems
3. Link Mitsubishi Rayon's internal control management with local corporate risk management systems

### Promoting Risk Management Concerning Safe, Environmental and Quality Products Produced in China

Mitsubishi Rayon implemented countermeasures and guidance concerning risks to safety and the environment that could be fatal to business operations. Particularly in fiscal 2009, we focused on building a risk management system for Chinese products in the areas of safety, the environment and quality. Moreover, we implemented seven internal-control regulations (approved at the China Meeting on Safety, Environmental and Quality Products), mutual audits and integrated training of safety- and environmental-supervisors.

In fiscal 2010, we will implement measures related to the following priority issues:

1. Entrench safety-, environment- and quality-related risk management systems
2. Provide guidance to improve the management capabilities of safety and environmental supervisors
3. Undertake facility-maintenance activities based on preventive maintenance

### ● Information Security

The Mitsubishi Rayon Group established its Information Security Policy in fiscal 2004 and is undertaking activities—centered on the Information Security Committee—to increase information security. From the perspective of internal control (J-SOX), the Group inspected mobile devices



Sample PIAS card

and tightened control of information access rights in fiscal 2009. The Group has expanded the application of improved physical security measures in areas such as facilities, equipment and devices, with the use of IC cards<sup>1</sup> called PIAS.<sup>2</sup> We will continue to promote PDCA cycles to reinforce information security activities.

1. IC card: A card mounted with integrated circuits (ICs) for data storage and computation
2. PIAS: Physical Security Integrated Admission System, the Mitsubishi Rayon Group's unified access control system

## 6. We will respect different cultures as we work to enhance our relationship with stakeholders and society.

### Business Code of Conduct Based upon Corporate Ethics

- 6-1. We will strive to respect the cultures and customs of the various countries and regions where we conduct business and to coexist with society.
- 6-2. We will strive to value relationships with and to maintain and develop appropriate and friendly relations with our stakeholders, including customers, consumers, business partners, employees, shareholders, investors and local communities.

### Next-Generation Education Activities

#### 1. Cultivating Future Scientists

The Mitsubishi Rayon Group participates in the Ministry of Economy, Trade and Industry (METI)'s mentor-based education assistance project and young engineer cultivation program. Making next-generation education activities an important part of its CSR efforts, the Group aims to contribute to society through the main operations of its offices and laboratories. The Group's CSR activities are in accord with METI's next-generation education programs, which are intended to

cultivate future scientists. Consequently, the Corporate Research Laboratories and Yokohama Corporate Research Laboratories enthusiastically participated in this endeavor.

#### Mentor-Based Education Assistance Project and Water Purification that Protects the Planet and Life

(Implemented in December 2009)

**School:** Hiroshima Kusatsu Municipal Elementary School—Four sixth-grade classes

**Lesson content:** Students learn about hollow fiber membrane filter technologies and usage methods for purifying water to gain an understanding that water is a limited and precious natural resource.

**Teacher:** Jun Kamo of the Corporate Research Laboratories' Research Planning & Promotion Office



The students are reminded of the importance of valuing water resources

#### Young Engineer Cultivation Program: Make Plastic!

(Implemented in December 2009)

**School:** Matsudo No. 4 Municipal Junior High School—Three first-grade classes

**Lesson content:** Used UV curable resin to learn about phenomena that cause substances to harden through light energy

**Teacher:** Nine junior employees who entered the Company two years ago and three managers from the Yokohama Corporate Research Laboratories



The students take great interest in the plastic they made

#### 2. Assisting Students That Have a Future Role in the Fashion Industry

Cooperating with the Educational Foundation, Bunka Gakuen, Mitsubishi Rayon Textile Co., Ltd. has been holding the "SOALON" design contest since 2007. This contest solicits and selects the best designs made with the triacetate fiber "SOALON" from submissions made by Bunka Gakuen students. The nine front runners from the most recent contest (held January 2010) were selected for commercialization and



are being sold as limited seasonal items by Odakyu Department Store's Shinjuku outlet. The contest allows student designers to learn about commercialization, sales and customer service.

