

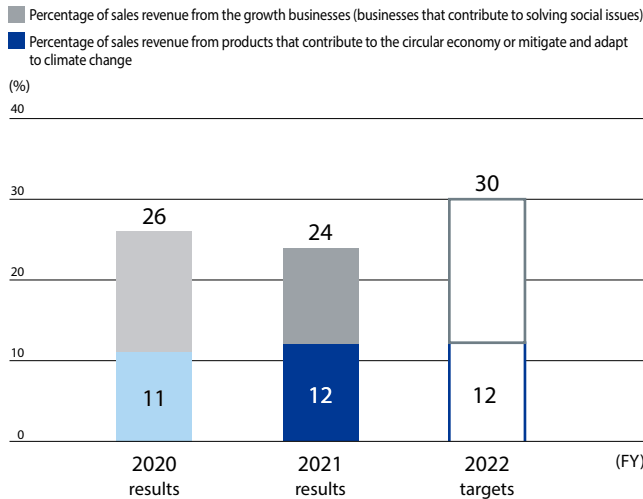
Sustainability

# Sustainability Indices

For the material issues identified by the Mitsubishi Chemical Group, targets are set and progress is measured with the Management of Sustainability (MOS) Indices.  
We will proceed steadily with initiatives on material issues by monitoring the yearly progress of each index.

Material issues for business portfolio strategies / Material issues for environmental and social impacts / Material issues for business foundation

**Index**  
**Percentage of sales revenue from the growth businesses (businesses that contribute to solving social issues)/ Percentage of sales revenue from products that contribute to the circular economy or mitigate and adapt to climate change\***



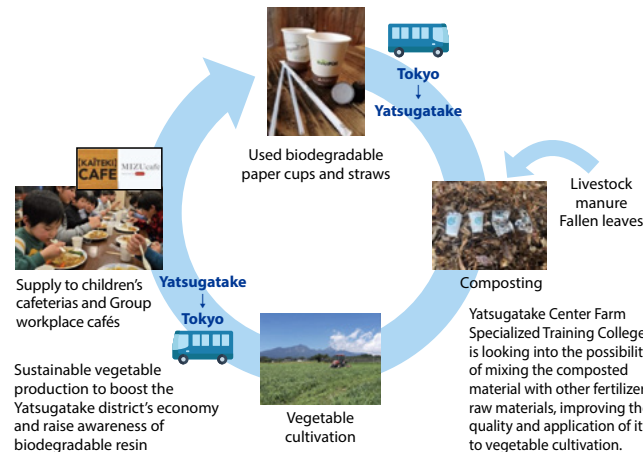
\* Products from growth businesses (businesses that contribute to solving social issues) that contribute specifically to the circular economy or mitigate and adapt to climate change.

We will work steadily to achieve business growth by continuing to concentrate efforts on strategic focus markets where we have product strengths as a Group. Among these are products that contribute to wider use of EVs, products such as bioplastics that contribute to the circular economy, semiconductor materials, and healthcare products.

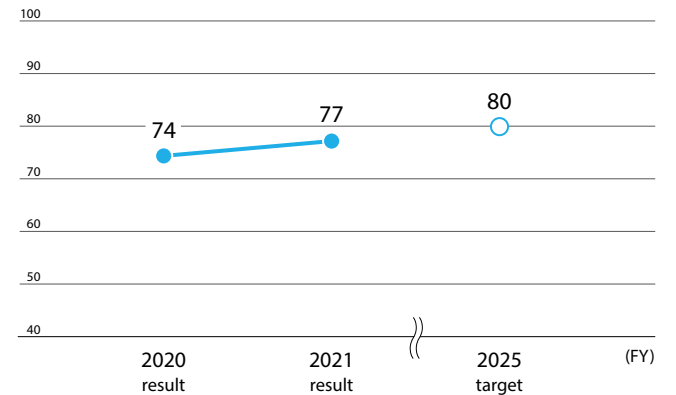
**Finding solutions for a sustainable future**

## Building a recycling-oriented society through use of the biodegradable resin *BioPBS* and local resources

*BioPBS* is made with plant-based raw materials and can be fully biodegraded by soil microorganisms into water and CO<sub>2</sub>. As a result, this material can contribute to reducing plastic waste and CO<sub>2</sub> emissions. Since 2020, Mitsubishi Chemical Corporation (MCC) has been engaged in a pilot study in the Yatsugatake district that takes *BioPBS* as the starting point for development toward a recycling-oriented society. In the study, paper cups and other items made with *BioPBS* are processed at Yatsugatake Center Farm Specialized Training College into compost for use by partner farms in the cultivation of vegetables.



