

## Human Resources

# Message from the CHRO



**Value creation begins with our people, so we are making changes to maximize their potential.**

**Tomoyo Hiraoka**

Vice President  
Chief Human Resource Officer

## Creating an environment where everyone can embrace ongoing personal development

The Mitsubishi Chemical Group believes that our people are the source of value creation, and we position our human resources as the driver of company growth and the realization of KAITEKI. Every single employee has limitless potential. My mission is to move our Company continuously forward to create an environment in which the MCG Group can unlock the potential of its people and all our employees can embrace ongoing personal development.

In order to achieve this mission, under the policy set forth in the medium- to long-term basic management strategy KAITEKI VISION 30 (KV30), we are working toward reforming the human resource systems at all Group companies. We have put in place systems to realize diversity, equity, and inclusion, proactive career development, and work-style reforms.

I feel that these changes have created opportunities for employees to reconsider the value of their work and the career paths that might interest them, and to volunteer for new challenges. We are also investing proactively in human resources and corporate culture reforms to help our people grow in tandem with the ongoing

developments at the Company. We are expanding programs to train the next generation of leaders to drive change, setting up e-learning platforms, running seminars on diversity and inclusion to drive changes in our corporate culture, and implementing mentoring programs. Our overall goal is to create an environment whereby the Company respects individual aspirations and encourages personal development. We aim to achieve this by providing greater choice in available training programs that match individual career interests as well as strengthening leadership and management problem-solving. Company growth can be thought of as the sum total of the contributions made by, and personal development of, each employee. Looking ahead, we want to roll out programs across the entire Group to enhance our human capital, as our people are the starting point for value creation.

## Accelerating initiatives to implement the “One Company, One Team” concept

Fiscal 2022 will see the implementation of the “One Company, One Team” concept in our new organizational structure, as we work to execute the new management policy, “Forging the

future.” This concept is aimed at moving away from business optimized for individual companies and developing instead a management structure that operates across company borders at the level of the business domain or geographical region. We are changing our systems with the goal of promoting collaboration and accelerating information transfer and decision-making. In terms of the corporate functions, we will integrate reporting lines globally and consolidate Group company governance systems to improve operational efficiency. We will roll out this new management structure to become “One” global organization. We will invest in systems for an integrated human resources platform to visualize, on a global level, our employees, organizations, positions, and job roles, making our human resources processes more sophisticated and efficient. We will develop programs to identify and train our talent and develop succession plans. We will foster a corporate culture that attracts diverse talents and allows them to reach their full potential. All of these initiatives are aimed at achieving both growth and greater efficiency. For succession planning, in particular, we are working more closely with the Nominating Committee to incorporate ideas from external stakeholders, with the goal of implementing bold programs unlike anything done before for executive placement and development.

Each individual employee needs to change their mindset and behavior if we are to execute such a huge transformation. Therefore, we will strive for communication to foster expectations and confidence that taking on the challenge of this transformation will increase the motivation and satisfaction of employees themselves, and lead to a sense of personal growth for each and every employee. In fiscal 2022, we will continue to pursue the five pillars outlined in KV30, and position the realization of the “One Company, One Team” concept as the highest priority, working with our employees to steadily execute these programs.

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# Human Resources Strategy

The Mitsubishi Chemical Group is working on a global level to make its organization more diverse.

## Diversity, equity, and inclusion as a human resources strategy

Mitsubishi Chemical Group Corporation introduced a new management structure in April 2022.

In this new environment, we will promote the transformation of the organization into one where diverse individuals are respected and valued for their contributions and are able to fulfill their potential.

We are creating more diverse leadership teams so that we can achieve this human resource strategy, and we will engage in lively discussions with broadly experienced people both inside and outside the Company in order to inform our business decisions. In practical terms, we are bringing in more people from overseas, as well as providing focused training for the local employees who could become their successors. In the future, we plan to introduce new training programs, developed in partnership with world-class human resource training institutions, to visualize and focus training for our top management.

Obviously, if we are to pursue greater diversity and inclusion, we need measures to address a multitude of challenges while also ensuring diversity in our management team. We will continue working to eliminate stereotyping, shine a light on unconscious bias\*, and change awareness in all employees. We want each employee to understand that combining the wisdom of a diverse range of people makes our organization stronger, and we aim to foster an organizational culture that allows people to embody this concept every day and uncover new value.