## Exchanges with Local Communities

The Group actively conducts factory tours, which are attended mainly by nearby residents, elementary students and employee families. We are proactively expanding exchanges with local communities through our manufacturing plants, including experimental programs that parents and children can participate in.



Fifth-grade students from Otake Municipal Elementary School visiting the Otake Production Center

## Social Contribution Activities

### 1. Clean-Up Activities

To keep local communities clean, the Mitsubishi Rayon Group regularly carries out clean-up activities in areas surrounding its plants, with the participation of employees and their families. Efforts are not limited to internal activities—the Mitsubishi Rayon Group joins cleanups organized by local governments and non-profit organizations.



Asakuragawa 530 Rally  
(Toyohashi Production Center)



Clean-up activities in the area surrounding the Toyama Production Center

### 2. Humanity Project

Beginning in 2008, employees at Dianal America, Inc. started working with Habitat for Humanity, an organization that assists people in obtaining affordable housing. Until last year, the team at Dianal landscaped four homes in the local community and, in 2010, two more. Dianal is committed to continuing its volunteer activities while pursuing its main business in the future.



Employees of Dianal America, Inc. participate in volunteer activities

## Relationships with Shareholders and Investors

### 1. Attitudes on Information Disclosure

The Mitsubishi Rayon Group adopts the principle, "disclosure of information and proper handling of confidential and personal information." The Group complies with the "Corporate Information Disclosure Regulations" established in April 2008 regarding timely and appropriate information disclosure, in accordance with its disclosure standards.

The Group offers accurate information that includes disclosing timely and suitable stock market information, distributing the latest news on its website, providing corporate information and publishing a range of business performance materials.

### 2. Achievements in Fiscal 2009

Mitsubishi Rayon disclosed in a timely manner information on its integration with Lucite International in May 2009. We revised our medium-term management plan and announced the formulation of New Design MRC in August 2009 to convey to stakeholders our objectives and key businesses challenges. New Design MRC sets out a vision for the Group in 2018. We also disclosed timely information regarding our integration with Mitsubishi Chemical Holdings Corporation, which was announced in November 2009. Particularly in consideration of individual investors who undertake such unscheduled share trading as takeover bids and share exchanges, we provide easy-to-understand information and briefings.

### 3. Future IR Activities

As a member of the Mitsubishi Chemical Holdings Group, the Company strives continuously to disclose timely and appropriate information to ensure easy-to-understand investor relations for shareholders and investors.

## Committed to the creation of unique, high-quality products and services that contribute to society as a whole

We deliver best quality through the self-motivated efforts of all our employees, as they strive to realize their full potential. Aiming to create an atmosphere that enables employees to display the capabilities they have honed to the maximum extent possible, the Mitsubishi Rayon Group is promoting a workplace capable of fostering the development of best quality in every individual.

- 7. We will maintain a passion, a sense of purpose and the courage to develop and improve our capabilities and work. .... p29
- 8. We will respect individuals and build a healthy and positive work environment. ... p30
- 9. We will work and co-operate with partners around the world and make best use of our abilities. .... p32

# 7. We will maintain a passion, a sense of purpose and the courage to develop and improve our capabilities and work.

### Business Code of Conduct Based upon Corporate Ethics

- 7-1. We will maintain a passion for creating value that contributes to society and will engage in our work with high ideals and a sense of purpose.
- 7-2. We will be attentive to changes in the environment from a global perspective and consistently endeavor to identify issues and make reforms based on that awareness.
- 7-3. We will endeavor to improve our capabilities based on our awareness of our roles and will boldly take on challenges and work toward goals.

## People: The Source of Growth and Competitiveness

Knowing that the capabilities of its people and organizations are key to ensuring corporate growth and competitive ability, the Mitsubishi Rayon Group makes human resource recruitment, training and application important management challenges and focuses its efforts on these areas.

