

Metals Company Supplementary Data Book 2014

For People, Society and the Earth



Introduction

The Mitsubishi Materials Group publishes its Corporate Social Responsibility (CSR) report to provide stakeholders with information regarding its perspective on and activities in the area of CSR.

The Metals Company, one of the in-house operating companies of Mitsubishi Materials, is a member of the ICMM^{†1} (related article: p. 7), which has as one of its objectives promoting sustainable development in the mining and metals industry. In order to ensure accountability for our mining and metal sector operations, we aim to appropriately disclose and promote transparency in the information we provide. As part of our effort to meet this objective, we publish this Supplementary Data Book to provide detailed information on the Metals Company's CSR activities to supplement the Mitsubishi Materials "CSR Report 2014".

Please also refer to the Mitsubishi Materials "CSR Report 2014", as information regarding the Metals Company is also included in the Report.

^{†1} ICMM: The International Council on Mining and Metals is an organization formed by the world's leading mining and metals companies and has a clear commitment to leading sustainable development in the mining and metals sector.

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Period Covered by This Report

Fiscal year 2014 (Mitsubishi Materials Corporation Fiscal Year: April 2013 to March 2014)

Reporting Boundary

Mitsubishi Materials' the Metals Company and its four affiliated smelting companies (Hosokura Metal Mining Co., Ltd., Onahama Smelting and Refining Co., Ltd., Materials Eco-Refining Co., Ltd. (MERC), Indonesia P.T. Smelting (P.T. Smelting))

Release Date

January 2015

Referred Guideline

GRI (Global Reporting Initiative) Sustainability Reporting Guideline (the 2006 edition) (version 3.0)

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Environmental Report

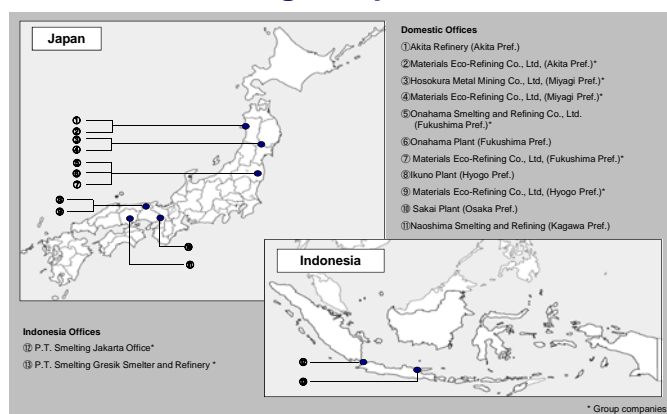
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This Data Book, along with the information covered in the Mitsubishi Materials "CSR Report 2014", has been independently assured by KPMG AZSA Sustainability Co., Ltd., with all figures subject to external independent assurance marked with a star "★". For more details regarding external independent assurance, please refer to p. 75 in the Mitsubishi Materials "CSR Report 2014".

Operations of the Metals Company and affiliated smelting companies



Message from Company President

The Management of Chemicals and Actions for Addressing Conflict Minerals Issues

'Hazardous substances', which pose potential risks to the environment and the health of the people, are facing global strengthening of regulations, with the number of targeted substances on the rise. These regulations focus on the containment of hazardous substances in the upstream base materials. The Metals Company supplies those base materials to our downstream clients and we take all possible measures to meet all social requirements and to ensure the safe management of chemical substances at operation sites and the surrounding environments.

In recent years, there has been an increasing international focus on the Conflict Minerals Issue, requiring action from all entities involved in the supply chain, in particular, the upstream refining industries. Of the four Conflict Minerals, the Company manufactures gold bullion and tin metal. In 2012, we developed and implemented a management system which aims for the disuse of Conflict Minerals that fund armed conflict. With regards to gold, following a third-party audit, we were certified by the London Bullion Market Association (LBMA), showing we comply with the LBMA Responsible Gold Guidance on August 2013. Following this, in February 2014, we obtained CFS certification for tin from the Electronic Industry Citizenship Coalition (EICC), an international organization of electronic equipment manufacturers. The focus of the Conflict Minerals Issue lies in the management of raw materials, and since the root of this problem is the widespread abuse of human rights, we are required to establish a new management strategy. We commit to accomplishing our duty as a trusted material manufacturer to provide the best products to our customers.

The Link Between the Metals Company's Business Strategies of Metals Company and Society

The Mitsubishi Materials Group formulated "Materials Premium 2016 -- Challenge to become the world's leading business group" a new medium-term management plan (for fiscal 2015-2017) (hereafter, the "New Medium-Term Plan") in April 2014, aiming to take the next leap forward in the new era.

The Metals Company positions the period of this New Medium-term Plan as one for taking an important step toward the vision under the long-term management policy and has set an operating income of 40 billion yen and an ROA of 6% as management targets for fiscal 2017, the final year of the plan.

To show the key points of each business, the Company aims to increase the ratio of ore procured from invested mines through the development of new mines to achieve approx. 50% in ten years as a long-term target of the mining business. There is no new project to be launched during the period for the New Medium-term Plan, but it will be a period for maximizing profit mainly through the effects of operational improvement of existing mines and for making preparations toward the long-term targets.

Strategies for the smelting & refining business include integration of the precious metals business, improvements of purchase terms such as TC/RC (treatment/refining charge) and penalties for impurities, strengthening and expanding the recycling business to be No.1 in the world in processing and shipping volumes of E-Scrap), and strengthening slag sales in Japan by taking advantage of the Materials Premium.

Strategies for the copper-processing business include sales expansion of high-strength alloy wires, promotion of alloy recycling, sales expansion of processed copper products, and overseas expansion and entry into overseas middle-end markets through the establishment of slitting facilities and sales location in emerging countries.

These targets become valuable only when they are achieved in safe, healthy work environments. Under the New Medium-Term Plan, we will work on safety measures, countermeasures against overtime work and other measures even more seriously than before.

The Metals Company aims for further business growth by enhancing the value chain from upstream to downstream, with the three pillars of our business, namely, mine investment, smelting & refining, and rolling & processing. The Company continues to hold this principle for sustainable development and conservation of natural resources for the good of the inhabitants of this planet and generations to come.

The two keywords of pervasive significance in many of the industries today are transparency and accountability; through this Data Book, we hope our stakeholders deepen their understanding of the CSR activities of the Metals Company.



Osamu Iida
Managing director/ President of the
Metals Company, Mitsubishi Materials
Corporation

飯田 修

(Profile)

- 2004.1 General Manager of Copper Smelting Division of the Metals Company
- 2010.6 General Manager of Naoshima Smelter & Refinery
- 2011.6 Executive Officer / Vice President of the Metals Company / General Manager of Naoshima Smelter & Refinery
- 2013.4 Senior Executive Officer / President of the Metals Company
- 2013.6 Managing director/ President of the Metals Company, Mitsubishi Materials Corporation
- 2014.4 Managing director/ President of the Metals Company, Mitsubishi Materials Corporation (current)

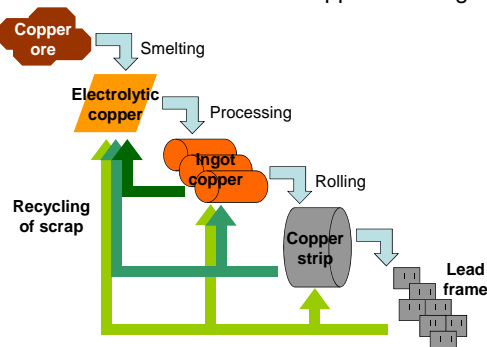
Business Outline of the Metals Company

Comprehensive Capabilities from Mining Development Investment to Copper Processing

With high electrical and thermal conductivity, good workability, high-strength properties, and relatively low costs, copper is used in a wide range of applications and is essential to our daily life. Applications include electric cabling, copper tubing, electrical components, automobile components and construction materials. Copper is an indispensable material that is widely used in consumer products including automobiles, mobile phones, personal computers, and air conditioners. Recently, it has become an important component in hybrid and electric vehicles. Through our mass production technology for oxygen-free copper and copper alloys, with their high levels of electric conductivity, we have become the world's leading manufacturer of oxygen-free copper in terms of market share.