\* Unconscious assumptions and prejudices

## Developing the next generation of leaders to drive transformation

In the past, in-house training focused on achieving operational certainty and stability through staff postings to different departments for a period of time to build up experience. This method of staff development through accumulated experience is no longer sufficient if we are to respond in a timely fashion to changes in the market or demands from society. We also need to put systems in place to continue building a rich and diverse pipeline of talent. We have therefore established two new human resource training programs: The Top Leader’s College (TLC), to develop the next generation of management executives, and the Future Leader’s College (FLC), to train team

leaders with the potential to move into top leadership ranks. Our goal is to build a diverse management team of winners who are capable of anticipating social change, driving transformation, and articulating their vision for the Company’s future.

### Top Leader’s College (TLC) Program

Based on the concept of developing leaders for transformation, we have introduced a program to train those with potential to become the next generation of management leaders, in terms of skills related to “wisdom” and “focus” that will allow them to lead the Company on the path of sustained growth. The program includes direct interactions with people in managerial roles inside and outside the Company, as well as external coaches, to nurture participants’ views. Participants are asked to describe their vision for the Company not in terms of what should be, but rather in terms that express their own determination. They are asked to create a real, all-encompassing company strategy, take on challenges, and make recommendations with preparation and purpose, as if they are managing the organization themselves.

### Future Leader’s College (FLC) Program

This program aims mostly to change team leaders’ mindsets to prepare them to act as leaders who are driving transformation of the entire company, not just their own position. In this program, participants are asked to go beyond the current trajectory of their daily work tasks, with the goal of developing a broader perspective, eliminating a subordinate mindset, and focusing outward. Moreover, engaging in friendly competition with colleagues at the college can make ongoing learning a habit. We have received a great deal of feedback from participants, who said that this program was a watershed moment in their lives. We expect these talented people to drive change in the future.

### Defining what we need in our management leaders

Basic qualities	<ul style="list-style-type: none"> <li>• Personal attributes (reliability, ambition, honesty, inquisitiveness), courage</li> <li>• Embodies our vision, mission, and values</li> <li>• Cooperative ability (collaboration, relationships with stakeholders)</li> </ul>
Management competencies	<ul style="list-style-type: none"> <li>• Market insights</li> <li>• Strategic thinking</li> <li>• Ability to drive transformation based on a future-oriented approach</li> <li>• Organizational and human resource management capabilities (psychological stability, receptivity to diversity, ability to create a vision, resilience)</li> <li>• Results focused</li> </ul>
Expertise, experience	<ul style="list-style-type: none"> <li>• Acute skills and expertise in social issues beyond conventional business boundaries</li> <li>• Wide range of experience, including outside the Company</li> <li>• Broad knowledge</li> </ul>
Results, track record	<ul style="list-style-type: none"> <li>• Business track record through bold decision-making based on medium- and long-term perspectives</li> <li>• Outstanding track record of driving transformation</li> </ul>

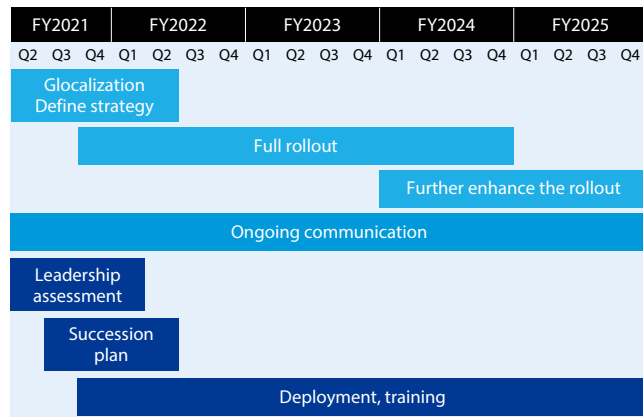
Human Resources

# Human Resources Strategy

## Training management leaders at overseas subsidiaries

At MCG, we are accelerating the development of potential management leaders on a global level. In some regions, we are working to promote local employees to the top positions, and the management teams in each region are taking the initiative and implementing measures to achieve this. We are using assessments to visualize the potential of the human resources within the region, while setting localized KPIs relevant for promotion to key positions, implementing focused human resource development and human resource assessments, and investigating and executing plans for promotion. Through these initiatives, we aim to transition to group companies that are managed by people who know the region best and are best placed to maximize corporate value in their region. For the local employees as well, these initiatives may prompt them to think through their own career path from a medium- or long-term perspective.

## Plans for management successor training at overseas subsidiaries (Five-year plan, with the China region as an example)



## Programs to change employee mindsets

To foster a corporate culture that is open and energetic and where diverse human resources can maximize their potential, we must do more than just establish the right working environment; we need to change existing employee mindsets as well. We have a number of projects and training programs underway to achieve this.

