


## Society

## Human Resources Strategy

**We need to help our employees reach their full potential and foster active participation among motivated individuals to fulfill the Mitsubishi Chemical Group's Purpose. Within the framework of our "Forging the future" management policy, we are focusing on six strategies to empower our workforce.**

|   |   |
|---|---|
|  <p><b>Empowered workforce</b></p> | <ul style="list-style-type: none"> <li>• Develop next-generation leadership</li> <li>• Promote cultural change and value creation mindset</li> <li>• Incorporate diversity, equity and inclusion (DE&amp;I) into the talent strategy</li> <li>• Build a fulfilling workplace environment</li> <li>• Build a global integrated operational structure to achieve overall optimization</li> <li>• Strengthen human resources governance worldwide</li> </ul> |
|---|---|

### Development of next-generation leadership

To transform from a product-focused organization to a market-oriented one, it is essential to cultivate individuals who can independently identify issues and guide them to resolution. To accomplish this, we are proactively engaged in developing transformational leaders who can anticipate change, step forward in uncertain situations, and make agile decisions, as well as developing future leaders on a Group and global level.

As part of our initiatives, we have defined the talent requirements for leadership roles and have established and implemented global talent development programs to continuously nurture potential leadership candidates. We have also individually specified the talent requirements for each position and, for critical roles, maintain an ongoing succession plan to strengthen our talent pipeline.

### Defining our leadership requirements

|                                 |  |
|---------------------------------|--|
| <b>Fundamental qualities</b>    | <ul style="list-style-type: none"> <li>• Personal attributes (trustworthiness, aspiration, honesty, curiosity, courage)</li> <li>• Embodies Our Way (integrity, respect, bravery, collaboration, persistence)</li> <li>• Cooperative abilities (collaboration, stakeholder relations)</li> </ul>   |
| <b>Leadership competencies</b>  | <ul style="list-style-type: none"> <li>• Market insight</li> <li>• Strategic thinking</li> <li>• Transformational capability based on a future-oriented approach</li> <li>• Organizational and talent management capabilities (psychological safety, receptivity to diversity, ability to create a vision, resilience)</li> <li>• Results focused</li> </ul> |
| <b>Knowledge and experience</b> | <ul style="list-style-type: none"> <li>• High level of expertise and outstanding strengths in social issues, beyond conventional business boundaries</li> <li>• Diverse experience, including outside the Company</li> <li>• Wide range of knowledge</li> </ul>  |
| <b>Results/track record</b>     | <ul style="list-style-type: none"> <li>• Business results achieved through bold decision-making based on medium- to long-term perspectives</li> <li>• Outstanding track record of driving transformation</li> </ul>  |

### Executive Leadership Development Program

The Executive Leadership Development Program (ELDP) is our top-level program to develop management executives to lead business transformation and growth. The curriculum combines modules from leading business schools that have been upgraded for the MCG Group.

Through interactions with leaders from different regions and industries, the program encourages participants to recognize their own value and competitiveness in their markets. This not only promotes personal growth but also helps them acquire the expertise and leadership skills necessary to excel globally.

### Senior Leadership Development Program

The Senior Leadership Development Program (SLDP) is the next level of management executive training after the ELDP. Based on the concept of "innovatorship," including how to create an ideal vision for the future and develop the skills to achieve this vision, this program develops the talents needed to realize a new vision for society and the world and to lead our transformation and business growth.

During the SLDP, participants discuss future challenges for the MCG Group and pitch ideas to management to develop their problem-solving skills.

## ACTION

### Leadership development at Nippon Sanso Holdings

The European operating companies of the Nippon Sanso Holdings Group have set up the Growing Our Leadership (GOL) II program for ongoing leadership development.

Participants in this program undergo training in leadership skills, participate in actual projects to improve organizational productivity, and receive support from top management to help them reach their project goals. The GOL II program wraps up with an awards event to recognize those projects that have generated major results and to allow project members to learn from each other and develop contact networks.



Interview with the top award-winning project team

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**Promote cultural change and value creation mindset**

In order to create an environment where our people are inspired to develop further, we are setting up the right conditions and systems to help individual employees drive their own career development.

We are also working to change employee mindsets and help them embrace new challenges and change behavior.

**Career events to promote greater autonomy**

We run regular seminars and other events to provide support for employee career development. For employees in the middle or later stages of their career who are particularly interested in developing their careers, we help them review their skills and experience, and support concrete career planning by running workshops on future career paths and bringing in outside speakers.

In the future, we aim to broaden the target audiences so that everyone working at the MCG Group can take ownership of their own career plan.