### ● Supporting the Voluntary Skills Development of Employees

The Mitsubishi Rayon Group supports employees' efforts to develop their capabilities and skills by combining daily on-the-job training with other training programs and activities to assist in personal development. The Mitsubishi Rayon Group has adopted human rights education, legal compliance, the thorough enforcement of corporate ethics, and the promotion of safety and environmental management as common themes of the training programs it has designed for new employees and managers. In addition, in view of the Group's growing global

operations, including its integration with Lucite International, Mitsubishi Rayon is increasing its efforts to train individuals who can serve as managers, based on their understanding of the cultures and systems of the regions where they are assigned.

### ● Conceiving Future Goals through Career Development Training

The Mitsubishi Rayon Group provides career development training mainly to young employees who are on the managerial track. This training is aimed at helping the employees concerned develop a vision of their own growth trajectory within the Mitsubishi Rayon Group while developing their capabilities from a medium- to long-term perspective.

### ● Encouraging a Holistic Awareness of Each Employee's Role in the Company

Prior to promotion to an assistant management position, each employee on a managerial track receives training aimed at raising their awareness of how their work within the organization impacts the Company. Employees are then encouraged to

translate this awareness into specific actions. From a teamwork perspective, such training enables employees to become key players capable of motivating others and building creative teams.

### ● Aiming to Improve Organizational Strength through Workplace Leadership

With the aim of reinforcing organizational capabilities, the Mitsubishi Rayon Group provides training in such areas as communication skills and leadership to help develop the management capabilities of employees who have been recently appointed to assistant management positions. The Group also offers dedicated safety and production management training to newly appointed technical managers who are expected to operate as effective leaders on manufacturing sites.

### ● Reinvigorating Managers in Their 50s

In the current environment of increased options for continuing work after the age of retirement, including reemployment schemes, the Mitsubishi Rayon Group holds the “career development seminar.” The purpose of the seminar is to raise awareness of career development that takes into account the work styles of employees in their 50s. In addition, the “second career support seminar” is held to help people in their economic planning for life beyond the age of 60.

### ● Maximizing Employee Skill Levels through the COM-PAS Personnel Evaluation System

The Mitsubishi Rayon Group takes the view that strong unity of direction among all Group members is critical for its sustained

development as a group of companies with unique specialties.\* Acting on this view, the Group introduced COM-PAS (Communication, Plan, Action & Success) in 2006. COM-PAS is a personnel performance evaluation system that stimulates communication within the organization, provides employees with common organizational targets, and accurately rates individuals who work hard and succeed in achieving targets. Improving the effectiveness of the system, on annual basis the Group offers manager-focused training to evaluators to increase the fairness, persuasiveness and transparency of evaluations. The Mitsubishi Rayon Group believes that this target-based personnel management process, from target establishment to performance evaluation, maximizes the capabilities of individual employees and, by extension, allows the entire Group to display its organizational strength.

\*Unique specialties are projects that simultaneously combine originality with superior qualities.



A meeting held to explain the COM-PAS Personnel Evaluation System (a total of 670 employees attended these meetings until the end of the 2009 fiscal year)

## 8. We will respect individuals and build a healthy and positive work environment.

### Business Code of Conduct Based upon Corporate Ethics

- 8-1. We will respect human rights, dignity, and individuality.
- 8-2. We will not discriminate against anyone based on ethnicity, nationality, gender, ideology, philosophical principle, belief, disability, etc.
- 8-3. We will use and nurture our diverse human resources, and provide opportunities for our employees to develop and utilize their abilities.
- 8-4. We will strive to create a workplace culture and environment where communication and teamwork are valued.
- 8-5. We will encourage well-balanced work lives for our employees by respecting their work-life balance.
- 8-6. We will not accept unwelcome sexual advances in the workplace, or verbal or physical conduct of a sexual nature, or any other words or actions that violate the dignity or value of another.
- 8-7. We will not accept forced labor and child labor of any form.
- 8-8. We will respect the activities of the labor union and strive to build good relations between the workforce and management.
- 8-9. We will strive to become a company where employees can have pride in their work through the contribution it makes to society.

