

Value Creation Model

How we create value at MCG


The Mitsubishi Chemical Group creates value by providing timely materials and solutions valued by our customers that make a positive difference in society.


We do this through extensive knowledge of what our customers value and are willing to reward.


In everything we do, we continuously aim to increase our positive social impact, reduce adverse environmental effects, and maximize shareholder value creation.


In 2021, we began our journey of “Forging the future” to accelerate the power of our business model, improve return on invested capital and focus our portfolio on value-adding businesses aligned with global customer and sustainability trends.


Management foundation and source of competitiveness


-  **Financial capital**
Robust financial position

-  **Manufactured capital**
Global network to achieve diverse solutions

-  **Intellectual capital**
Knowledge and technology driving business model reform




-  **Human capital**
Diverse human resources to support value creation

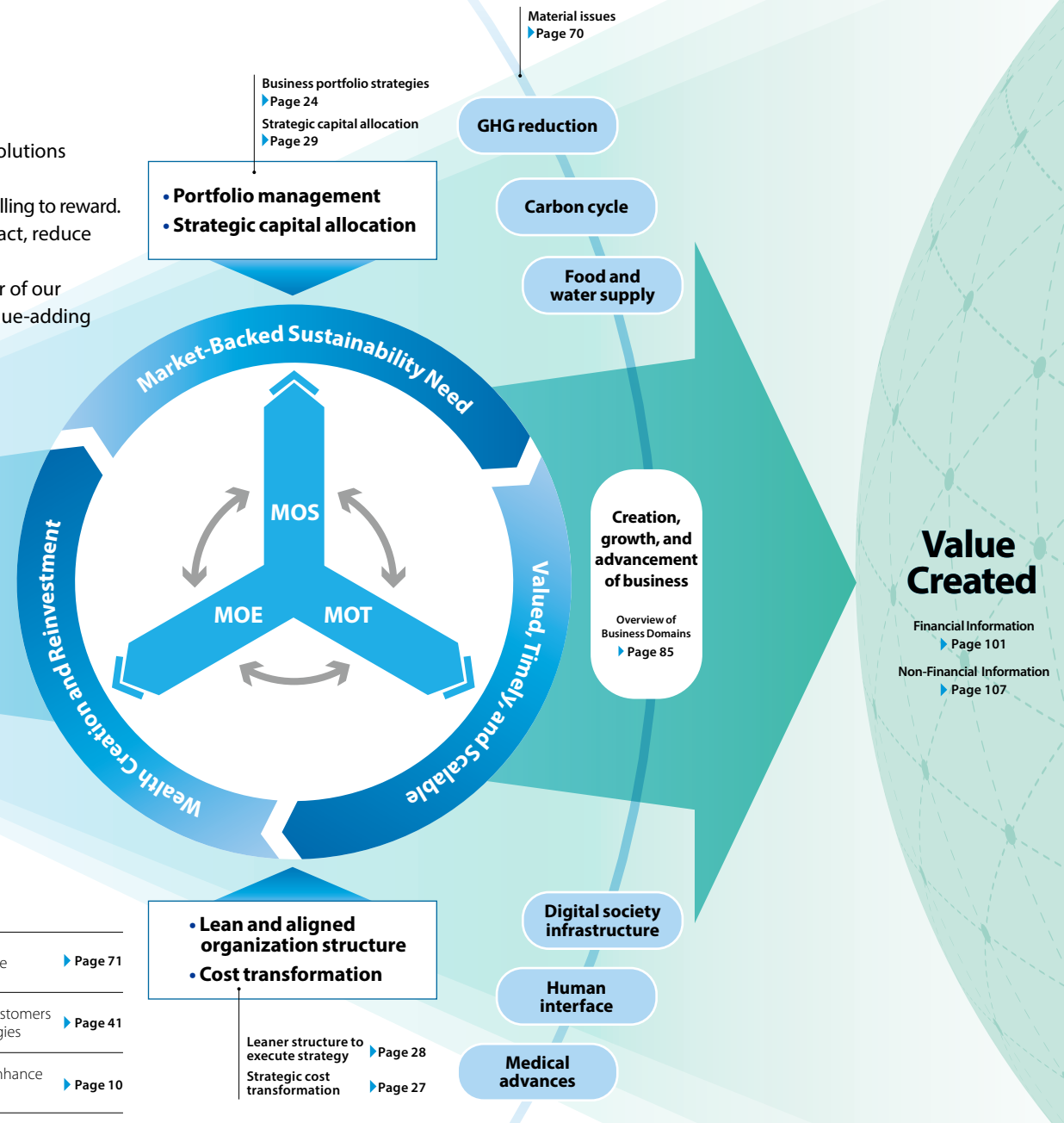
-  **Social and relationship capital**
Engagement with stakeholders