**Workshop participation**

| FY   | No. participants / no. sessions |
|------|---------------------------------|
| 2020 | 342 people / 15 sessions        |
| 2021 | 357 people / 15 sessions        |
| 2022 | 252 people / 11 sessions        |

**ACTION****Internal job postings support proactive career development**

At Mitsubishi Chemical Corporation, people are empowered to make their own career choices in line with the idea that career ownership belongs with the individual. We have overhauled our previous internal recruitment system and introduced a new system whereby internal job postings are used to fill all vacant positions as a way to match the different career aspirations of individual employees with our company strategy and achieve further growth. This system was implemented company-wide across the MCG Group starting from fiscal 2022.

**Internal job postings at MCC**

The first step for individual departments needing to fill a vacant position or increase staff numbers is to create an internal job posting.

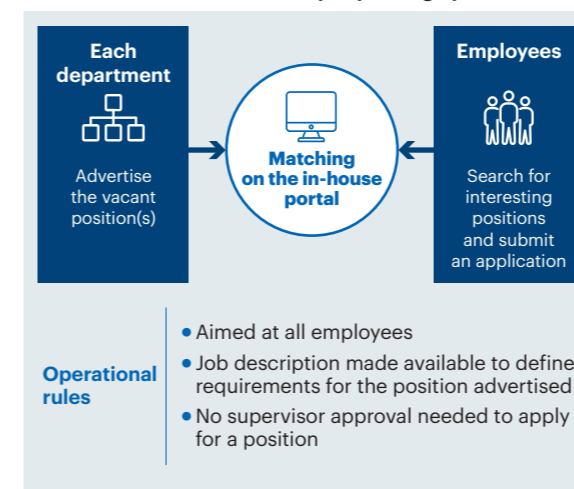
To ensure that the system works well, MCC promotes regular one-on-one communication between supervisors and their direct reports, as well as annual career planning interviews and opportunities to share views on career pathways and job roles.

**Usage**

The system has been in place for over two years and the number of candidates successfully matched to job vacancies has increased over time. We attribute this to greater awareness of career paths and the system being seen as providing opportunities to change positions within the organization. We will promote greater use of this system moving forward.

**No. positions advertised and % matches**

| FY   | Number of positions (including duplication) | Matched | % matches made |
|------|---|---------|----------------|
| 2021 | 1,394                                       | 491     | 35.2%          |
| 2022 | 1,192                                       | 490     | 41.1%          |

**Schematic of MCC's internal job posting system****Other transfer measures**

We have also expanded other transfer measures on offer, including a scheme to let employees continue working at the same workplace or register for a site where they would like to work, as well as a new career challenge system that allows young employees to be considered for a department of their choice in order to support them in taking on new challenges.

Our goal is to help employees plan their own careers and achieve a good work-life balance.

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## Pursuing DE&amp;I as a talent strategy

We are striving to cultivate an organizational culture that empowers employees to take on bold challenges and engage in diverse collaborations. Our aim is to foster an environment where individuals from diverse backgrounds can fulfill their potential. Our goal is for our workplaces to unite a variety of individuals, inspiring innovation through diverse perspectives and facilitating skill development to harness the benefits of diversity to the fullest.

We are working to increase the diversity of our management teams and support active discussions during decision-making by people with a broad range of experience, both inside and outside the Company (▶Page 79). We have also introduced systems to support contributions from people from different backgrounds and with diverse perspectives, including scrapping the seniority-based system (job packages based on role or performance and employment rank or position no longer reflecting age) and raising the retirement age.

## Diversity among management

At the MCG Group, we have included diversity among management as part of the Management of Sustainability (MOS) indices (▶Page 59). Previously, our indices for corporate executive officers or vice presidents only looked at the percentage with internationality, gender, or career diversity attributes. In fiscal 2023, we redefined our indices to promote a more global perspective on DE&I.

We have excluded career diversity from our indices due to the increased number of mid-career recruits, which has led to a certain level of diversity in this aspect. Instead, we now prioritize internationality and gender diversity. Additionally, we have extended the inclusion to employees who play pivotal roles in significant business decision-making processes. This expansion of diversity across all decision-making levels aims to bolster our talent pool in pursuit of a more diverse management team.

## Diversity among management

| FY2022 result | Result as of April 1, 2023 | FY2025 target |
|---------------|----------------------------|---------------|
| 24%           | 28%                        | 40%           |

[Sustainability Indices ▶Page 59](#)

## Overseas training program for young employees

We have initiated an overseas training program for young employees with several goals in mind: enhancing global staff exchanges, fostering a deeper appreciation for diversity and various cultures, identifying potential future leaders, and facilitating personal growth through exposure to different cultures.

In fiscal 2023, the first year of this program, we received more than 15 requests for postings under this program at sites in Japan, Germany, Thailand, and the United States. We published the position requirements on the Group portal and invited people to apply. We hope that experience of different countries, cultures, and regions will promote personal growth for our employees, help younger employees take on new challenges, and achieve greater diversity at the workplaces involved in this program.