The metals business of Mitsubishi Materials has a long history of business transformation following the start of operation of Yoshioka Mines in Okayama Pref. in 1873. We have established a vertical value chain structure within our group companies that covers securing ore, smelting and copper-processing. As approximately 75% of electrolytic copper can be processed to a nearly finished product through our downstream value chains, our vertical value chain structure combines efficient production whilst improving efficiency in material flow along the supply chain and in scrap processing. This contributes to higher total yield ratios and results in effective utilization and conservation of material resources.

■ Vertical Value Chain from copper smelting to processing



Promotion of Recycling Business

In the smelting & refining business, the price of copper bullion as a product is unified globally, and TC/RC (treatment/refining charge) also has a global price. Given this background, the Company needs to deal with many recycled products to compete successfully with overseas smelters, which are operated at low costs. However, it is becoming increasingly difficult to collect recycled products in Japan because overseas transfer has been accelerated in industries such as consumer electronics and automotive industries in response to the appreciation of the yen. Therefore, the Company strives to improve customer satisfaction level through measures including introduction of automatic sampling devices for eliminating error assessment in the collection of recycled products. The Company has also been proactive in activities for collecting recycled products from outside Japan. What is more, one feature of the Company's recycling business is the significant competitive advantage of the process for processing recycled products with the pretreatment furnaces and Mitsubishi S Furnaces of Continuous Copper Smelting and Converting. The Company has installed the S Furnaces at three smelters in Naoshima, Gresik (Indonesia), and Onahama, which are expected to be a great strength in the recycling business as well.

In recent years, the Metals Company has made significant efforts towards developing its recycling business to promote the sustainable use of resources. We recover valuable metals (copper, etc.) from shredder residue (SR) generated from end-of-life vehicles and electronic home appliances, use combustible components as a necessary source of heat for furnaces, and convert the generated waste heat into electrical energy with the aim to reduce CO₂ emissions. The Onahama Smelter & Refinery started the treatment work of E-scrap in October 2013. Building on the recycling work conducted at the Naoshima Smelter & Refinery, by 2016 the group aims to collect around 120,000 tons per year to become the world's number-one recycling company overall.

Recycling of Rare Metals

Copper concentrate contains Platinum Group Metals (PGM), which are rare metals. Materials Eco-Refining Co., Ltd. (MERC), an affiliated smelting company of the Metals Company, refines products including intermediate products of PGM from Naoshima Smelter & Refinery into products in the form of metals or compounds. Among them, we applied to become a registered brand on the London Platinum and Palladium Market (LPPM), reflecting the reliable quality of our platinum and palladium products, which are important materials in automobile, electrical and electronics industries. Our application was approved and we received certification in September 2012.

In addition, in 2012 we developed a low-cost, low-environmental-risk technology to recycle gallium (Ga) from Ga scrap. Ga is used in LED, solar cells and power semiconductors, and the future demand of Ga is expected to increase. In the past, recycling of Ga required completely melting the Ga with the use of drug solution, however the new technology developed by Mitsubishi Materials enables the singular extraction of Ga, reduction of the quantity of the drug solution used and reduction of environmental harm. We believe we will be able to provide a stable supply of Ga, and to contribute greatly to the expansion of market of products which use Ga. We will continue to improve the quality of our products, and endeavor to achieve a stable supply of rare metals.

Procurement of Raw Materials and Investment in Overseas Copper Mines

Currently, the Metals Company participates in five mine operation and development projects; Los Pelambres Mine (Chile), La Escondida Mine (Chile), Huckleberry Mine (Canada), Copper Mountain Mine (Canada), and Batu Hijau Mine (Indonesia). Mine development processes generally incorporate 1) site selection, 2) exploration, 3) feasibility study, 4) facility construction, and 5) operation stages. Historically we joined new projects from the feasibility study stage, but under our current strategy we are proactively promoting participation from the exploration stage.

To ensure stable operation of the mines, we will cooperate closely with co-parent companies and the Mineral Resources & Recycling Business Unit. We will also work with the Corporate Production Engineering Dept. to provide support for the maintenance of mine equipment and others

in terms of engineering and human resources. The group has human resources who have high levels of technological capabilities and a wealth of experience in installation, operation, and maintenance of large equipment at smelters, cement plants, and the like. They will provide support on technologies and know-how for the efficient operation of mines.

Message from Masato Koide, Executive Officer, General Manager of Naoshima Smelter & Refinery

Naoshima Smelter & Refinery will soon celebrate its 100th anniversary. Instead of celebrating it as a mere anniversary, all of us at Naoshima Smelter & Refinery have been engaged in N.NEXT activities together for the last three years under the leadership of the former General Manager Osamu Iida (now Managing Director and President of the Metals Company) under the grand vision of “For the next 100 years.” These activities are extremely sophisticated, elaborate activities forming three layers with TPM and ISO/OSHMS (PDCA cycle implemented triply). We regard fiscal 2014 as a year for maximizing the effect of our activities accumulated so far to lay the foundations for the next medium- and long-term management plan.

Instead of lagging behind the constant changes in the business environment, we will be conscious of the Materials Premium with mining, smelting, copper processing, and other divisions, handle existing issues and take on the challenges of tackling new issues with far-sighted competition strategies, and work together to open up new avenues. What will be important in these activities are high level of awareness and the on-site capabilities of people working for the Naoshima Smelter & Refinery. So I will make efforts, with spirit and passion, to create an open atmosphere and motivating workplaces and maintain and improve the work environment so that our employees can work safely and with a sense of security. And we will also continue to focus our efforts on the integration of the life, economy and culture of the local community of Naoshima, without forgetting gratitude for the community which accepted Naoshima Smelter & Refinery about one century ago, and has supported our growth.

The Metals Company and CSR

Material Issues

Mitsubishi Materials has reappraised the key material issues that we consider necessary to address in the future (“material issues”; factors that have the potential to have a significant impact on our corporate value) on a companywide basis. Nine material issues, as shown below, were identified. In this process, we took into consideration issues impacting the sustainability of society as a whole and the perspectives of our stakeholders. For the details and actions associated with these issues, please refer to “the 2014 CSR Report”.

Mitsubishi Materials’ Nine Material Issues

- ① Promoting internal control
- ② Securing resources to guarantee the steady supply of products
- ③ Contributing to a recycling-oriented society through recycling business
- ④ Striving to preserve the environment and prevent global warming
- ⑤ Promoting environmental technology and products
- ⑥ Training and harnessing a diverse range of human resources
- ⑦ Creating safe and healthy working environments
- ⑧ Responding to social and environmental awareness throughout the supply chain
- ⑨ Promoting communication with stakeholders

The Metals Company’s Business Characteristics and Material Issues

Securing a stable supply of raw materials is critical for our business operations. At the same time, we recognize a need to make procurement and investment decisions in an environmentally and socially responsible manner. We also consider it essential to obtain materials not only through purchases of ore from mines but also from recycled materials, in order to preserve natural resources. The Metals Company undertook action plans in FY 2014 in the following areas.



