

Society

Message from the CHRO



Tomoyo Hiraoka
Senior Vice President
Chief Human Resource Officer

Unleashing potential: Fostering an empowering environment throughout the MCG Group

Human capital strategy aimed at driving Company growth and achieving our Purpose

The Mitsubishi Chemical Group believes that our people are the source of value creation and the driver of Company growth and achieving our Purpose.

Every single employee has limitless potential. My mission is to cultivate an environment within the MCG Group that unlocks this vast potential, inspiring motivated individuals to further their personal and professional development.

In our pursuit of becoming a speciality materials group, as outlined in the MCG Group's "Forging the future" management policy, we recognize the imperative of shifting away from a traditional product-centric focus to a market-oriented organizational approach. A pivotal aspect of our human capital strategy is developing the next generation of leaders who will drive this transformation. These emerging leaders must possess the capacity to take the initiative in identifying problems and make agile decisions, unburdened by conventional thinking. We are actively engaged in implementing programs dedicated to fostering these essential capabilities, while also refining our human resource recruitment processes.

Furthermore, it is imperative that we continually innovate if we are to achieve our Purpose. This imperative extends beyond merely achieving diversity in terms of attributes such as gender and nationality; it also hinges on cultivating a rich diversity of thought within our organization. To realize this vision, we are diligently constructing an organizational framework and fostering a culture that empowers individuals with varying perspectives and capabilities to harness their strengths and confront challenges, irrespective of their background. Moreover, we are creating an environment that optimizes

the utilization of this diverse range of perspectives. As part of our commitment to this goal, we are providing employees with comprehensive training sessions on a variety of human rights topics. These initiatives are designed to nurture a corporate culture deeply rooted in respect for every individual and a profound appreciation for the unique differences that make us all valuable contributors to our shared Purpose.

We are working tirelessly to create a company where every employee has access to these programs, enabling them to unleash their full potential and sustain their high levels of engagement.

Building a strong foundation for total optimization

In our pursuit of the "One Company, One Team" concept and our overarching goal to enhance corporate value across the entire Group, we recognize the necessity of achieving total optimization that transcends individual companies and geographical regions. This same principle extends to our human capital strategy. Aligned with this approach, we are actively fostering a unified foundation throughout the Group, encompassing human resource policies and the standardization of HR systems, methods, and initiatives.

Moreover, we are dedicated to advancing the implementation and adoption of the "One Company, One Team" concept through the lens of human resource capital. Our ongoing efforts include the strengthening of HR governance to ensure the effective operation of our HR policies and methods, thus reinforcing our commitment to achieving total optimization. These endeavors will result in streamlined and consistent high-level HR management, characterized by efficiency and excellence.


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We need to help our employees reach their full potential and foster active participation among motivated individuals to fulfill the Mitsubishi Chemical Group's Purpose. Within the framework of our "Forging the future" management policy, we are focusing on six strategies to empower our workforce.

Empowered workforce



- Develop next-generation leadership
- Promote cultural change and value creation mindset
- Incorporate diversity, equity and inclusion (DE&I) into the talent strategy
- Build a fulfilling workplace environment
- Build a global integrated operational structure to achieve overall optimization
- Strengthen human resources governance worldwide

Development of next-generation leadership

To transform from a product-focused organization to a market-oriented one, it is essential to cultivate individuals who can independently identify issues and guide them to resolution. To accomplish this, we are proactively engaged in developing transformational leaders who can anticipate change, step forward in uncertain situations, and make agile decisions, as well as developing future leaders on a Group and global level.

As part of our initiatives, we have defined the talent requirements for leadership roles and have established and implemented global talent development programs to continuously nurture potential leadership candidates. We have also individually specified the talent requirements for each position and, for critical roles, maintain an ongoing succession plan to strengthen our talent pipeline.