## Program summary

## Application requirements

- Registered employee of the MCG Group (excluding the Nippon Sanso Group)
- Work experience including at other companies: Around 3-7 years
- Work experience at the MCG Group: At least one year
- English-language ability: Level B2 or higher on the Common European Framework of Reference for Languages (CEFR)

## Examples of postings

- Japan:** R&D division
- Germany:** Auditing division
- Thailand:** HR development division
- United States:** Sales division

## Program goals

## Applicant benefits

Personal development through experience with different cultures, broader perspectives, upskilling

## Host workplace benefits

Increased workplace diversity, sharing of new perspectives that result in operational improvements

**DE&I outcomes**  
Achieve management policy

## DE&amp;I initiatives in recruitment

We are also working to expand diversity through the recruitment activities that provide an entry point into the MCG Group.

We see the need to step up recruitment of women. To encourage more female applicants to apply, we think communication during the recruitment process is extremely important so that they have a full picture of their role after joining and any misunderstandings are resolved on the spot. In addition, we are working to hire more diverse talent by developing recruitment methods where the candidate's language background does not adversely affect the selection process.

## Percentage of women working at Head Offices

|   | FY2020 | FY2021 | FY2022 |
|---|--------|--------|--------|
| <b>Total for four operating companies</b> | 21.5%  | 27.6%  | 28.0%  |

Note: Total figures for Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute Inc., and Taiyo Nippon Sanso

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## Build a fulfilling workplace environment

We are working to create workplace environments where people feel secure, as this provides the foundations for our employees to make the most of their skills.

We are implementing various initiatives to help people make the most of their skills, including support programs tailored to different life stages, assistance in developing life plans, seminars to support caregivers, and initiatives aimed at improving employee health. Additionally, by promoting remote work, utilizing digital tools, improving business processes, and changing office layouts, we are realizing new ways of working that allow people to be self-directed in how they manage their work-life balance.

## Workplace mental health initiatives

Psychological energy can have an enormous impact on performance at work. In July 2022, MCG ran an online training program on the subject of mental toughness. Participants learned ways to approach change as a new adventure, switch to a more positive mindset when feeling stressed by change, and improve their mental resilience.

The MCG Group also encourages employees to undergo stress checks and has introduced support programs for those employees diagnosed with high stress levels to prevent mental health issues from developing or provide timely support to improve their

mental health. For example, we have introduced a program called Pocket Therapist to help ease physical pain and prevent mental health issues, targeting employees under high levels of stress and also suffering from chronic pain (such as lower back pain, shoulder stiffness, or headaches). Pocket Therapist is a three-month online program that provides specialist input on how to reduce and improve pain, which can help improve mental health issues at an early stage.

## Build a global integrated operational structure to achieve overall optimization

As we move to a lean and flat organizational structure under the “One Company, One Team” concept, we are building systems that allow more efficient management and overall optimization.

For HR functions, the MCG Group’s Global Head Office defines the overall strategy and policy, while the five regions (Japan, Americas, EMEA, China, and Asia Pacific) implement HR measures autonomously. At the same time, heads from each region attend regular global meetings to decide strategies as a global organization and refine HR measures and other matters so that HR is managed consistently around the world. To disseminate the strategies and policies and also promote a stronger sense of working as one team, governance policies are

formulated for HR procedures and channels of communication are opened up between regional HR and the companies within that region.

### ACTION

#### Women’s health support seminars

Health issues among working women are a social issue and also an important theme for companies. Many employees experience physiological changes and women’s health symptoms that impact their performance at work. Ensuring that both male and female colleagues at work have a better understanding of these issues is the first step toward creating a supportive working environment for women. At the MCG Group, we run regular women’s health support seminars with specialist physicians invited to speak.

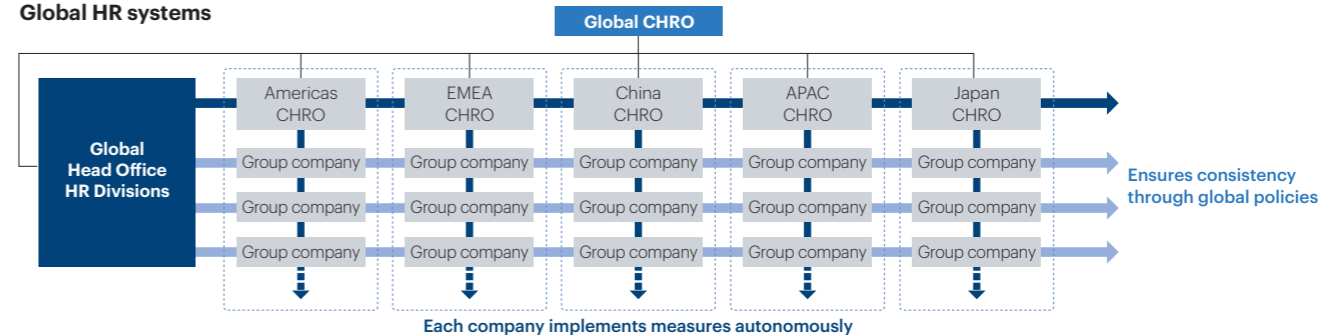
The seminar held in February 2023 covered the topic of menopausal disorders. The session covered not only menopause in women but also male menopause and provided an opportunity to learn the facts about menopausal disorders and how to handle them. The seminar was well attended by employees.