Recycle Plant in Naoshima
Smelter & Refinery

Metals Company: FY 2014 Results and Future Tasks

③ Contributing to a recycling-oriented society through recycling business

[Target] Expansion of the recycling business
(Metals business)

[FY2014 Results]

- Strengthening the structure for collection from Japan and overseas and enhancement of activities securing collection from overseas countries
- Operation of sampling facilities that are compatible with high-grade materials, in response to diversification of materials collected from overseas countries

[Future Tasks]

- To establish overseas locations aimed at ensuring continuous, stable collection from overseas countries and responding promptly to future increase of collection volume

⑧ Raising social and environmental awareness throughout the supply chain

[Target] Implementation of measures concerning CSR procurement (addressing conflict minerals issues)

[FY2014 Results]

- Secure operation of the conflict minerals management system to obtain certifications for gold (from LBMA) and tin (from EICC)

[Future Tasks]

- Continuous operation of the conflict minerals management system, receiving third-party audits, and renewing certifications for gold (from LBMA) and tin (from EICC) every year

In this Data Book, we will provide information related to the following four of the nine material issues, which we consider especially important to the Metals Company.

Material Issues	Page
④ Striving to preserve the environment and prevent global warming The environmental impact of our operations and steps to reduce our impact.	9
⑥ Training and harnessing a diverse range of human resources Global human resources management in the Metals Company.	15
⑦ Creating safe and healthy working environments Actions to create a safe and healthy working environment taking into account the nature of our operations.	16
⑧ Raising social and environmental awareness throughout the supply chain Environmental and social actions in copper ore procurement.	18

As an ICMM Member

As a member of the ICMM (International Council on Mining and Metals), we promote CSR initiatives within our operations. The ICMM is a global consultative body comprising major global mining/smeltering companies with the key objective of working to improve the environment, health and safety, and human rights performance in the mining and metals industry. The ICMM advocates 10 Principles for Sustainable Development, to which member companies are required to commit.

The ICMM 10 Principles for Sustainable Development

01. Implement and maintain ethical business practices and sound systems of corporate governance.
02. Integrate sustainable development considerations within the corporate decision-making process.
03. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
04. Implement risk management strategies based on valid data and sound science.
05. Seek continual improvement of our health and safety performance.
06. Seek continual improvement of our environmental performance.
07. Contribute to the conservation of biodiversity and integrated approaches to land use planning.

08. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
09. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

In April 2010, reflecting changes in social awareness associated with our operations and to reflect the ICMM 10 Principles, we revised our Code of Conduct for Mitsubishi Materials as a whole, and added the following items:

Additions to Specific Details under the 10 Articles of Our Code of Conduct

- Taking into consideration the sustainable development of society
- Working to create a low-carbon society
- Taking into consideration biodiversity
- Implementing and maintaining sound corporate governance
- Prohibiting child labor and forced labor
- Striving to achieve a work-life balance
- Continually improving occupational health and safety performance
- Ensuring that products are designed, used, reused, recycled and disposed of responsibly

Moreover, the ICMM defines the position statements for supplementing and embodying some of the ten essential principles.

ICMM Position Statements

1. Transparency of Mineral Revenues
 - Declare support for the Extractive Industries Transparency Initiative (EITI)
2. ICMM Principles for climate change policy design
 - Work on the reduction of greenhouse gas emissions
3. Mercury Risk Management
 - Implement appropriate management of mercury
4. Mining and Protected Areas
 - Do not undertake exploration or mining on World Heritage properties
5. Indigenous Peoples and Mining
 - Respect indigenous peoples and their rights
6. Mining: Partnerships for Development
 - Enhance mining's social and economic contribution

The Metals Company has for several years implemented measures supporting the ICMM position statements. Examples of our proactive approach include establishing a company wide initiative in November 2008 regarding our greenhouse gas emissions (Statement 2).

Regarding Statement 3, mercury is contained as an impurity in copper concentrate, a raw material in one of our core businesses, copper smelting. As an ICMM member, we will continue our initiatives regarding the appropriate management of mercury. As part of our normal operating procedures, in accordance with the Law Concerning Examination and Regulation of Manufacture and Handling of Chemical Substances, we notify the Ministry of Economy, Trade and Industry regarding the generation of mercury-containing substances resulting from mercury removal from copper concentrate.

Although we are not directly involved in the day-to-day operations of mines, we monitor the environmental and social compliance of mines in which we invest (Statements 4 to 6) by implementing our CSR Investment Standards, which we established in July 2009. In addition, as a member of the ICMM we actively support the Extractive Industries Transparency Initiative (EITI) as described below (Statement 1).

Support for the Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency Initiative (EITI) increases transparency of payments by companies to host country governments. EITI also supports poverty reduction and promotes the creation of a sustainable society. Governance of EITI is shared equally between representatives of government, extractive industries and civil society. The ICMM has supported the goals of EITI since its establishment in 2005. As a member company of the ICMM and a shareholder in Indonesia-based P.T. Smelting, the Metals Company, as an extractive company, supports the objectives of EITI in responsible resources development and promoting growth and poverty reduction.

Communication with the ICMM

The ICMM, of which the Company has been a member since 2002, is an organization operated under the initiative of chief executive officers (CEOs) of member companies, where decisions are made by those CEOs. Therefore, communication between the President of the ICMM and CEOs is extremely important, and the results of the communication are reflected in the activities of the ICMM.

The President of the ICMM, Dr. Hodge visited Japan in November 2013 following his previous visit in 2012. He shared information about the latest activities and plans of the ICMM with President of Mitsubishi Materials, Mr. Yao and Managing Director of Mitsubishi Materials, Mr. Iida. They also exchanged opinions about the environment surrounding the mining and metals industries.

The following is part of what they discussed about the management of the ICMM, which works on a number of projects:

- (1) Determining the priority of projects based on factors including the content of campaigns made by NGOs, the content of media reports, and the overall trend in the international community, concerning the mining and metals industries
- (2) Each project is promoted by formulating an action strategy plan every three years. We are now in the period of the plan for 2013 - 2015.
- (3) Priorities of projects are reviewed every year concerning the three-year plan, with changes given to budget allocation.

In recent years, mining and metals industries have faced the issue of resource nationalism. As resource-producing countries and resource-consuming countries polarize, resource nationalism is emerging in the former countries. The problem has also emerged in Indonesia, where P.T. Smelting, which we operate, is located, so we place our hope in the ICMM initiatives.



ICMM President Dr. Hodge (center), -President of Mitsubishi Materials, Mr. Yao (right) and Managing Director of Mitsubishi Materials, Mr. Iida (left)

Striving to Preserve the Environment and Prevent Global Warming

Environment Management

The Metals Company and the Environment

The Metals Company's operations include nonferrous smelting and copper processing which generate emissions that have a negative impact on the environment. To reduce our impact, we are taking measures including continuing to operate in compliance with environmental regulations, promotion of a more socially and environmentally responsible procurement process for raw materials, implementation of energy saving programs, recycling activities and measures for biodiversity preservation.

■ Energy and Material Balance

Input	Output
Raw materials Energy Water	Products Air Emissions Wastewater Wastes

Environment Regulatory Compliance

The Metals Company's sites in Japan have obtained ISO 14001 certification to support environmental management and compliance. P.T. Smelting has established an environmental management department working to ensure environmental compliance with local regulations, with actions including holding monthly environmental committee meetings and performing environmental monitoring in three shifts. As a result, the Metals Company received no administrative measures, for example fines for environmental violations, operational stop orders or revocation of environmental permits, in FY 2014.

Environmental protection activities by Sakai Plant

Sakai Plant collects used food oil from its cafeteria and employee households. In 2011, employees working for the plant established the Himawari Club on a voluntary basis. Members of this club grow sunflowers (himawari) on the plant premises and collect the oil which is extracted from their seeds. The oil collected by the plant through these activities is used as a biofuel* for the Kyoto City bus. The plant has also established a system under which points are granted based on activities and the points can be exchanged for eco products. Through these activities, the plant aims to further raise employee awareness.