Defining our leadership requirements

Fundamental qualities	<ul style="list-style-type: none"> • Personal attributes (trustworthiness, aspiration, honesty, curiosity, courage) • Embodies Our Way (integrity, respect, bravery, collaboration, persistence) • Cooperative abilities (collaboration, stakeholder relations)
Leadership competencies	<ul style="list-style-type: none"> • Market insight • Strategic thinking • Transformational capability based on a future-oriented approach • Organizational and talent management capabilities (psychological safety, receptivity to diversity, ability to create a vision, resilience) • Results focused
Knowledge and experience	<ul style="list-style-type: none"> • High level of expertise and outstanding strengths in social issues, beyond conventional business boundaries • Diverse experience, including outside the Company • Wide range of knowledge
Results/ track record	<ul style="list-style-type: none"> • Business results achieved through bold decision-making based on medium- to long-term perspectives • Outstanding track record of driving transformation

Executive Leadership Development Program

The Executive Leadership Development Program (ELDP) is our top-level program to develop management executives to lead business transformation and growth. The curriculum combines modules from leading business schools that have been upgraded for the MCG Group.

Through interactions with leaders from different regions and industries, the program encourages participants to recognize their own value and competitiveness in their markets. This not only promotes personal growth but also helps them acquire the expertise and leadership skills necessary to excel globally.

Senior Leadership Development Program

The Senior Leadership Development Program (SLDP) is the next level of management executive training after the ELDP. Based on the concept of "innovatorship," including how to create an ideal vision for the future and develop the skills to achieve this vision, this program develops the talents needed to realize a new vision for society and the world and to lead our transformation and business growth.

During the SLDP, participants discuss future challenges for the MCG Group and pitch ideas to management to develop their problem-solving skills.

ACTION

Leadership development at Nippon Sanso Holdings

The European operating companies of the Nippon Sanso Holdings Group have set up the Growing Our Leadership (GOL) II program for ongoing leadership development.

Participants in this program undergo training in leadership skills, participate in actual projects to improve organizational productivity, and receive support from top management to help them reach their project goals. The GOL II program wraps up with an awards event to recognize those projects that have generated major results and to allow project members to learn from each other and develop contact networks.



Interview with the top award-winning project team

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Promote cultural change and value creation mindset

In order to create an environment where our people are inspired to develop further, we are setting up the right conditions and systems to help individual employees drive their own career development.

We are also working to change employee mindsets and help them embrace new challenges and change behavior.

Career events to promote greater autonomy

We run regular seminars and other events to provide support for employee career development. For employees in the middle or later stages of their career who are particularly interested in developing their careers, we help them review their skills and experience, and support concrete career planning by running workshops on future career paths and bringing in outside speakers.

In the future, we aim to broaden the target audiences so that everyone working at the MCG Group can take ownership of their own career plan.

Workshop participation

FY	No. participants / no. sessions
2020	342 people / 15 sessions
2021	357 people / 15 sessions
2022	252 people / 11 sessions

ACTION

Internal job postings support proactive career development

At Mitsubishi Chemical Corporation, people are empowered to make their own career choices in line with the idea that career ownership belongs with the individual. We have overhauled our previous internal recruitment system and introduced a new system whereby internal job postings are used to fill all vacant positions as a way to match the different career aspirations of individual employees with our company strategy and achieve further growth. This system was implemented company-wide across the MCG Group starting from fiscal 2022.

Internal job postings at MCC

The first step for individual departments needing to fill a vacant position or increase staff numbers is to create an internal job posting.

To ensure that the system works well, MCC promotes regular one-on-one communication between supervisors and their direct reports, as well as annual career planning interviews and opportunities to share views on career pathways and job roles.