**Aiming to Enhance the Work and Family Lives of Each Employee**

**Measures for Supporting Efforts to Balance Work and Family Life**

The Mitsubishi Rayon Group has implemented its Action Plan for General Business Operators since establishing the plan in fiscal 2005 in accordance with the Act for Measures to Support the Development of the Next Generation. Through the plan, which actively supports the work and family lives of employees, the Group maintains childcare and nursing systems that are of a quality exceeding legal standards.

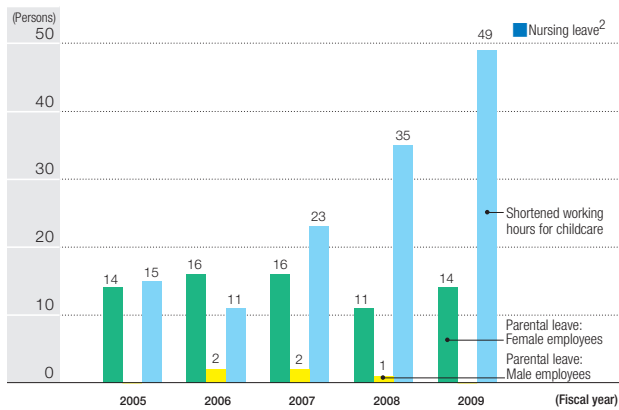
In addition, as a first step in promoting diversity, Mitsubishi Rayon initiated support measures to further enhance the roles of female employees. By moving forward with the creation of an environment that enables all employees to be dynamic and active, the Company aims to efficiently produce a diverse workforce.

In 2008 and 2010, the Group was certified as a General Business Operator Conforming to Standards set by the Ministry of Health, Labour and Welfare and obtained the Kurumin Certification Mark from the Tokyo Labour Bureau in recognition of its achievements under the Action Plan described above.



Kurumin Certification Mark

**Number of employees benefiting from systems related to childcare and nursing<sup>1</sup>**



- The figures presented above are totals for Mitsubishi Rayon and Mitsubishi Rayon Engineering
- The number of employees taking nursing leave was zero between fiscal 2005 and fiscal 2009



A Mitsubishi Rayon brochure that promotes work-life balance

**Welcome Back Scheme**

Mitsubishi Rayon launched the Back-To-Work Registration Scheme for former employees of Mitsubishi Rayon in January 2008 to give those employees who had left voluntarily the opportunity to return to work with the Company. Registration is open to all former employees regardless of their reason for leaving, including childbirth and nursing. This relatively new back-to-work scheme accommodates various life-stage changes. As of April 2010, 19 individuals had registered as participants in the system.

**For a More Enjoyable Working Environment**

**Human Rights Protection**

The Mitsubishi Rayon Group is striving to develop a fair working environment where human rights are respected. In addition, the Group is seeking to raise awareness of the need to respect human rights by providing lectures on human rights as part of various Group employee training programs.

With regard to harassment, the Mitsubishi Rayon Group's zero tolerance position is clearly spelled out in its employment regulations. The Group is raising awareness of various forms of harassment through in-house magazines and employee training programs. In addition, the Group has set up harassment counseling desks at head offices, branch offices and production centers and has established a committee for countermeasures in a bid to develop a system that offers a rapid response to any case of harassment.

**Employment of People with Disabilities**

As of March 2010, the employment rate for people with disabilities was 1.89% across the Mitsubishi Rayon Group. As part of our CSR activities, we have made Group-wide efforts to hire more people with disabilities and develop a structure to better accommodate them so that we not only achieve but exceed the statutory requirement of 1.8%.

**Reemployment Policy**

Mitsubishi Rayon launched a reemployment policy in fiscal 2001 and is reemploying workers in accordance with the intention of the Law Concerning Stabilization of Employment of Older Persons (revised in 2006). The Company ensures working conditions that help reemployed individuals continue to feel as motivated as ever.

