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Value Creation Model


How we create value at MCG


Under its new Group Concept, the Mitsubishi Chemical Group will step up its use of the MOE, MOT, and MOS indices as its three axes of management in order to realize KAITEKI, which has been the North Star that has guided the Group since 2011. The MCG Group will lead the realization of KAITEKI through better innovation (MOT: Science), value for all stakeholders (MOE: Value), and contributions to healthy living as well as the sustainability of society and the planet (MOS: Life).


Management foundation and source of competitiveness


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

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

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

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

-  **Financial capital**
Robust financial position

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

Management resources to support value creation ▶ Page 12

The three axes

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

Reporting in Line with the TCFD Recommendations
 ▶ Page 62
 Sustainability Indices
 ▶ Page 59

- Measures to achieve carbon neutrality
- Sustainability management (response to material issues)

Seven Focus Markets ▶ Page 17

- EV/Mobility
- Digital
- Food
- Medical
- Building/Infrastructure
- Consumer goods
- Industrial

We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet.

- Portfolio management
- Strategic capital allocation
- Integrated innovation strategies

Executable Plan Based on the "Forging the future" Management Policy
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Innovation Strategy
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Management Policy Forging the future






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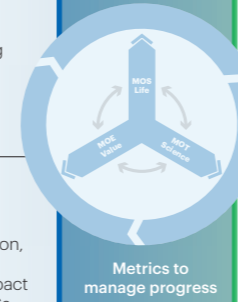
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Value Creation Model

Strengthen the driving force behind value creation

Management resources to support value creation (INPUT)	Approach
 Human capital Diverse human resources to support value creation Number of employees (consolidated) 68,639	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.
 Intellectual capital Knowledge and technology driving business model reform R&D ¥149.5 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.
 Social and relationship capital Engagement with stakeholders Dialogue with stakeholders ▶Page 33 Strengthened corporate venture activity ▶Page 45	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 43.2 TWh Financial/Non-Financial Highlights ▶Page 99	Rigorous sustainability management is essential to resolve 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.
 Financial capital Robust financial position Total assets ¥5,773.9 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 Group sites (number of countries & regions) ¥282.2 billion 45	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.



Value created (OUTCOME)
Improvement in creativity and productivity Employee engagement 68% Level of customer satisfaction 82 points Wellness awareness 77% Sustainability Indices ▶Page 59
Business expansion Innovation output indices 85% ▶Page 20 Advancement of innovation Percentage of sales revenue from products that contribute to the circular economy or mitigate and adapt to climate change 10% ▶Page 59 Increase in sustainability-related products Ratio of overseas revenue 50.0% Acceleration of overseas businesses
Contributing to the reduction of environmental impact Percentage reduction of GHG emissions (compared to FY2019) 14% ▶Page 20 Promote a circular economy Response to climate change
Improvement in economic value Sales revenue ¥4,634.5 billion Core operating income ¥325.6 billion Financial/Non-Financial Highlights ▶Page 97

Realizing KAITEKI