**Index**  
**Level of customer satisfaction**



The MCG Group is committed to showing respect for and maintaining close communication with customers and other stakeholders in order to build a better society together. The Group carries out a survey of customer satisfaction every year and analyzes the results as the basis for the PDCA cycle. This helps us to provide better services and improve customer satisfaction. In addition to satisfaction with services and products, the survey covers customer awareness of our sustainability initiatives and other items that allow us to track customer evaluation of the Group from multiple perspectives. Going forward, we will continue to strengthen relationships with customers by listening carefully to their voices, thereby promoting sustainable growth.

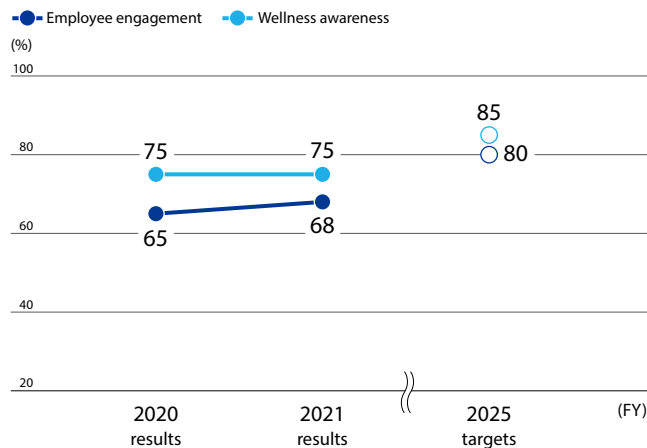
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Sustainability Indices

Material issues for business foundations

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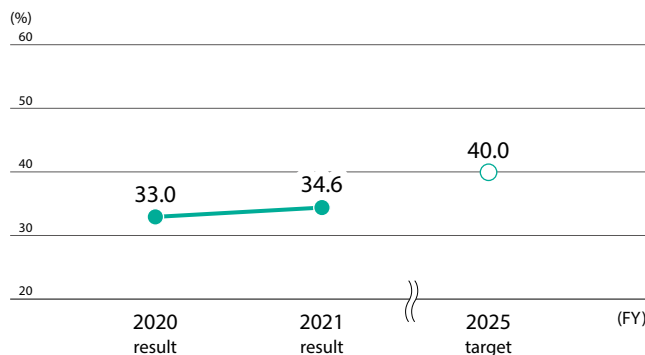
Employee engagement / Wellness awareness



The MCG Group attaches importance to creating an environment where employees are empowered to maximize their individual strengths and abilities. We believe that this results in high levels of creativity and productivity, which in turn strengthens the business foundation. The graph above shows the proportion of employees giving a favorable response under the items “Employee engagement” and “Wellness awareness” in the employee awareness survey. To reach the target for employee engagement, we have been holding town-hall meetings and creating opportunities for dialogue between management and employees to deepen mutual understanding. To raise wellness awareness, we provide an environment that enables diverse and flexible work styles and take measures to support employee health.

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Diversity among management



Diversity among management means the proportion of managerial staff with a diversity attribute. Increasing diversity among management will result in management decision-making by human resources with wide-ranging experience.

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Evaluation related to the ESG stock index

In recognition of the MCG Group’s initiatives, we have been included continuously in the ESG stock indices indicated below (as of June 30, 2022).