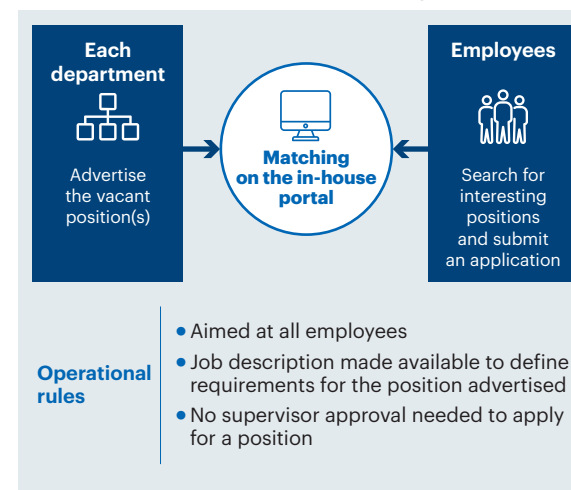
Usage

The system has been in place for over two years and the number of candidates successfully matched to job vacancies has increased over time. We attribute this to greater awareness of career paths and the system being seen as providing opportunities to change positions within the organization. We will promote greater use of this system moving forward.

No. positions advertised and % matches

FY	Number of positions (including duplication)	Matched	% matches made
2021	1,394	491	35.2%
2022	1,192	490	41.1%

Schematic of MCC's internal job posting system



Other transfer measures

We have also expanded other transfer measures on offer, including a scheme to let employees continue working at the same workplace or register for a site where they would like to work, as well as a new career challenge system that allows young employees to be considered for a department of their choice in order to support them in taking on new challenges.

Our goal is to help employees plan their own careers and achieve a good work-life balance.

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Pursuing DE&I as a talent strategy

We are striving to cultivate an organizational culture that empowers employees to take on bold challenges and engage in diverse collaborations. Our aim is to foster an environment where individuals from diverse backgrounds can fulfill their potential. Our goal is for our workplaces to unite a variety of individuals, inspiring innovation through diverse perspectives and facilitating skill development to harness the benefits of diversity to the fullest.

We are working to increase the diversity of our management teams and support active discussions during decision-making by people with a broad range of experience, both inside and outside the Company (▶Page 79). We have also introduced systems to support contributions from people from different backgrounds and with diverse perspectives, including scrapping the seniority-based system (job packages based on role or performance and employment rank or position no longer reflecting age) and raising the retirement age.

Diversity among management

At the MCG Group, we have included diversity among management as part of the Management of Sustainability (MOS) indices (▶Page 59). Previously, our indices for corporate executive officers or vice presidents only looked at the percentage with internationality, gender, or career diversity attributes. In fiscal 2023, we redefined our indices to promote a more global perspective on DE&I.

We have excluded career diversity from our indices due to the increased number of mid-career recruits, which has led to a certain level of diversity in this aspect. Instead, we now prioritize internationality and gender diversity. Additionally, we have extended the inclusion to employees who play pivotal roles in significant business decision-making processes. This expansion of diversity across all decision-making levels aims to bolster our talent pool in pursuit of a more diverse management team.

Diversity among management

FY2022 result	Result as of April 1, 2023	FY2025 target
24%	28%	40%

[Sustainability Indices ▶Page 59](#)

Overseas training program for young employees

We have initiated an overseas training program for young employees with several goals in mind: enhancing global staff exchanges, fostering a deeper appreciation for diversity and various cultures, identifying potential future leaders, and facilitating personal growth through exposure to different cultures.

In fiscal 2023, the first year of this program, we received more than 15 requests for postings under this program at sites in Japan, Germany, Thailand, and the United States. We published the position requirements on the Group portal and invited people to apply. We hope that experience of different countries, cultures, and regions will promote personal growth for our employees, help younger employees take on new challenges, and achieve greater diversity at the workplaces involved in this program.

Program summary

Application requirements

- Registered employee of the MCG Group (excluding the Nippon Sanso Group)
- Work experience including at other companies: Around 3-7 years
- Work experience at the MCG Group: At least one year
- English-language ability: Level B2 or higher on the Common European Framework of Reference for Languages (CEFR)

Examples of postings

- Japan:** R&D division
- Germany:** Auditing division
- Thailand:** HR development division
- United States:** Sales division

Program goals

Applicant benefits

Personal development through experience with different cultures, broader perspectives, upskilling

Host workplace benefits

Increased workplace diversity, sharing of new perspectives that result in operational improvements

DE&I outcomes
Achieve management policy

DE&I initiatives in recruitment

We are also working to expand diversity through the recruitment activities that provide an entry point into the MCG Group.