**Support for Resuming Work after Forced Absence Due to Illness or Injury**

The Mitsubishi Rayon Group maintains programs and systems that support the smooth resumption of work after leave taken due to physical or mental ailments. Mitsubishi Rayon offers follow-up to sick employees in cooperation with contracted occupational physicians while they are undergoing treatment and



creates a work resumption program for each employee. These new support initiatives allow employees to gradually build up to a return to full-time work after a required preparatory period.

## Employing a Diverse Workforce

### ● Basic Policy for Employing Recent Graduates and Mid-Career Workers

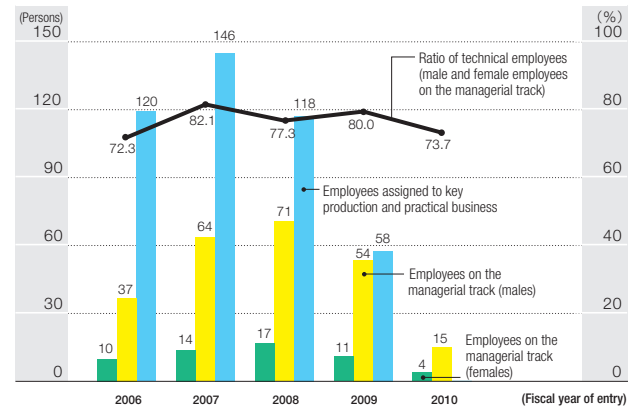
The Mitsubishi Rayon Group continues to hire diverse individuals with potential in order to achieve the Group's goals. The Group's employment strategy is to concentrate on hiring career workers on an as-needed basis as well as periodically recruiting recent graduates.

### ● Internships

Mitsubishi Rayon's internship program is offered mainly to university, graduate school and technical college students. Mitsubishi Rayon welcomes 10 to 30 student interns every year (29 participated in fiscal 2009), giving them first-hand

work experience. In addition, this program provides students with an opportunity to fully consider their career options. The Company makes the internship program available to foreign students in Japan as well.

■ Number of people employed by Mitsubishi Rayon



\* The figures presented above include employees hired on as-needed basis  
 \* The figures are correct as of April 2010

## Corporate Behavior Charter / Business Code of Conduct Based upon Corporate Ethics

# 9. We will work and co-operate with partners around the world and make best use of our abilities.

### Promoting Global CSR Management through Teams

Fully leveraging the synergies gained from the integration with Lucite International, the Mitsubishi Rayon Group forms functional teams to promote the companies' management harmonization and the efficient execution of business operations. In addition to functions obviously linked directly to business operations, these teams cover areas that include communications, human resources, information systems and technology, legal affairs, finance and accounting, R&D, safety, the environment and quality, intellectual property and engineering. Cross-organizational working groups address medium- and long-term issues.

Backed by the Project Management Office (PMO), each team develops plans that reflect our function and goals as well as progress toward integration. Active discussions are held, while the plans of each team are revised appropriately, reflecting the progress that each team has made towards reaching their goals. Direct meetings efficiently move integration projects

forward, and such technologies as teleconferences and Web-based meetings are used to help overcome the challenges of geographical distance.

Mutual respect and trust are essential to international collaboration and are fostered by daily cooperation.



A meeting of functional teams

Company Profile

As of September 2010

Company Name	MITSUBISHI RAYON CO., LTD.
Head Office	6-41, Konan 1- chome, Minato-ku, Tokyo
Date of Establishment	August 31, 1933
Paid-in Capital	53,229 million yen
Consolidated Subsidiaries	90 (28 domestic, 62 overseas)
Equity Method Affiliates	16 (12 domestic, 4 overseas)
Production Centers	Otake Production Center, Toyohashi Production Center, Toyama Production Center and Yokohama Production Center
Laboratories	Corporate Research Laboratories, Yokohama Corporate Research Laboratories, Toyohashi Corporate Research Laboratories and Production Technology Laboratories
Branch/Office	Osaka Branch and Hokuriku Office
Employees	8,427 (Consolidated) (As of March 31, 2010)

Fiscal 2009 Results (Consolidated)

Economies overseas in fiscal 2009 have passed through the worst of the recession owing to monetary and financial countermeasures undertaken by individual countries, while a recovery trend being driven by China and other emerging economies is becoming apparent. Although subdued, economic recovery in Japan is progressing thanks to an ongoing rebound in exports, particularly to Asia.