## Rate of employees undergoing stress checks

|                                    | FY2020              |                                     | FY2021              |                                     | FY2022              |                                     |
|------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
|                                    | % undergoing checks | % diagnosed with high stress levels | % undergoing checks | % diagnosed with high stress levels | % undergoing checks | % diagnosed with high stress levels |
| Total for four operating companies | 87.8%               | 7.9%                                | 90.6%               | 9.3%                                | 92.1%               | 9.5%                                |

Note: Total figures for Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute, and Taiyo Nippon Sanso. The % diagnosed with high stress levels refers to the percentage of people undergoing the stress check who were determined to have high stress levels, but the criteria on which this diagnosis was based may differ slightly by company.

## Global HR systems



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### Strengthen human resources governance worldwide

We are developing common organizational foundations to better utilize our human capital across the entire Group and maximize their value.

By using technology in our HR processes and sharing HR management and HR programs on a Group-wide basis, we are strengthening our HR governance while boosting the sophistication of our HR management.

### Introduction of a global HR platform

Previously, individual companies within the MCG Group each utilized distinct HR management systems to optimize HR functions according to their specific needs. However, we are currently in the process of developing a unified HR platform for the entire Group. This platform aims to centralize and provide a global perspective on our employees, organizations, positions, and job roles, thereby enhancing our talent management capabilities.

By taking a more sophisticated approach to talent management and promoting coordination within the Group, we are accelerating innovation and standardizing operational processes. This, in turn, enables us to implement more advanced and efficient HR procedures and services, ultimately leading to increased business profits and higher levels of employee engagement.

### Human rights initiatives

The MCG Group has established the Global Policy on Respecting Human Rights, Employment and Labor as our specific human rights guideline, in tandem with conveying to all Group members our basic approach to human rights in conformity with international norms such as the Universal Declaration of Human Rights, the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, and ISO 26000.

Overseas Group companies endeavor to comply with the laws and regulations applicable to each country and best practices concerning human rights, and raise the satisfaction levels of employees, along with conducting appropriate value chain management in the course of expanding their business activities.

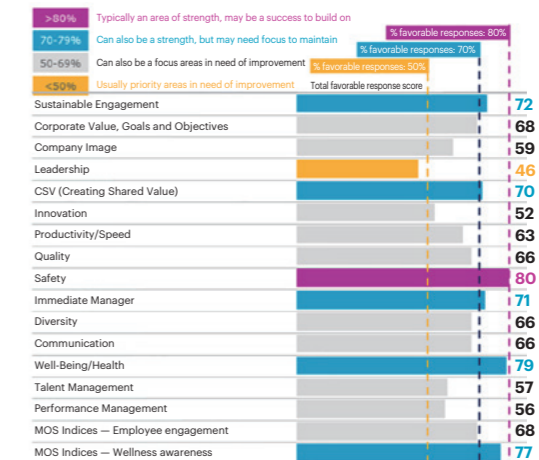
[Respecting Human Rights and the Mitsubishi Chemical Group Global Policy on Respecting Human Rights, Employment and Labor](#)

### Employee engagement survey

The MCG Group periodically conducts a global engagement survey to understand how employees perceive their organization's policies, culture, work environment, career opportunities, and more. Survey results are analyzed based on various attributes and are used to inform Company initiatives. Additionally, for employee engagement and wellness awareness, the results are integrated into the MOS Indices, and we are committed to making overall improvements across the Company.

In the fiscal 2022 survey, the results confirmed a particularly high score in the safety category. For communication and for diversity and respect for the individual, some issues remained but the scores had improved. However, the scores were lower in the categories of corporate value, goals, and objectives; leadership; innovation; talent management; and performance management. The analysis made it clear that there is still work to do to disseminate the corporate mission and maximize employee potential. Since receiving this feedback, the management team has decided to enhance communication by introducing initiatives such as town-hall meetings (▶Page 54), where they directly communicate the Company's

### Results of the engagement survey\*



\* Based on a framework from the external contractor running the survey, Willis Towers Watson

policies and background to employees, and by establishing platforms for senior-level managers globally to engage in discussions about management matters face-to-face. We are also working to provide more career support to help employees reach their full potential. By continuing these efforts, we aim to improve our organizational capabilities.

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