We see the need to step up recruitment of women. To encourage more female applicants to apply, we think communication during the recruitment process is extremely important so that they have a full picture of their role after joining and any misunderstandings are resolved on the spot. In addition, we are working to hire more diverse talent by developing recruitment methods where the candidate's language background does not adversely affect the selection process.

Percentage of women working at Head Offices

	FY2020	FY2021	FY2022
Total for four operating companies	21.5%	27.6%	28.0%

Note: Total figures for Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute Inc., and Taiyo Nippon Sanso

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Build a fulfilling workplace environment

We are working to create workplace environments where people feel secure, as this provides the foundations for our employees to make the most of their skills.

We are implementing various initiatives to help people make the most of their skills, including support programs tailored to different life stages, assistance in developing life plans, seminars to support caregivers, and initiatives aimed at improving employee health. Additionally, by promoting remote work, utilizing digital tools, improving business processes, and changing office layouts, we are realizing new ways of working that allow people to be self-directed in how they manage their work-life balance.

Workplace mental health initiatives

Psychological energy can have an enormous impact on performance at work. In July 2022, MCG ran an online training program on the subject of mental toughness. Participants learned ways to approach change as a new adventure, switch to a more positive mindset when feeling stressed by change, and improve their mental resilience.

The MCG Group also encourages employees to undergo stress checks and has introduced support programs for those employees diagnosed with high stress levels to prevent mental health issues from developing or provide timely support to improve their

mental health. For example, we have introduced a program called Pocket Therapist to help ease physical pain and prevent mental health issues, targeting employees under high levels of stress and also suffering from chronic pain (such as lower back pain, shoulder stiffness, or headaches). Pocket Therapist is a three-month online program that provides specialist input on how to reduce and improve pain, which can help improve mental health issues at an early stage.

Build a global integrated operational structure to achieve overall optimization

As we move to a lean and flat organizational structure under the "One Company, One Team" concept, we are building systems that allow more efficient management and overall optimization.

For HR functions, the MCG Group's Global Head Office defines the overall strategy and policy, while the five regions (Japan, Americas, EMEA, China, and Asia Pacific) implement HR measures autonomously. At the same time, heads from each region attend regular global meetings to decide strategies as a global organization and refine HR measures and other matters so that HR is managed consistently around the world. To disseminate the strategies and policies and also promote a stronger sense of working as one team, governance policies are

formulated for HR procedures and channels of communication are opened up between regional HR and the companies within that region.

ACTION

Women's health support seminars

Health issues among working women are a social issue and also an important theme for companies. Many employees experience physiological changes and women's health symptoms that impact their performance at work. Ensuring that both male and female colleagues at work have a better understanding of these issues is the first step toward creating a supportive working environment for women. At the MCG Group, we run regular women's health support seminars with specialist physicians invited to speak.