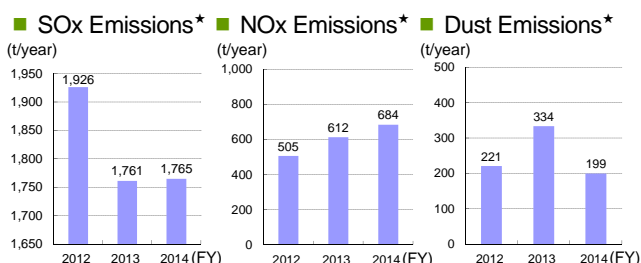
* Biofuels refer to fuels that use energy of organisms including plants (biomass). They have attracted attention as inexhaustible resources which can replace exhaustible resources such as oil. It is also said that they will not increase total CO₂ emissions.

Environment Accidents

Consideration towards the environment and safety is considered as a key component in our Medium-Term Management Plan and forms the basis of our operations. In FY 2014, there were no chemical spills or other accidents.

Emission into the Air

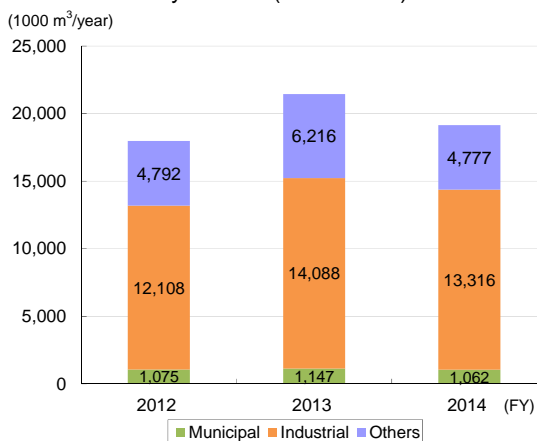
The generation of SO_x and NO_x atmospheric emissions is an unavoidable result of fossil fuel combustion. To minimize atmospheric emissions, each site implements programs such as controlling emissions of SO_x, dust and other pollutants from exhaust systems, regular equipment inspections and dust control at roads and storage facilities.



Effective Utilization of Water Resources

At sites performing smelting and copper processing operations, water is used for many purposes including cooling, production, and drinking. Total water consumption in FY 2014 was 303 million m³†, of which more than 90% (284 million m³) was sourced from seawater. We promote the installation of closed-loop water treatment system and water re-use.

■ Water Use by Source (Freshwater)*



■ Amount of Wastewater (1000 m³)*

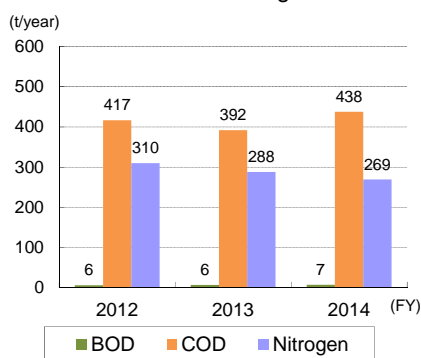
	FY 2014
River/Lake	12,526
Sewage	114
Others	19
Marine	294,758
Total	307,417

† The reason why the wastewater amount is greater than the water consumption amount is due to the treatment of wastewater from the springs (ground water) of closed mines.

Discharged Water Quality Control

Process wastewater from each site is discharged following on-site treatment. Each site has established its own internal emission standards that are more stringent than legal requirements and strictly control the concentrations of pollutants in discharged water. Sites are also working to protect the water environment through measures to reduce the usage of substances that cause pollution as well as strict management and inspection of wastewater treatment plants.

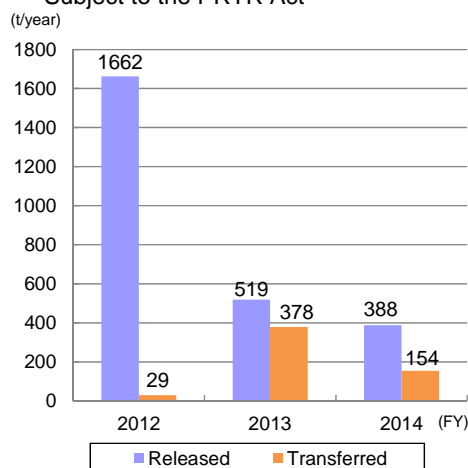
■ Pollutant Load Discharged to Bodies of Water*



Amount of Chemical Substances Released/Transferred Subject to the PRTR Act

The amount of chemical substances released and transferred by each facility is aggregated and reported annually based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act). Our company's released/transferred amount for FY 2014 was 542 tons. This is a reduction of 355 tons compared to FY 2013. In addition, reductions in the volume of wastewater generated and discharged were achieved by introducing a closed-loop water treatment system in the copper slag granulation process.

■ Amount of Chemical Substance Released/Transferred Subject to the PRTR Act



* Method of calculation of Hosokura Metal Mining Co., Ltd. was revised and data for the preceding fiscal years were corrected

† Excluding P.T. Smelting

Mitigation of Arsenic Emissions by a Mist Cottrell Precipitator at the Onahama Smelter & Refinery

The Onahama Smelter & Refinery has been advancing various environmental measures. In November 2012, two mist Cottrell precipitators were installed to reduce environmental damage by chemical substances as stipulated in the PRTR Act. This is a measure to achieve a higher removal rate of impurities contained in copper concentrates (arsenic in particular), the concentration of which has increased in recent years.

A mist Cottrell precipitator is a wet electrostatic precipitator which collects particles using the force of an induced electrostatic charge. By running a high voltage between collecting electrodes, particles surrounding discharge electrodes are charged and thus collected.

In June 2013, another precipitator was installed as planned. As a result, the overall arsenic emission for FY 2014 was 60% less than that for FY 2013.

Promotion of a Recycling-Oriented Society

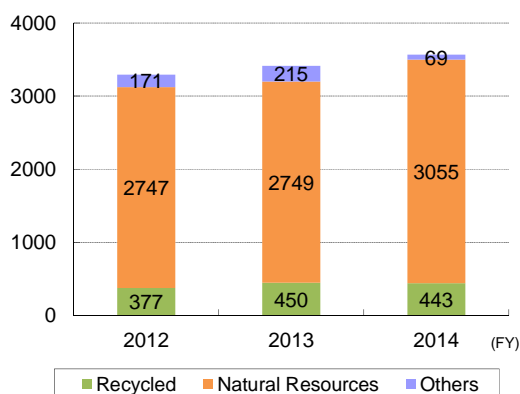
Use of Recycled Material

The raw material input in FY 2014 was 3.57 million tons, of which 0.44 million tons (12.4%) came from recycled materials, such as shredder residue and waste substrates, etc., and 0.2 million tons of the recycled materials came from industrial wastes that would otherwise have gone to landfill.

The Metals Company operations consume a large amount of natural resources including ore. As part of our resource conservation activities, we are reducing the use of virgin raw materials, and promoting the use of secondary raw materials including scrap of various kinds. Because there are various sources of scraps, we are promoting measures for scrap collection as well as processing.

■ Raw Material Input*

(1,000 t/year)



Shredder Residue



Waste substrates

Reduction of Waste Generation

The total amount of waste discharged was 2,460 tons in FY 2014. Approximately 22% of this was specially controlled industrial wastes, followed by waste plastics, waste acid and wood wastes respectively accounting for 21%, 21% and 16%, respectively.

