

Transformation-Oriented Human Resources Strategy

ACTION Initiatives for Human Resources and Organizations

- The Group's Material Issues**
- Upgrading of the work environment and health and productivity management
 - HR development and training
 - Diversity and inclusion
 - Stakeholder engagement

To strengthen the human resources base, the MCHC Group companies are pursuing the initiatives presented below.

Reform of the personnel system for mutual growth of the Company and employees

Around the keywords of diversity, mobility and expertise, the MCHC Group is moving ahead with the personnel system reform outlined in the medium- to long-term basic management strategy KAITEKI Vision 30, which emphasizes "respect for individuals," "flexibility" and "compensation and treatment in line with market value and performance."

Taking its cue from there, MCC is implementing reform with a new personnel system launched in 2021 to realize its vision. The new system is based on the three concepts of self-directed career development, transparent working conditions and remuneration, and promotion and support for diversity. In restructuring the system for deciding employee compensation and treatment as part of this reform, MCC gave foremost attention to supporting employees in their efforts to take on challenges and drive innovation on their own initiative. The emphasis was therefore on a system that was fair, clearly understandable and transparent. Taking a job-based approach, the system

determines employee compensation and treatment based not on age or experience but on the duties of the job. A change in work duties is accompanied by a timely adjustment of raising or lowering the salary.

Company's Vision

- Faced with a dramatically changing environment that is bound to strongly impact existing businesses, MCC aims to respond with a new spirit of challenge and creativity to **realize the KAITEKI vision and achieve corporate growth.**
- With that in mind, we want all employees to work in **a positive and energized atmosphere.**
- We want to be **a company that attracts diverse human resources.**

We want to create a culture where company and employees **choose and utilize each other, and mutually grow**

Three key policies of the MCC personnel system

Self-directed career development

- Each employee can realize what they want to do through their work and contribute to society.
- Each employee has opportunities to actively acquire needed specialization, knowledge and experience.
- Superiors understand the ideas and feelings of subordinates and support them in taking on challenges and developing.

Transparent working conditions and remuneration

- Transparent working conditions based on results, performance, and market value to support employees in taking on challenges
- Remuneration is determined based on the duties performed, not on age, gender or years of service.

Promotion and support for diversity

- Respect for the diverse values of individuals.
- Support individuals to take on challenges based on their needs and life plans.

Strengthening employee engagement in the ASEAN region

The MCHC Group believes that cultivating a conducive work environment in which every employee can derive a sense of satisfaction from their work is the driving force for continuous value creation of corporate activities. Based on this approach, we are rolling out a range of Group-wide policies to enhance employee engagement.

Nippon Sanso Holdings Singapore Pte. Ltd., a member of the Nippon Sanso Holdings Group, launched the "Unity in Diversity" campaign in the ASEAN region in August 2018 to lay the foundation for implementing the employee engagement strategy. This strategy has resulted in the active rollout of employee engagement initiatives such as the production of the internal video titled "Unity in Diversity Starts with Us," the hosting of a monthly webinar series on

promoting cross-cultural awareness and the conduct of a region-wide employee engagement survey. These employee engagement initiatives won recognition at the Annual Loyalty & Engagement Awards 2020, held in November 2020 in Singapore, whereby the company received the regional Bronze award for Best Employee Engagement Strategy for the Asia Pacific region. Going forward, it will continue to put structures in place to enhance employee capabilities and motivation.



At the award ceremony of the Annual Loyalty & Engagement Awards 2020

Initiatives to support respect for employee diversity

MCHC has identified diversity and inclusion as a material issue and supports Group-wide action for the participation of diverse human resources.

MTPC is engaged in initiatives that aim to maximize achievement by cultivating the strengths of each individual based on mutual respect for individual differences. This includes not only conspicuous diversity (such as gender, gender identity, sexual orientation, age, employment background, nationality, disability status or time restrictions due to child-rearing and nursing care duties) but also invisible diversity (such as knowledge, skills, experience, values and ways of thinking). In November 2020, for the second consecutive year, MTPC received the highest distinction of a Gold award in the PRIDE Index 2020, which recognizes the LGBT-related initiatives of enterprises and other organizations. Going forward, by deepening understanding of diversity including LGBT and adjusting our systems accordingly, we will create a corporate ethos that



MTPC sticker expressing LGBT support

enables diverse human resources to develop their abilities to the full for enhanced productivity and growth.

Main LGBT-related initiatives at MTPC

2017

- The Compliance Guidebook states that employees will not be treated unfairly on the grounds of sexual orientation, gender identity (including LGBT) or any similar reason, and makes clear that discrimination and bullying based on LGBT-related sexual orientation or gender identity is counted as a form of sexual harassment subject to disciplinary measures under employment regulations.

- Removal of the gender entry from the registration sheet for graduate recruits

2018

- MTPC-branded "ally" stickers are distributed to employees who understand LGBT and would like to take some action of their own to show support.

- Establishment of a contact point for LGBT-related inquiries and advice

2020

- Same-sex partners are added to the eligible range of family members for nursing care leave under the nursing care system.
- Joint sponsorship of advertising for the LGBT event Rainbow Festa 2020
- Change in the system of spouse benefits to award common-law marriage and same-sex partners equal treatment with spouses

Establishment of "Digital University" to enhance digital human resources development

To accelerate transformation and create new value using digital technology, MCHC is focusing on Group-wide digital human resources development. In January 2020, we established a "Digital University" as part of our digital human resources development program and instituted three training courses as a foundation for data-driven management. The goal is to develop human resources who can take the initiative in utilizing data analysis and AI-based technologies and also in introducing practical improvements to existing businesses and field operations.

In fiscal 2020, approximately 5,000 employees participated in basic courses, creating better digital awareness throughout the Group. Further, we issued a book entitled *Basics for DX* on the content of the basic course. By not only promoting DX in-house, but also sharing our know-how with outside organizations, we aim to contribute to the widespread adoption of digital technology and the development of a data-driven society.

Going forward, we have committed to working with each of our operating companies to enhance digital human resources development through two strategies: expanding basic training and cultivating data scientists. In this way, we will achieve "ambidextrous DX" by progressing simultaneously with the resolution of existing business issues through DX and the realization of DX for the future vision of KV30.

Three Digital University courses