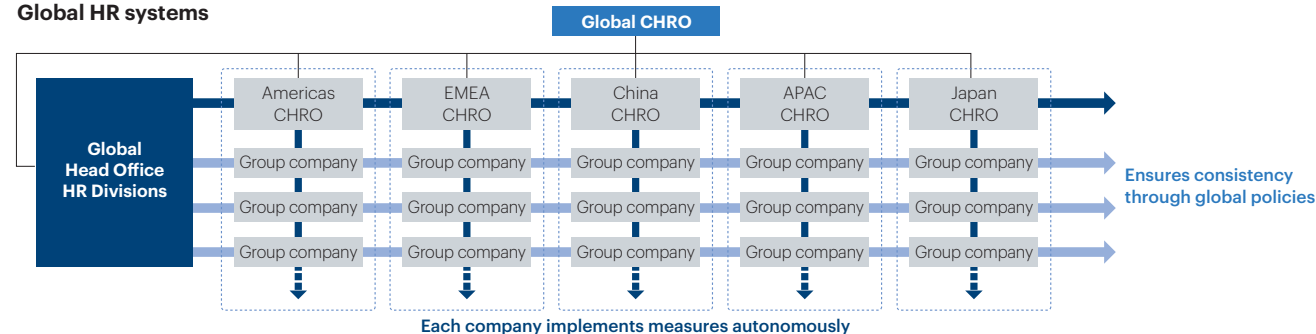
The seminar held in February 2023 covered the topic of menopausal disorders. The session covered not only menopause in women but also male menopause and provided an opportunity to learn the facts about menopausal disorders and how to handle them. The seminar was well attended by employees.

Rate of employees undergoing stress checks

	FY2020		FY2021		FY2022	
	% undergoing checks	% diagnosed with high stress levels	% undergoing checks	% diagnosed with high stress levels	% undergoing checks	% diagnosed with high stress levels
Total for four operating companies	87.8%	7.9%	90.6%	9.3%	92.1%	9.5%

Note: Total figures for Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute, and Taiyo Nippon Sanso. The % diagnosed with high stress levels refers to the percentage of people undergoing the stress check who were determined to have high stress levels, but the criteria on which this diagnosis was based may differ slightly by company.

Global HR systems



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Human Resources Strategy

Strengthen human resources governance worldwide

We are developing common organizational foundations to better utilize our human capital across the entire Group and maximize their value.

By using technology in our HR processes and sharing HR management and HR programs on a Group-wide basis, we are strengthening our HR governance while boosting the sophistication of our HR management.

Introduction of a global HR platform

Previously, individual companies within the MCG Group each utilized distinct HR management systems to optimize HR functions according to their specific needs. However, we are currently in the process of developing a unified HR platform for the entire Group. This platform aims to centralize and provide a global perspective on our employees, organizations, positions, and job roles, thereby enhancing our talent management capabilities.

By taking a more sophisticated approach to talent management and promoting coordination within the Group, we are accelerating innovation and standardizing operational processes. This, in turn, enables us to implement more advanced and efficient HR procedures and services, ultimately leading to increased business profits and higher levels of employee engagement.

Human rights initiatives

The MCG Group has established the Global Policy on Respecting Human Rights, Employment and Labor as our specific human rights guideline, in tandem with conveying to all Group members our basic approach to human rights in conformity with international norms such as the Universal Declaration of Human Rights, the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, and ISO 26000.

Overseas Group companies endeavor to comply with the laws and regulations applicable to each country and best practices concerning human rights, and raise the satisfaction levels of employees, along with conducting appropriate value chain management in the course of expanding their business activities.

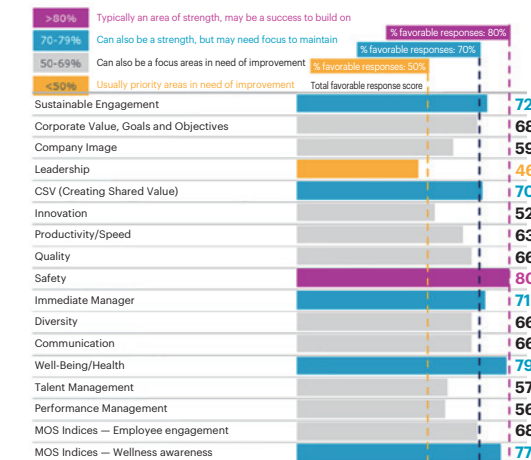
[Respecting Human Rights and the Mitsubishi Chemical Group Global Policy on Respecting Human Rights, Employment and Labor](#)

Employee engagement survey

The MCG Group periodically conducts a global engagement survey to understand how employees perceive their organization's policies, culture, work environment, career opportunities, and more. Survey results are analyzed based on various attributes and are used to inform Company initiatives. Additionally, for employee engagement and wellness awareness, the results are integrated into the MOS Indices, and we are committed to making overall improvements across the Company.