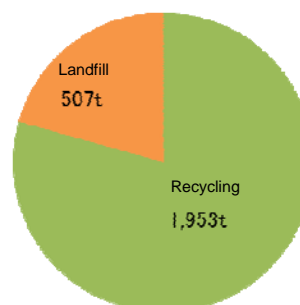
■ Industrial Waste Discharge by Types (t)*

	FY 2014
Sludge	25
Waste Oil	324
Waste Acid	506
Waste Alkali	8
Waste Plastics	514
Wood Wastes	395
Glass/Concrete/Pottery Wastes	132
Demolition Wastes	20
Waste Electric Machinery and Apparatus	0
Mixed Waste	7
Specially controlled Industrial Wastes	529
Total	2460

† Excluding P.T. Smelting.

We confirmed from reviews of industrial waste manifests that approximately 80% of the total waste discharged in FY 2014 was recycled by external waste treatment contractors. Scrap materials generated from our own production processes are reused on-site whenever possible. Scrap materials which cannot be reused are treated at the Mitsubishi Materials Group companies where possible or transported to other smelting companies for recycling as necessary. In this way, we try to maximize the collection of scrap materials by utilizing the network of companies that possess processes to recover substances from scrap. In cases where it is not possible to recycle scrap materials, they are disposed of by external contractors. Through this approach, we reduce the amount of industrial wastes going into landfills/landfill.

■ Breakdown of Industrial Wastes by Disposal Method (FY 2014)*



† Excluding P.T. Smelting.

P.T. Smelting is a subsidiary company based in Indonesia. The data on wastes generated by this subsidiary are excluded from the data presented on Industrial Waste Discharge by Type and Breakdown of Industrial Wastes by Disposal Method since the waste classification system is different from that of Japan. We conduct separate monitoring of waste discharge and management for these operations. For FY 2014, the amount of waste discharge at P.T. Smelting was 1,283 tons.

Promoting Recycling of Rare Metals

Copper concentrate, the main raw material used in copper smelting, also contains rare and valuable resources in the form of platinum group metals (PGM). The refining process for rare metals at Naoshima Smelter & Refinery allows these to be concentrated to produce intermediate products. We also collect PGM containing scrap from electronic material manufacturers and other items such as scrap jewelry for resource recovery. These are sent to the Materials Eco-Refining's Onahama Plant where they are refined and recycled into finished products. At the Onahama Plant, we collect palladium and ruthenium in the form of metal and rhodium in the form of compounds.

We applied to become a registered brand on the London Platinum and Palladium Market (LPPM), reflecting the reliable quality of our platinum and palladium products. Our application was approved and we received certification in September 2012. We will continue to improve the quality of our products, and endeavor to achieve a stable supply of rare metals for our society and the lives of its citizens.



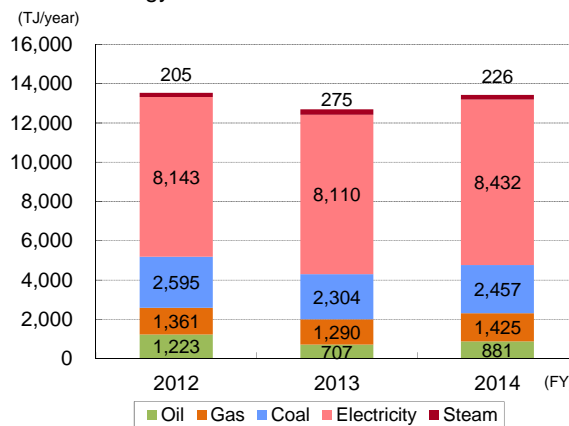
Recycled Platinum

Preventing Global Warming

Promoting Energy Saving

In our smelting and copper processing operations, oil, gas and coal are used as primary energy sources, with electricity and steam used as secondary energy sources. Total energy consumption in FY 2014 was 13,421 terajoules, an increase of 737 terajoules from 12,684 terajoules in the previous year.

■ Total Energy Use*



The Metals Company has set for itself the target of achieving an “annual reduction of 1% in energy per unit” through the implementation of energy saving programs. In FY 2014, we reduced energy use by approximately 495 kiloliters of crude oil equivalent, which amounts to JPY 21 million. The breakdown of the reduction is summarized below.

■ Energy Saving Results of FY 2014

		Effect	
		Amount of Money (Million Yen)	Crude oil Equivalent (kl)
Naoshima Smelter & Refinery	Installation of efficient facilities/equipment	14.6	379
	Improvement of existing facilities/equipment	6.1	104
Sakai Plant	Installation of efficient facilities/equipment	0.3	12
Metals Company Total		21.0	495

† Excluding MERC and P.T. Smelting.

Key examples of energy saving measures are:

- 1) Reduction of electricity consumption by installing inverters in the 3AT blower (Naoshima Smelter & Refinery)
- 2) Reduction of electricity consumption by installing inverters in the S Furnaces' fans (Naoshima Smelter & Refinery)

Energy Saving from Logistics Operations

In FY 2014 total energy use in logistics was 186 terajoules*. Modes of transportation include ships and trucks, with ships accounting for 148 terajoules or 80% of total logistics energy use. The greenhouse gas (GHG) emission from our logistics was 12,990 tons-CO₂*.

One of the major steps that can be taken to improve unit energy consumption (energy consumption per t-km) is a modal shift in transport from truck to ship. Transport energy consumption statistics show that the unit energy consumption of ships is approximately a quarter of that of trucks. As we reach the maximum level of energy saving that can be achieved from this modal shift, we will continue our efforts in other areas to increase energy efficiency in our logistics operations. An example of other measures we are adopting includes the increased usage of larger vehicles.

Reducing GHG Emission

The FY 2014 GHG emissions of the Metals Company were 1.24 million tons-CO₂ equivalent, an increase of approximately 47 thousand tons compared to the previous fiscal year. Approximately 75% of the emissions were emitted through energy use with the remainder coming from waste processing and industrial processes.

■ Breakdown of GHG emission (t-CO₂ eq)*†1, 2

GHG		FY 2014 Emissions
CO ₂	Energy Use	928,668
	Non Energy Use	22
	Wastes	304,542
Other GHG†3		1,861
Total		1,235,094

†1 Excluding emission from logistics.

†2 The emissions were calculated in accordance with the "Manual for Calculating and Reporting Greenhouse Gas Emissions" (version 3.5.)

†3 HFCs, PFCs, SF₆, CH₄, N₂O

As the main source of GHG emission is energy use, the Metals Company is working on energy saving activities to reduce GHG emissions. For example, the Onahama Smelter & Refinery recycles shredder residue generated from end-of-life vehicles and used home appliances. The smelter initially treated SR by mixing it with ore in the existing reverberatory furnaces. In December 2008, as part of implementing the Mitsubishi Process, an S-Furnace was installed upstream of the reverberatory furnaces. This is

used primarily for processing ore with the reverberatory furnaces treating SR.

The pulverized coal burner used at the reverberatory furnace, although suitable for ore processing, was not suitable for SR treatment as it requires the use of heavy oil in combustion. To overcome this, the burner was changed from direct combustion to indirect combustion resulting in improvements in pulverized coal burner operations. Following a trial period of experimental operation from October 2009, the unit was brought into full operation from December 2009.

Conservation of Biodiversity

Preservation and Recovery of Biodiversity

Efforts at Hosokura Metal Mining

As part of efforts to restore the natural environment impacted as a result of past mining and smelting operations, Hosokura Metal Mining has continued tree-planting activities since 2002.

As such, we engaged Dr. Akira Miyawaki, a professor emeritus of Yokohama National University, to provide advice on tree planting activities in 2007. Tree planting activities have covered a total area of 73,600 m² from 2003 to 2013, including surrounding lands owned by the company and the grounds of Hosokura Metal Mining.

