

Message from the Chief Supply Chain Officer



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Leading the development of sustainable and effective supply chains across the Group

Optimizing Group manufacturing

The Mitsubishi Chemical Group was previously run with each Group company as an independent operation. Now, we have a strategy in place to remove barriers and strengthen cooperation between the companies to achieve better performance under the "One Company, One Team" concept.

Within the new Operations Division established to supervise supply chains at all Group companies, my mission is to support Group manufacturing activities within a two-axis matrix structure covering each geographical area and each business group where the Group companies belong. To achieve this, we will utilize the

2022 Instructions for Global Safety Standard and other guides across our global operations, and will work to ensure that all employees have a shared understanding of the values and standards reflected in the "One Company, One Team" concept.

The new management policy sets out a program of cost restructuring to rationalize and reduce costs by ¥100 billion across the Group by fiscal 2025. Our goal is to achieve around ¥25 billion of these cost reductions through the supply chain.

Pursuing GX alongside our partners

The MCG Group has set targets, and announced them to internal and external audiences, of net zero GHG emissions (i.e., becoming carbon neutral) in business activities in Japan and overseas by 2050 and a 29% reduction in emissions versus fiscal 2019 levels by 2030 (▶ Page 26).

To reach the 2050 target, the MCG Group is investigating the development of artificial photosynthesis and other carbon capture, utilization, and storage (CCUS) technologies, a switch to next-generation clean energy, including hydrogen, and other measures such as the use of biochemical technology and more in-depth life-cycle assessment (LCA). We are looking beyond simply reducing Group GHG emissions, and are engaging in initiatives to use biomaterials or commercialize the recycling of chemicals from plastic waste (mixed plastics into oil, PET or PMMA monomerization, etc.). To become carbon neutral and achieve a recycling-oriented society, we will work with customers, materials manufacturers, and all other partners to drive the transition to sustainable products and businesses.

Cost restructuring measures in the supply chain

Equipment repairs

- (1) Revise risk assessment methods for repair plans and establish systems to avoid over-maintenance
- (2) Improve utilization of workers in repair projects through the use of digital technologies

Logistics, supply chain reforms

Eliminate duplication of logistics operations with subsidiaries that have logistics functions; improve business earnings for non-Group customers; reduce inventories; increase transport efficiency, including through use of digital technologies and collaborations with other companies; and make order processes and packaging operations more efficient

Purchasing function consolidation, upgrade

- (1) Consolidate purchasing operations for indirect materials and services previously scattered across sites, and implement rigorous competitive purchasing
- (2) Formulate purchasing guidelines at the Procurement & Logistics Division, maintain outcomes from purchasing activities in (1), and support further reductions in purchasing costs at all departments