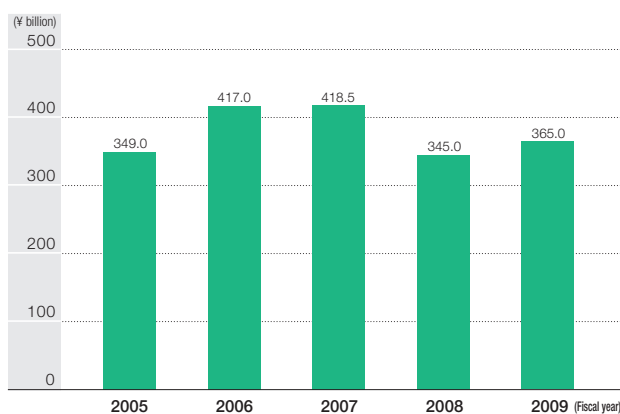
Amid these operating conditions, the Mitsubishi Rayon Group took a major step toward becoming the world's largest MMA manufacturer through its integration with Lucite International Group Limited. In August 2009, the Group revised its sixth medium-term management plan, formulated "New Design MRC," and undertook specific measures to achieve high profitability and growth.

In March 2010, Mitsubishi Rayon joined the Mitsubishi Chemical Holdings Group, becoming one of its core companies. Through the early realization of integration effects in areas

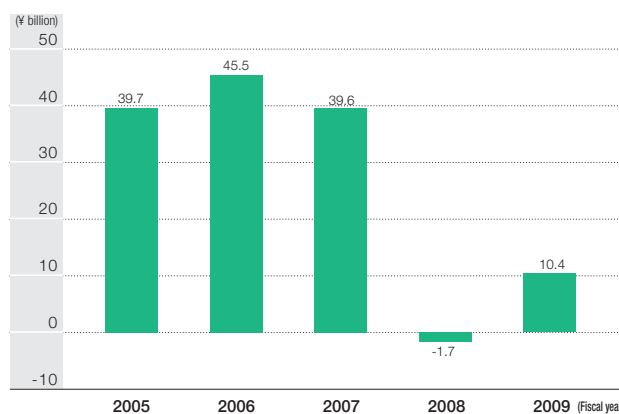
including Mitsubishi Chemical Holdings Group's business operations, infrastructure and R&D, Mitsubishi Rayon will strive to rapidly achieve its target to "establish and develop the top-ranking business units in the global markets."

Although demand, which had rapidly diminished, is recovering, it has yet to return to the levels seen prior to global recession. Consolidated performance in fiscal 2009 was also impacted by such factors as major losses due to rapid exchange-rate fluctuations and impairment losses on fixed assets held by overseas subsidiaries. Consequently, consolidated sales increased 5.8% year on year to 365,047 million yen. After eliminating actual differences, consolidated operating income was 5,433 million yen, compared with an operating loss of 7,612 million yen in the previous fiscal year, while consolidated ordinary loss amounted to 6,135 million yen, compared with an ordinary loss of 3,758 million yen, and net loss improved to 5,013 million yen, compared with net loss of 28,950 million yen.