In 2009, we participated in the "Miyagi Smile Road Program" and were certified as a "Smile Supporter" by Miyagi Prefecture. This is a voluntary program involving the planting of azaleas and hydrangeas on the embankments of prefectural roads and supporting maintenance (cleaning, planting, weeding and snow clearance) on the supporters' own account. The planting area from September 2009 to June 2013 covers 4,900 m², with 1,900 trees planted by 175 participants from the company and 165 participants from the local community. We will continue this as part of the program of actively contributing to the communities where we operate.



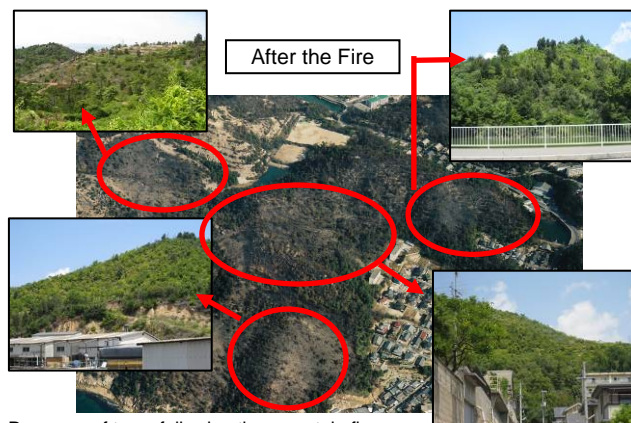
Tree-planting Activity

Efforts at Naoshima Smelter & Refinery

Since natural reserves play a substantial role in biodiversity preservation, production sites near national parks are considered to play a key role in terms of biodiversity preservation. In the Metals Company, only Naoshima Smelter & Refinery (a plant area of 1,810 thousand m²) is located adjacent to a national park (Seto Inland Sea National Park). We have established environmental control targets for biodiversity preservation including developing and implementing annual afforestation plans. Afforestation activities started around 1950 and were initially intended for sediment control. However, as part of the rehabilitation process following a fire in 2004, we are promoting the preservation and recovery of the original ecosystem through recovery of onsite vegetation, for example, by planting endemic hardwoods.

A mountain fire in January 2004, which took approximately a week to bring under control, destroyed 122ha of forest area including 100ha owned by the Company. To return the forest to its natural state, a tree planting initiative was implemented under the guidance of Dr. Akira Miyawaki, a professor emeritus of Yokohama National University. More than one thousand people participated in the program. Seven and a half years have passed since the program started, with clear evidence of the recovery as can be seen in the photographs.

To minimize the ecological impacts of emissions and effluents from our operations, we have obtained ISO 14001 certification and implemented a thorough environmental management program.



Recovery of trees following the mountain fire (January 2004)



Tree-planting



Current Situation

Naoshima Wa-no-Sato Creation Project

As a part of its CSR activities, Naoshima Smelter & Refinery has been entrusted by the government of Naoshima Town, Kagawa Prefecture, to implement the Naoshima Wa-no-Sato Creation Project, under which it grows sunflowers and maintains and manages a biotope in the town.

We engaged in work creating the biotope in Gotanji, hoping to make it a place of relaxation for employees and the local people of Naoshima. The work was completed by our employee volunteers in November 2013.

We will maintain the biotope with our volunteer team playing the leading role.



Biotope being created

Training and Harnessing a Diverse Range of Human Resources

Human Resources of the Metals Company

We are engaged in measures to improve the value of our people, as we recognize that people are important management resources. This policy is declared in the Mitsubishi Materials Group Policy. We are also promoting diversity in the workplace in response to the low birth rate and aging society in Japan.

- Breakdown of numbers of employees at HQs and production sites of the Metals Company*
(number of people) (As of March 31, 2014)

Classification	Male	Female	Total
Management	102	0	102
Full-Time Employees	445	33	478
Temporary Staff	83	29	112
Total	630	62	692

† Only the Metals Company's HQs and production sites directly managed by the Metals Company

- Employee Turnover* (number of people)

Number of Turnovers		
Male	Female	Total
18	2	20

† Only the Metals Company's HQs and production sites directly managed by the Metals Company

Respecting Human Rights

We respect the basic human rights of all people, work to eliminate discrimination and contribute to the creation of a free, equal, and fair society.

P.T. Smelting in Indonesia is working to prevent child and forced labor, which are sometimes encountered in the developing countries. The company hires employees from candidates who directly apply to the company and confirms the age of applicants with formal IDs or diplomas to ensure that the applicants are above the minimum legal working age in Indonesia.

Overseas Human Resource Development

P.T. Smelting understands that localization is a key component for sustainable development and proactively recruits local people. As of the end of June 2014, 513* out of the 529 total employees (97%*) of the workforce, were local employees. In addition, the company appoints local people to management positions to motivate employees and promote clear communication of management policies

among employees. As of the end of June, 2014, 40* out of 56 managers above the assistant manager level (71.4%*) were locally hired.

P.T. Smelting is also implementing skills development activities; developing annual training plans and providing training in accordance with the plans. Key development areas for employees include corporate-wide programs such as management strategy, finance and safety, as well as operation-related training such as environment/quality management and equipment maintenance, etc. Training programs are established so that employees can take training that corresponds to their job functions. In welfare packages, we have also expanded the housing loan system and the subsidization for company trips.

In Indonesia, worker demonstrations have occurred in various locations in recent years in protests over labor rights. Foreign companies, usually seen as having good working conditions, have not been an exception to this dispute. At P.T. Smelting, a new labor union has been established, and currently there are two unions. Under such circumstances, P.T. Smelting values smooth communication between the company and its employees for a healthy industrial relationship. As such they have increased the frequency of meetings to exchange views between the union and management representatives, and hold frequent discussions between managers and members in each section weekly or bi-weekly.

In FY 2014, there were no strikes or shut downs lasting over a week.

Resource Engineer Training Program

As part of our human resource development program, we have launched a trial scheme assigning resource engineers to overseas mines for extended periods. In this program, selected employees are dispatched to overseas copper mines where the Company has an interest after completing a one-year training program at the Company's limestone mine in Japan.

The purpose is to develop technical capabilities in mining, mineral processing and the geology of copper mines as well as to gain an understanding of the CSR performance of mines. Currently under this program, two people have been dispatched to Huckleberry Mine and one to Copper Mountain Mine.

Creating Safe and Healthy Working Environments

Occupational Health and Safety

Development of Health and Safety Management Systems

We are driving health and safety (HS) activities based on the policies addressing the prevention of occupational accidents and provision of a safe and healthy work environment, and making best efforts regarding the healthcare of our employees. The setting up of Occupational Safety and Health Management Systems (OSHMS) at all production sites of the Metals Company was completed in March 2010 and the decision whether to obtain external certification or not is delegated to each site, to be decided depending on their respective size and nature of operations. Naoshima Smelter & Refinery obtained JISHA OSHMS certification in 2008, making it the first plant in the Company to obtain certification.

HS Promotion Activities

Each production site of the Metals Company implements safety management applicable to the site-specific safety risks and in line with the Corporate Safety and Health Management Policy. We believe that HS activities should be promoted in cooperation with the labor union and therefore hold a labor union and company management meeting once a year.

Additionally, we participate in the Safety Committee of the Japan Mining Industry Association and share information on our occupational health and safety performance with our peers in the sector. The safety statistics report of the non-ferrous metal industry is compiled by the association once a year in cooperation with the member companies. The report is helpful to understanding the safety level of our company in the industry. P.T. Smelting in Indonesia established its Occupational Safety and Health (OSH) Department in January 2010, and has assigned five managers as safety officers responsible for health and safety management and implementation of programs to prevent industrial accidents. The safety officers are responsible for hazard and risk identification, and implementation of mitigation measures to prevent accidents. As an example of the success of this initiative, we have seen a significant reduction in accidents as a result of providing comprehensive safety training for furnace repair work involving temporary workers as well as conducting safety patrols of the work area twice a day.