**Dow Jones Sustainability Indices**  
Member of Dow Jones Sustainability Indices  
Powered by the S&P Global CSI

**MSCI Japan ESG Select Leaders Index\***  
2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX  
**MSCI Japan Empowering Women Index\***  
2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

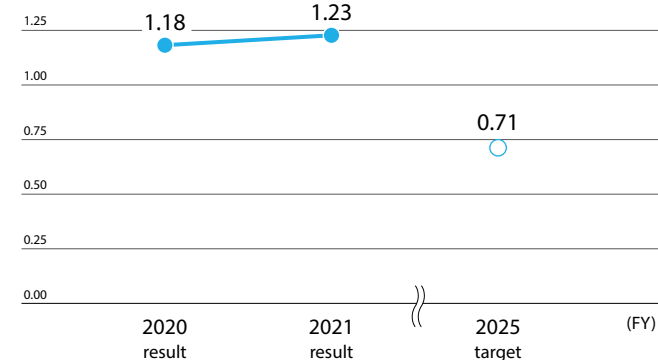
**FTSE4Good Index Series**  
FTSE4Good

**FTSE Blossom Japan Index**  
FTSE Blossom Japan Index

\* The inclusion of the MCG Group in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, or promotion of MCG by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

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Lost-time injury frequency rate (LTIFR)



LTIFR, including overseas business sites, remains low. We will continue working to meet our target by strengthening measures to prevent occupational accidents, including ensuring strict compliance with basic safety practice and procedures, providing training, and conducting risk assessments.

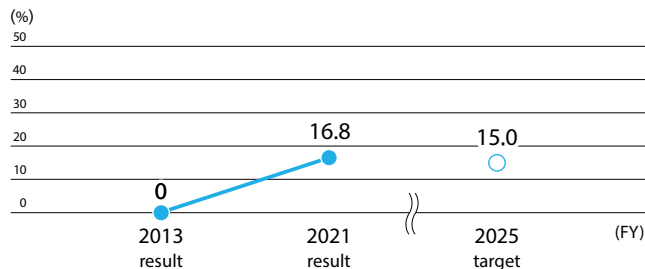
Sustainability

Sustainability Indices

Material issues for environmental and social impacts

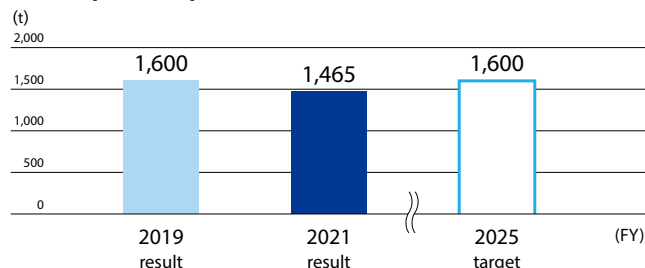
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Rate of reduction of GHG emissions (Japan, compared to FY2013)



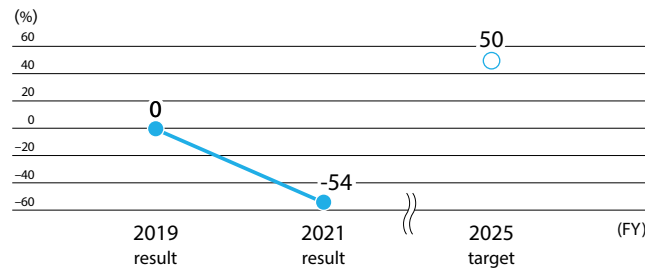
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COD (Japan, compared to FY2019)



Index

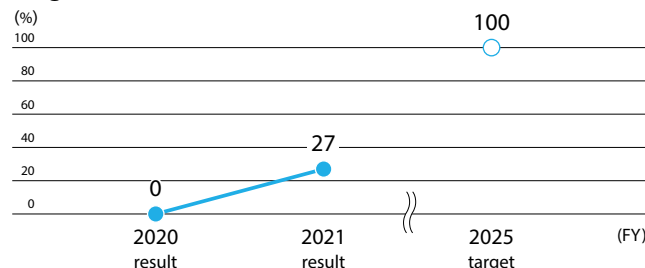
Rate of reduction of landfill waste\* (Japan, compared to FY2019)



\* Amount of landfill waste regularly generated in the Company's routine production and logistics activity

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Progress of LCA activities



Finding solutions for a sustainable future

Investment in GHG reduction

At the MCC Ogaki Plant, we installed a solar power generation facility in 2017. We plan to expand the facility and use the generated electric power within the plant to achieve an annual reduction of 40 to 50 tons in CO<sub>2</sub> emissions. Meanwhile, in March 2022 we purchased 20,000 kWh of environmental value (green power) from Ogaki City and received a Green Power Certificate from the city authorities.