In the fiscal 2022 survey, the results confirmed a particularly high score in the safety category. For communication and for diversity and respect for the individual, some issues remained but the scores had improved. However, the scores were lower in the categories of corporate value, goals, and objectives; leadership; innovation; talent management; and performance management. The analysis made it clear that there is still work to do to disseminate the corporate mission and maximize employee potential. Since receiving this feedback, the management team has decided to enhance communication by introducing initiatives such as town-hall meetings (▶Page 54), where they directly communicate the Company's

Results of the engagement survey*



* Based on a framework from the external contractor running the survey, Willis Towers Watson

policies and background to employees, and by establishing platforms for senior-level managers globally to engage in discussions about management matters face-to-face. We are also working to provide more career support to help employees reach their full potential. By continuing these efforts, we aim to improve our organizational capabilities.

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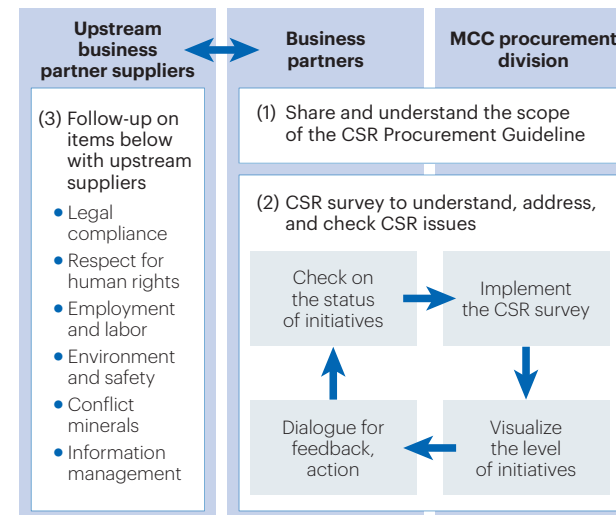
Building Sustainable Supply Chains

We operate all our Group supply chains with our business partners in line with CSR principles, including human rights, as outlined in the Mitsubishi Chemical Group’s Charter of Corporate Behavior and Global Policy on Respecting Human Rights, Employment and Labor. [Charter of Corporate Behavior](#)

Promoting CSR procurement in the Mitsubishi Chemical Corporation supply chain

MCC has created the “Mitsubishi Chemical Corporation and Its Group Companies CSR Procurement Guideline” as a tool to promote CSR procurement by summarizing the company’s approach to its corporate activities and requests for its business partners. MCC has published the guideline online and shares it with business partners to foster a deeper understanding of procurement activities.

CSR procurement at MCC



MCC also asks its raw material suppliers to complete a CSR survey to gain a better understanding of issues relating to compliance and human rights/labor, the environment, and fair business practices in the supply chain. We utilize survey results to provide feedback to business partners and engage in dialogue about making specific improvements.

By doing so, MCC aims to build sound relationships with its business partners and develop sustainable supply chains.

Results from the CSR surveys in fiscal 2021 and 2022

Initiatives	Results
CSR survey sent to main raw material suppliers	Percentage of procurement value accounted for by suppliers targeted: 90%
Visualize the level of initiatives	Percentage of supplier respondents evaluated: 100%
Send a letter on survey results feedback	Percentage of supplier respondents receiving the letter: 100%
Hold a briefing on CSR procurement	Percentage of participation by target companies in fiscal 2021: 100%
Check progress through individual briefings	Percentage of target companies met with in fiscal 2021: 94% Some meetings were not held due to infectious disease protocols.

Responsible mineral procurement

In conflict-affected and high-risk areas of the world, profits from mineral mining and trade are used to finance armed groups and rebel groups. The use of minerals from such areas may contribute to conflict, human rights abuses, and environmental destruction. MCC has formulated the “Mitsubishi Chemical Corporation and Its Group Companies Responsible Mineral Procurement Policy” based on the principle that we will not procure minerals that are known to be involved in conflict or human rights abuses in conflict-affected and high-risk areas.