HS Performance Results

Each of our production sites is implementing risk assessment to prevent accidents. The safety performance in 2013 of the Metals Company is summarized below. No incidents of occupational disease or explosions/fire occurred in 2013. Regrettably, however, one fatal accident occurred at Naoshima Smelter & Refinery in that year.

■ Safety performance of the Metals Company in 2013* (January-December, 2013)

People injured with lost workdays	People injured without lost workdays
1	11

† Only the Metals Company's HQs and production sites directly managed by the Metals Company

The tragic accident took place at around 4:30 am on November 23, when a 37-year-old employee who belonged to the Precious Metals Section fell into a tellurium reduction tank (which was about 3.5 meters in diameter and about 6 meters in height and contained strong acid liquid consisting mainly of hydrochloric acid and whose volume was about 20 cubic meters) in a selenium plant of the Precious Metals Section. The employee died of full-body chemical burns. With regard to the cause, it is believed that the victim had climbed on top of the resin canopy of the tank for a work-related purpose.

To ensure that such a sad accident will never occur again, Naoshima Smelter & Refinery took measures including reviewing work standards and risk assessment and performing a full check of facilities that may cause falls, including tanks.

In addition, the President of the Company gave the following directions to each production site, so that a similar accident will never occur again.

- Never work on an object which no one is supposed to step on, such as a canopy or the upper part of a tank.
- To ensure the above, it must be confirmed immediately whether there is any part which no one is supposed to step on but whose structure allows a person to step on top of it.
- If there are any such part, necessary measures, such as clearly indicating the part, must be taken.
- Go back to the basics of safety once again and ensure that employees "follow and make others follow" designated rules and procedures stubbornly.

As a result of the above, the total number of parts checked at production sites reached 855, and countermeasures were taken for 534 of them.

Consideration for the Local Community

Considering the health and safety of the local community and responding to local concerns is an essential component of sustainable development.

P.T. Smelting operates in industrial areas where there are several local communities in the neighborhood. The company considers those neighbors important partners in the region and conducts activities that contribute to the development of these communities. The wide variety of activities include making donations to the victims of disasters such as floods, support for the expansion of elementary school buildings, and assistance for regional women's organization

President Yao's Visit to Naoshima Smelter & Refinery for Raising Safety Awareness

In response to the explosion at Yokkaichi Plant that occurred on January 9, 2014, President Yao visited Naoshima Smelter & Refinery on March 4, in order to explain the outline of the disaster directly to each employee of the Mitsubishi Materials Group and its partner companies to show his determination to eliminate occupational incidents and accidents from the Mitsubishi Materials Group.

On the day of the president's visit, executives of Naoshima Smelter & Refinery explained the various risks to him in the Reception Room 1. After this, President Yao offered floral tribute at the site of the accident which occurred at the Precious Metals Section of Naoshima Smelter & Refinery in November. He later talked with partner companies, inspected production sites, gave a cautionary speech to all employees working for Naoshima Smelter & Refinery and all partner companies' employees at an extraordinary general meeting, and greeted local affiliates.

In the cautionary speech, President Yao referred to the accident at the Yokkaichi Plant and the accident which occurred at the Precious Metals Section of Naoshima Smelter & Refinery and said "The safety level needs to be raised equally by our employees, partner companies, affiliate companies, and others. Ensure close communications with each other at your workplace so that you can warn each other."

Raising Social and Environmental Awareness Throughout the Supply Chain

Investment and Procurement Standards

The Metals Company purchases about 1.9 million tons of copper ore annually from overseas mines for supply to our smelters. To secure a long term, stable supply, we have invested in five mines outside of Japan (Los Pelambres Mine and La Escondida Mine in Chile, Huckleberry Mine and Copper Mountain Mine in Canada, and Batu Hijau Mine in Indonesia). With the start of operations at Copper Mountain Mine in Canada in 2011, the ratio of ore procured for domestic smelters from invested mines reached 70%. Though we do not have operational control and management of these mines as our investment is below 50%, from the perspective of CSR supply chain management, we are monitoring the compliance status with environment-related standards regulations, permits/licenses, and the working conditions at these mines as well as supporting the mine operations regarding the environment and local community issues as a shareholder. As part of our CSR supply chain management activities, in July 2009 we developed "CSR Investment Standards" to evaluate mines for investment and "CSR Procurement Standards" to evaluate external mines, i.e. mines in which we don't invest but from which we purchase ore. The ICMM 10 Principles for Sustainable Development, especially mine-related principles (Principles 3, 7 and 9) and various social & environmental guidelines for mine development were used in drafting the standards. In October 2011, we revised the basic human rights sections of our CSR Investment and CSR Procurement Standards, adding the requirement forbidding any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations. The outlines of both standards are summarized in the column on the right-hand side.

A questionnaire based on the standards is sent to both mines in which we invest, and non-affiliated mines who are ore suppliers. The CSR aspects of their operations are evaluated based on their responses with further communications regarding CSR aspects of operations taken as required.

The Metals Company Outline of CSR Investment Standards

Protection of basic human rights

Protect the basic human rights of people impacted by business operations. Consult with stakeholders regarding local community issues.

Eliminate any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations.

Mining and protected areas

Identify and evaluate impacts on cultural heritage and protected areas, and risks to biodiversity at different stages of our business. Develop and implement mitigation measures.

Mining and indigenous people

Understand and respect the society, economy, environment, culture and rights of indigenous people. Conduct evaluations of the social impact on indigenous people for new mine investments and provide appropriate compensation.

Relationship with local community

Verify if there are any conflicts or lawsuits with local communities. Hold consultations or dialogues to explain business plans.

Environmental Preservation

Conduct Environmental Impact Assessments and obtain appropriate permits. Develop specific plans for reducing the negative environmental impacts of mine development and operation.

Mineral resources and economic development

Engage in sustainable economic development at regional or national level.

The Metals Company Outline of CSR Procurement Standards

Continual improvement of environmental performance

- Implement environmental management systems focusing on continual improvement
- Reduce negative environmental impacts in mine development and operation
- Consider protection of natural areas and biodiversity
- Consult with stakeholders on environmental issues

Continual improvement of occupational health and safety

- Implement HS management systems focusing on continual improvement
- Protect employees and contractors from occupational disasters. Take disease prevention measures, including in local communities.

Protection of basic human rights

- Prevention of forced and child labor
- Elimination of harassment and discrimination
- Avoidance of and compensation for forced resettlement
- Protection of indigenous people
- Management and recording of complaints and conflicts from stakeholders
- Elimination of any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations.

Addressing the Issue of Conflict Minerals

Of the four Conflict Minerals, the Metals Company manufactures gold bullion and tin, and is required to respond appropriately as a smelter. In the second half of 2012, we set up and started implementing a conflict minerals management system. With regard to gold bullion, we were audited and assured by a third-party organization (KPMG AZSA Sustainability Co., Ltd.) for the period of fiscal 2013 (one year), and our compliance with the LBMA Responsible Gold Guidance was certified for the first time by the London Bullion Market Association (LBMA) on June 28, 2013. Following this, we were audited in the same way again for the period of fiscal 2014 (one year) and obtained a second certification from LBMA on June 27, 2014. Regarding tin, we are following the CFS program advocated by the Electronic Industry Citizenship Coalition (EICC). In February 2014, we were audited by a third-party organization specified by EICC and obtained the CFS certification.

In this way, certification needs to be renewed every year for both gold and tin, but we will continue to fulfill our social responsibility to be able to promise our customers a supply of gold bullion and tin ingot that is reliable and not involved in conflicts.

"The Metals Company Conflict Minerals Control Policy" is available at the URL of Mitsubishi Materials below:

This policy applies to both gold and tin.