Going forward, the MCG Group will promote wider use of solar power generation across its operations and drive global initiatives to realize carbon neutrality by 2050.



As a step toward reducing negative impacts on the global environment, resolving the issues of climate change and water resources, and building a recycling-oriented society, we have set indices to measure impact reduction in the atmosphere, water, and waste.

In fiscal 2021, due to increased production efficiency and facility upgrades, we achieved a 16.8% reduction in domestic GHG emissions compared to fiscal 2013 and a reduction in COD compared to fiscal 2019. To reduce the amount of landfill waste, we are working to improve production yield and boost the recycling rate. To continue reducing the environmental impact going forward, we will push ahead with reduction measures and consider setting new GHG and global targets for fiscal 2025.

Concurrently, we are progressing with an initiative to use LCA as a management tool and in fiscal 2021 we established a standard method for calculating the product carbon footprint (▶ Page 76).

## Sustainability

## Sustainability Indices

## Material issues for existence / Material issues in terms of risk management

## Index

## Number of serious compliance violations

3

(Fiscal 2025 target: 0)

We take a serious view of the outcome in fiscal 2021 and are taking far-reaching corrective action and measures to prevent a recurrence under the guidance and supervision of the Chief Compliance Officer. Under the "One Company, One Team" approach, we will roll out a compliance implementation program on a shared global platform and provide regular education and training for all employees, with ongoing monitoring of the progress in instilling a culture of compliance awareness.

## Index

## Number of accidents

Process safety accidents

17

(Fiscal 2025 target: 16)

Environmental accidents

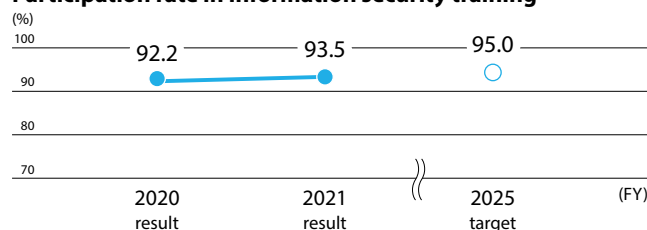
0

(Fiscal 2025 target: 0)

There were 17 process safety accidents in fiscal 2021. Recognizing safety assurance as a corporate social responsibility, we undertake risk assessment to prevent accidents and support ongoing stable operations. As in fiscal 2020, there were no environmental accidents in fiscal 2021.

## Index

## Participation rate in information security training



To cultivate in all staff members an awareness of the importance of protecting information assets as an employee responsibility, we work through annual training to enhance awareness of information security. Employees who have not yet undergone the training receive repeated invitations to participate in order to underline its importance. As a result, the participation rate for fiscal 2021 increased over the previous fiscal year.



## Finding solutions for a sustainable future

## Strengthening sustainable supply chains

We support our business partners to help them understand the MCG Group's corporate mission and work with them to address environmental and social issues in order to build and strengthen the sustainability of our supply chain.

We distribute to our business partners a guidebook entitled *Developing Cooperative Business Practices with Suppliers and Business Partners*, which summarizes our standards across a wide range of areas including respect for human rights, employment, environmental protection, and ensuring occupational health and safety. We use a questionnaire to check the status of related activities. By presenting the results of the questionnaire as feedback to business partners, we engage in dialogue to better identify risks and improve response to individual issues. In this way, we aim to cultivate healthy relationships that promote mutual growth.



## Finding solutions for a sustainable future

## Fostering a safety culture

Safety is the foremost priority of the MCG Group's business activities. An example of our activities in this area was the safety culture assessment carried out by a third-party organization at the MCC Toyama Plant. A questionnaire survey of all plant employees was conducted, with the results analyzed to identify issues. Addressing the issues head-on, we have discussed improvement strategies, put safety systems in place, worked to reform awareness, and enhanced educational facilities as part of wide-ranging measures to foster a safety culture. This initiative was recognized by the Japan Chemical Industry Association with the Jury's Special Award in the fiscal 2021 Responsible Care Awards.



Recital of safety guidelines at the morning meeting