In fiscal 2018, Mitsubishi Chemical launched a cross-departmental project called the Mitsubishi Chemical Women’s Council. Managers take on the role of sponsors and employees from different departments receive real feedback from on-site workers via open discussions on diversity where ideas are put forward in a bottom-up approach. This allows us to get on-site perspectives to incorporate in programs to change our workplace culture. The council opens up various lines of communication, providing a direct route for feedback for management from on-site workplaces.

## Unconscious bias training

When laying the foundations for everyone to thrive, it is important that all employees, regardless of whether they are in managerial or non-managerial roles, be aware of unconscious bias.

Mitsubishi Chemical started providing e-learning programs and workshops on unconscious bias in fiscal 2021, with programs tailored to employees, managers, and executives. More than 3,000 employees have taken these courses, deepening their understanding of unconscious bias.

## Week of events for International Women’s Day

Mitsubishi Chemical held a five-day online event to mark the United Nations International Women’s Day on March 8, based on the concept of making Mitsubishi Chemical a fulfilling workplace where people can be themselves. During this event, we operated a range of programs, including roundtable sessions for discussions between management and workers, as well as conversations with male employees who had taken childcare leave. The sessions featured lively exchanges of opinion among participants and provided opportunities for reflection on how diversity and inclusion affects everyone.

We will continue our efforts to create workplaces that maximize the overall value created by individual employees, where all people respect and appreciate each other’s difference.



Online event web page

## Event activities

	Activities	Description
DAY 1	Eliminating unconscious stereotyping	Discussions with management
DAY 2	Eliminating childcare stereotyping	Conversations with male employees who take childcare leave
DAY 3	Eliminating stereotyping on women’s views about careers	Career lectures by outside speakers
DAY 4	Eliminating “grass is greener” stereotyping	Examples of in-house stereotypes
DAY 5	Eliminating “not my problem” stereotyping	Review of how to utilize what we have learned in the workplace

## Human Resources

# Building a Fulfilling Workplace Environment

We are working to ensure that one of the Company's most precious resources (our people) can make the most of their talents and participate fully, through initiatives on health support and work-style reforms.

## Health support initiatives

Mitsubishi Tanabe Pharma Corporation has worked to understand and address the decline in physical activity by employees following the sudden increase in teleworking and restrictions on movement brought about by the pandemic. For teleworkers who are experiencing lower back pain, shoulder problems, or VDT symptoms,\* we have provided an app-based program to help with back and shoulder problems and have run online training sessions and private consultations on how to improve home working environments. Our workers have been particularly satisfied with the app for back and shoulder problems, with participants in private consultations giving a satisfaction rating of 4.7 out of five points and the data showing a reduction in the number of symptoms logged after app use.

Taiyo Nippon Sanso Corporation, a member of the Nippon Sanso Holdings Group, is offering health measurement sessions, health news, and health webinars to raise awareness among employees of health matters and prevention of lifestyle disease. The company has also distributed wearable devices that visualize exercise habits and sleep patterns and connect with a health management system to allow analysis of this information alongside previous health check-up data.

As a result, the percentage of employees engaging in regular exercise has risen from 25.5% to 30.6%. Because these programs are implemented each year, employees can compare their health with previous years and obtain a detailed understanding of their physical health status today.

These health initiatives have been a contributing factor in Nippon Kenko Kaigi's ranking of Mitsubishi Tanabe Pharma and Taiyo Nippon Sanso as among the top 500 large enterprises ("White 500") recognized under the Outstanding Enterprise in Health and Productivity Management Certification System, run by the Ministry of Economy, Trade and Industry (METI).

Going forward, we aim to implement more programs to maintain and improve employee health to support better performance by individual employees and create a more dynamic organization.

\* Symptoms caused by physical issues arising from long hours spent working at visual display terminals (VDTs) on PCs and other devices.



## Programs to support new work styles

One of the many changes thrust upon us by the pandemic was the rapid diversification of work styles. In response, we have initiated a cross-departmental operational reform project to promote switching to paperless procedures, use of digital tools, and more efficient, improved operational processes. This project has also implemented proposals to create comfortable work environments at home or in satellite offices as well as introduce new electronic approval systems, thereby providing further support for teleworking.

We have also consolidated our sites near the Tokyo Head Office and changed office layouts to suit the new work styles. Using the concept of activity-based working (ABW), we have introduced a free addressing system for our office spaces so that

employees can select where they work depending on what they need to do that day. By combining this free addressing office system with work from home (WFH) and satellite offices, we aim to achieve work styles that allow employees to choose more effective time slots and locations for their work and be self-directed in how they manage their work-life balance.



New Head Office layout to promote ABW

## New office concept