■ Changes in consolidated sales



■ Changes in consolidated operating income



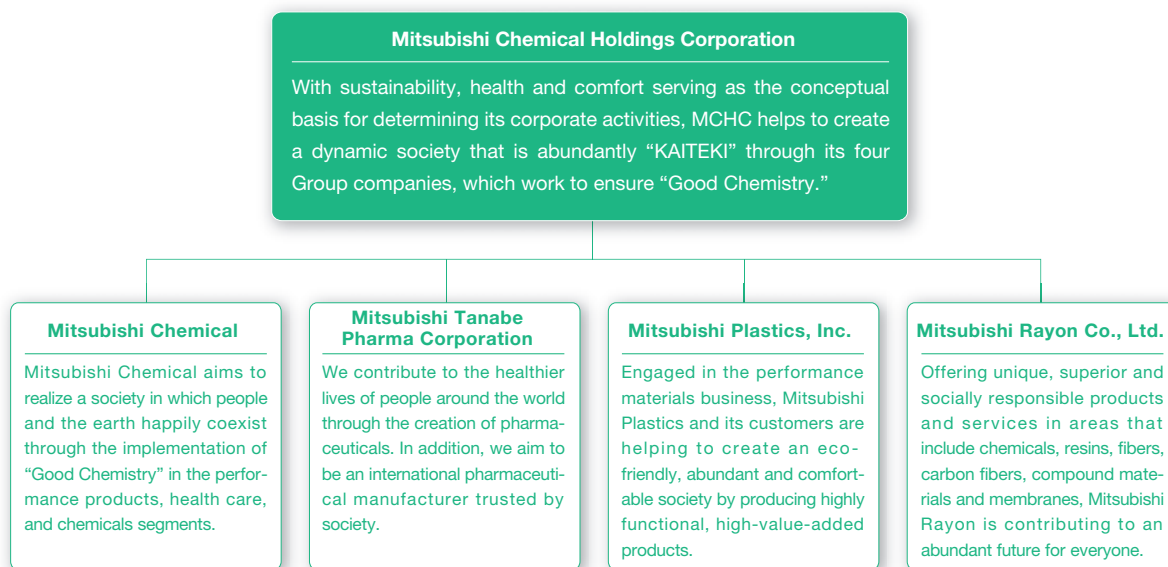
\*Retirement-benefit accounting-based amounts prior to the amortization of differences arising from changes in actuarial assumptions

# Good **Chemistry** for Tomorrow

Creating better relationships among people, society and our planet

The word “chemistry” can also mean the compatibility, relationships and connections between people. Reflecting this, the aforementioned Group philosophy, “Good Chemistry for Tomorrow,” expresses the approach of Mitsubishi Chemical Holdings Corporation (MCHC), namely, the Company will continue to meet the needs of industry and society, while working to create better relationships among people, society and our planet.

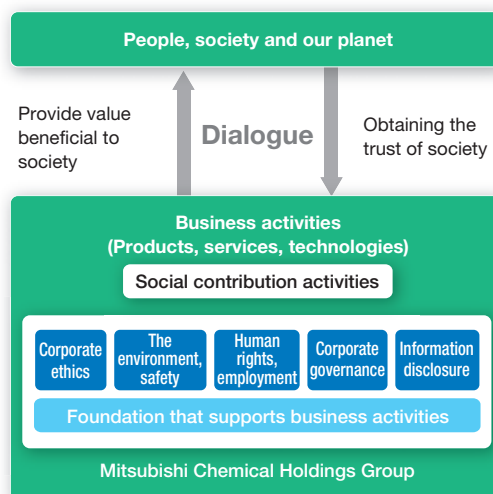
## Mitsubishi Chemical Holdings Group Organization



## Mitsubishi Chemical Holdings Group’s Approach to CSR

Reflecting the Group philosophy, “Good Chemistry for Tomorrow,” we believe that it is our social responsibility to provide products and services following criteria that include sustainability, health and comfort, while offering new social value.

Beyond creating technologies, products and services that realize this concept, the MCHC Group has made compliance, the environment, safety and human rights the foundation of its business activities. Furthermore, we contribute to the development of a sustainable society through Group- and employee-led philanthropic activities undertaken worldwide.





**MITSUBISHI RAYON CO.,LTD.**

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