-  **Natural capital**
Sustainability management to reduce environmental impact

History of Technologies That Give Us Our Competitive Edge ▶ Page 5
 Management resources to support value creation ▶ Page 21

The three axes of KAITEKI Management







	MOS Management of Sustainability	Contributing to the creation of a better sustainability of future	▶ Page 71
	MOT Management of Technology	Creating innovations that are valued and rewarded by our customers through the development of timely differentiation technologies	▶ Page 41
	MOE Management of Economics	Utilizing all our capital and human resources efficiently to enhance economic value added and total shareholder return	▶ Page 10

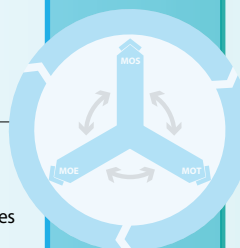


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Strengthen the Driving Force behind Value Creation

Figures on this page are as of March 31, 2022.

Management resources to support value creation (INPUT)	Approach
 Financial capital Robust financial position Total assets ¥5,573.9 billion	A robust financial position provides the foundation for sustainable growth. We work to increase corporate value by balancing shareholder distributions, improving our financial position and investing in growth businesses.
 Manufactured capital Global network to achieve diverse solutions Capital expenditures ¥254.6 billion Group sites 45 <small>(number of countries & regions)</small>	Our global network allows us to rapidly provide solutions to regional needs or social issues. We are stepping up the use of digital technologies in our product development and optimizing our plants in order to strengthen our value creation platform.
 Intellectual capital Knowledge and technology driving business model reform R&D expenditures ¥156.6 billion	Our core technologies and the knowledge we have built up across a wide range of business domains are intangible assets that underpin business model reformation. We leverage our capabilities across the entire Group to respond to changing social needs in a fast and flexible way, and are creating new businesses to help optimize entire social systems.
 Human capital Diverse human resources to support value creation Number of employees (consolidated) 69,784	Human resources are the key management resource for value creation. HR programs allow us to foster creativity and productivity, boost job satisfaction, and create workplaces where employees with diverse values and high-level expertise can flourish, united in our mission. We are also stepping up the development of human resources with digital skills to accelerate innovation through our digital technology platforms.
 Social and relationship capital Engagement with stakeholders Dialogue with stakeholders ▶ Pages 71, 100 More CVC programs ▶ Page 43 Participation in initiatives ▶ Page 75	We are building strong relationships of trust by engaging in active and constructive dialogue with stakeholders and by understanding and responding to expectations and demands. We are also working to build sustainable supply chains, help communities create a better society, and increase brand value.
 Natural capital Sustainability management to reduce environmental impact Energy consumption 48.4TWh Non-Financial Highlights ▶ Page 97	Rigorous sustainability management is essential to solve climate change and water shortages/pollution, achieve a recycling-oriented society, and preserve biodiversity. We aim to lower our environmental impact by reducing and making more effective use of GHGs and by promoting a circular economy.



Metrics to manage progress

- MOS ▶ Page 71
- MOT ▶ Page 41
- MOE ▶ Page 10

Value created (OUTCOME)
Improvement in economic value Financial Highlights ▶ Page 95 Sales revenue ¥3,976.9 billion Core operating income ¥272.3 billion
Business expansion Ratio of overseas revenue 47% Acceleration of overseas businesses Innovation output indices 78% ▶ Page 41 Advancement of innovation
Improvement in creativity and productivity Employee engagement 68% ▶ Page 72 Wellness awareness 75% ▶ Page 72 Level of customer satisfaction 77 points ▶ Page 71
Contributing to the reduction of environmental impact Percentage of sales revenue from products that contribute to the circular economy or mitigate and adapt to climate change 12% ▶ Page 71 Promote a circular economy Respond to climate change

Achieve sustainable well-being and maximize value for all stakeholders