<http://www.mmc.co.jp/corporate/en/csr/procurement.html>



Responsible Gold Certificate issued by LBMA

Social and Environmental Considerations in Overseas Mines

The mines with which the Metals Company is involved include ones in the operation and exploration stages. In both cases, aside from verifying compliance with regulatory requirements, various voluntary activities relating to environmental and social issues are also conducted.

Examples of Environmental Protection Activities

Huckleberry Mine (operation stage)

- Water quality monitoring in the wastewater pit
- Acid drainage prevention measures
- Countermeasures for mine closure (maintenance of water quality, structural monitoring of a tailing dam)
- Monitoring of aquatic species living in nearby rivers and lakes
- Measures for sealing water into the tailing dam
- Tree planting around mine facilities

Namosi mining area (exploration stage)

- Water quality monitoring studies of rivers in the area
- Element analysis in sediment and soil
- Biodiversity baseline survey
- Archaeological research

Examples of Activities in Social Issues

Los Pelambres Mine (operation stage)

- Prioritizing the hiring of local people for on-site operations
- Enhancing education and medical care, contributing to the creation of new employment (e.g. construction of vocational training schools, expansion of existing hospital facilities and providing funding to vineyards)
- Enhancing infrastructure by direct funding (e.g. construction of university auditoriums, maintenance of roads, construction of irrigation facilities, conservation of archaeological resources and tree planting)
- Donations to national poverty eradication programs

Namosi mining area (exploration stage)

- Prioritizing the hiring of local people
- Sponsorship contract for the local rugby team
- Scholarship system for university students
- Physical and material support for the renovation and relocation of local junior high and nursery schools
- Renovation of a local church
- Maintenance and urgent repair of local roads
- Supporting emergency personnel from local NPO and donation of AEDs to the community

Environmental and Social Action in Overseas Mines

Periodic monitoring of water quality is conducted at Huckleberry Mine and Copper Mountain Mine with monitoring results reported to local regulatory agencies. Both mines also perform monitoring of impacts to the local ecosystem.

In addition, stakeholder meetings are held with the local community and government agencies as a way of developing good community relations. Mine tours were held on seven occasions in 2011 for elementary school students at Huckleberry Mine. A ceremony on the completion of machine installation was held at the Copper Mountain Mine with local students invited to the event.



Monitoring Impacts to the Local Ecosystem at Huckleberry Mine (January, 2004)

Local Procurement

The Metals Company strategically locates production sites close to areas from where raw materials are sourced reducing the environmental impacts associated with the transport of ore. P.T. Smelting in Indonesia purchases 100% of its copper ore from mines in Indonesia and 50% of its auxiliary material and goods within Indonesia, thereby contributing to the local economy. In Japan, the Onahama Smelter & Refinery purchases auxiliary material from suppliers located in the same city. About 13 thousand tons per month of calcium carbonate is used as a raw material in the production of gypsum, a smelting by-product, all of which is purchased from a neighboring factory. About 9 thousand tons per month of silica is used as an auxiliary material in the copper smelting process, of which 50% is purchased locally.

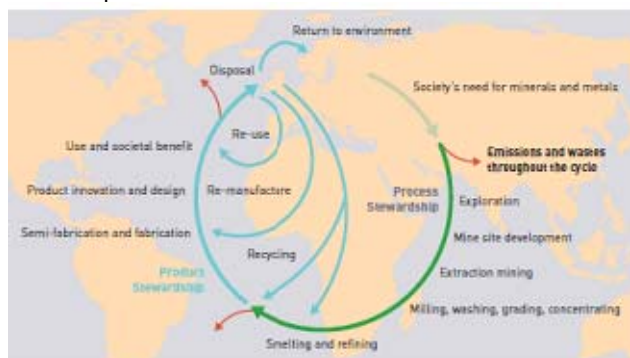


The Onahama Smelter & Refinery and surrounding area

Striving for Materials Stewardship

Materials stewardship is a concept which aims to maximize the value of resources in our society and minimize impacts on people and the environment through the complete life cycle of the resource, such as mining, processing, designing, using and disposing, which is beyond the bounds of an individual business. Put forward by the ICMM, of which we are a member, materials stewardship is attracting a great deal of attention as an essential new approach to CSR, particularly for global mining and metals companies.

■ Conceptual Framework of Material Flow



Mitsubishi Materials incorporates the concept of materials stewardship and undertakes various activities in each stage in the material flow.

Mine Site Development and Procurement: We strive to implement environmental conservation and contribute to regional development activities in our joint exploration areas (refer to page 19 for details). As part of the procurement process, we use our CSR Investment Standards to assess social and environmental impacts of our invested mines and our CSR Procurement Standards for ore procured from mines with which we have no capital ties (refer to page 18 for details)

Smelting: Our proprietary smelting process, the Mitsubishi Process, enables energy saving and cost reductions in operations whilst minimizing emissions of pollutants and forms part of our goal to manufacture and supply our products with less pollution and high efficiency. In addition, through strict operational controls from smelting to processing within our groups, we can reuse scrap copper as part of our resources conservation approach.

Product Design and Safety: We develop products containing no heavy metals, such as lead, and jointly research with our customers how to maximize the efficient use of copper. We have established the “hazardous chemical substance control rules” to control the heavy metal or hazardous substance content of our products and check the compliance status through quality audits and compliance with the rules in daily operations. We will strive to deliver information on safe use to our customers, for example, by attaching a Safety Data Sheet (SDS) to our products at the time of supply.

Disposal: Our recycling operations, one of our core operations driving our commitment toward materials stewardship, aim to create closed loop material flow cycles by extracting valuable metals from shredder residue from end-of-life vehicles and used home appliances, bringing them back to the economy. We are aiming to reduce society's environmental impact and promote the effective use of resources throughout the material cycle.

Compliance with Chemical Substance Regulation

In recent years there has been a marked trend towards stricter regulatory control over chemicals management, particularly in Europe with the introduction of the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

As an exporter of copper alloy to European markets, the Metals Company is required to comply with requirements of REACH. We successfully completed our registration for copper, ahead of the required deadline, in November 2010. In addition, we are also in compliance with the requirements of REACH regarding the preparation of SDSs prepared in accordance with the CLP^{†1} regulation, which provides the legal framework for the introduction of GHS^{†2} in Europe.

Outside of Europe, to support our product compliance we also closely monitor changes in chemical regulations as different countries are at different stages in reforming their chemicals management regimes.

In Japan, amendments to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. regarding notification came into effect in April 2011. The Metals Company completes appropriate notification for

products and intermediates in June every year. The Metals Company works closely with group companies in identifying applicable substances and data collection for notification purposes, taking a leadership role in successfully completing notification for the whole group.

Given the upstream position of the smelting industry in the metals supply chain, we will continue to implement appropriate chemical management practices to support compliance with changing regulatory requirements to minimize the potential for disruption to the supply chain.

†1 CLP: Abbreviation for Classification, Labeling and Packaging of substances and mixtures. CLP is a regulation issued by EU in 2008 regarding classification, labelling and packaging of chemical substances introduced to GHS.

†2 GHS: Abbreviation for Global Harmonized System. GHS is a system to classify and label etc., chemical substances in accordance with the worldwide unitary regulation. It is published by the United Nations.

Editorial Note

We have produced this Supplementary Data Book since FY 2010 to communicate the detailed CSR activities of the Metals Company.

We will continuously and proactively develop our CSR activities with contribution to society and the environment including ICMM related initiatives.



[Contact for more information](#)

Planning & Administration Dept., Metals Company
Mitsubishi Materials Corporation
1-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan 100-8117
TEL: +81-3-5252-5357 FAX: +81-3-5252-5426