Internal training programs for employees

MCC believes that human resource development is important for the promotion of procurement that takes into account CSR. We will continue our efforts to provide ongoing training programs in the future.

Training programs run in fiscal 2021 and 2022

Program	Description
Training for new recruits, transferred employees	Target: New recruits and newly transferred employees at the Head Office procurement division • Range of basic training on procurement policy (as needed)
General meeting	Target: Personnel in Procurement & Logistics Division • Overview of compliance, information sharing on other CSR matters (twice a year)

Declaration of Partnership Building

MCC published a Declaration of Partnership Building in April 2021 in agreement with the objectives of the Council on Promoting Partnership Building for Cultivating the Future, which aims for large corporations and SMEs to develop sustainable relationships. By working with business partners in our supply chain and value-creating businesses to foster mutually beneficial relationships, we aim to build new partnerships.

Compliance with the Subcontract Act

To maintain sound relationships with its business partners, MCC has clarified a system for ensuring compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. (the Subcontract Act) and established internal rules, including Subcontract Act Compliance Regulations, which indicate the specific scope of application and compliance requirements of the Subcontract Act.

To ensure that transactions are conducted pursuant to such internal rules, MCC periodically implements internal training and audits related divisions.

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Employee-Led Development of Our Way

In September 2022, we invited Group employees to participate in a project to define Our Way, as part of our rebranding to review what the Mitsubishi Chemical Group strives to be now and in the future and to redefine our Group Concept. A total of 414 employees participated in workshops, on-site discussions, and other sessions to brainstorm and finalize a concept for Our Way that everyone can identify with and that inspires personal development in tandem with company growth.

Employee-led approach to sharing ideas, developing concepts

We decided on a new concept that includes three elements—Purpose, Slogan, and Our Way—based on the results of an employee questionnaire run in May and June 2022 (18,417 responses), as well as briefings with Company officers and employees (100 people from around the world) and analysis of the histories of MCG Group companies, our DNA, and our business strategies.

Our Way is what employees use to guide themselves through their daily work to achieve the Group's Purpose.

We ran two types of discussion sessions when developing the Our Way concept.

(1) Employee workshops

Brainstorming by participants based on ideas for Our Way from the employee questionnaires and other sources. Workshops held online (run by region, around six participants per workshop; 114 employees participated).

Discussion points

- Do the ideas for Our Way include our current unique values and expected future values?
- Do the ideas for Our Way help us make good decisions in our daily work?
- Would we be closer to realizing KAITEKI if these values were put into practice across the Group?

(2) Team and on-site discussions

Outcomes from discussions amongst close colleagues at the team and workplace level collected by questionnaires; 300 employees participated.

Using the views collected from the various regions and teams, we created a final concept that incorporated all the ideas of what employees value, both now and for the future, and what they want to do better in the future. This was developed into Our Way and rolled out globally from February 2023.

Dissemination of the new Group Concept

In April 2023, our Head Office held a ceremony to discuss and promote the new Group Concept. Some 1,000 employees from all around the world joined the hybrid-format ceremony, either in person or online, to learn about the significance of the new Concept and how it fits with MCG's worldview, and to hear the CEO and other members of the global leadership team describe their commitment to achieving our Purpose.

To help employees understand the new Group Concept and implement it globally as part of our "One Company, One Team" system, we are planning various events in Japan and overseas, including workshops and awards.

The story of Our Way

Our Way describes five criteria, each illustrated with three specific behaviors. This story is based on the integrity of each individual and their respect for others and is presented through bravery and diverse collaboration to show persistence to stakeholders.



Group Concept ceremonies at various locations



Tokyo (Head Office)



Leaders describing their commitment to achieving our Purpose



United States



Germany