

Sustainability Briefing 2025

February 27, 2025
Mitsubishi Chemical Group Corporation



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- 2 Sustainability**
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Contents

1 ESG Management as a Key Driver for Achieving KAITEKI Vision 35

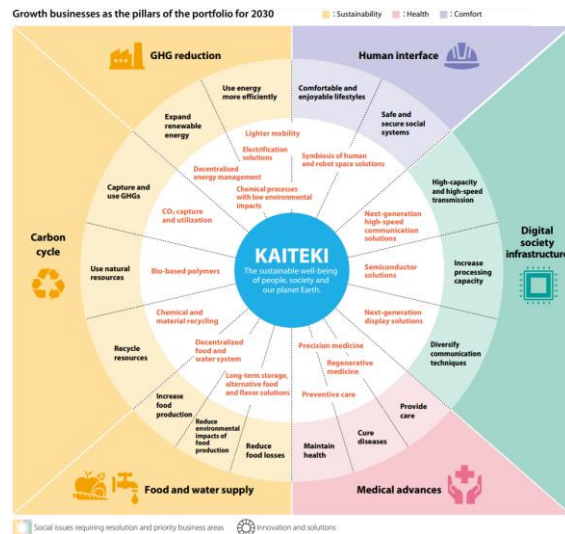
Manabu Chikumoto
Representative Corporate Executive Officer,
President & Chief Executive Officer

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

Targeted business areas for KAITEKI Vision 35

KAITEKI Vision 35 is rooted in our Purpose and addresses pressing issues facing society

KAITEKI Vision 30



Five key societal challenges

Effective energy use
and decarbonization

Sustainable resource
management

Digital technology
advancement

Food and water
resource optimization

Extension of
healthy life expectancy

KAITEKI Vision 35 (focus areas)



Stable supply platform
for green chemicals¹



Eco-conscious mobility



Enable advanced
data processing and
telecommunications



Food quality preservation



Technology and equipment
for new therapeutics

1. Basic chemicals and their derivatives with reduced environmental impact

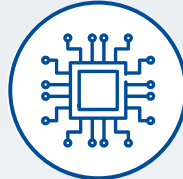
Our Vision across five business focus areas

Become a Green Specialty Company that provides optimal solutions and solve societal challenges



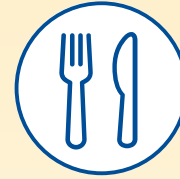
**Eco-conscious
mobility**

**Leveraging materials
to accelerate the shift to
sustainable mobility**



**Enable advanced data
processing and
telecommunications**

**Supporting the
advancement of
semiconductor
ecosystem**



**Food quality
preservation**

**Extending shelf-life of
food products
to support distributing
and processing**



**Technology and equipment
for new therapeutics**

**Enabling new
therapeutics through
high-performance
medical-grade materials**



Stable supply platform for green chemicals

Lead the green transformation of chemical industry globally

KAITEKI Vision 35 Strengthening ESG Management

Environment

Achieve carbon neutrality in FY2050, contributing to a long-term sustainable society

Short- and medium-term measures

- GHG reduction through optimal fuel conversion
- Utilization of water resources
- Waste reduction · CO2 utilization (bio/CCUS)
- Commercialization and scale-up of recycling for various chemicals
- Global collaboration
- Strengthen supply chain management (incl. human rights due diligence)

Long-term measures

- Fuel conversion to hydrogen and ammonia
- CCUS Implementation
- Utilization of biomass feedstock
- Regional and industrial complex cooperation

Social

Company and individuals achieve growth together, maximizing the human capital of the entire Group

► Who we need

- Mindset to take challenges as opportunities
- Distinctive skills and strengths
- Soft skills that cannot be replaced by AI
- Strong sense of ownership
- “Connect” mindset

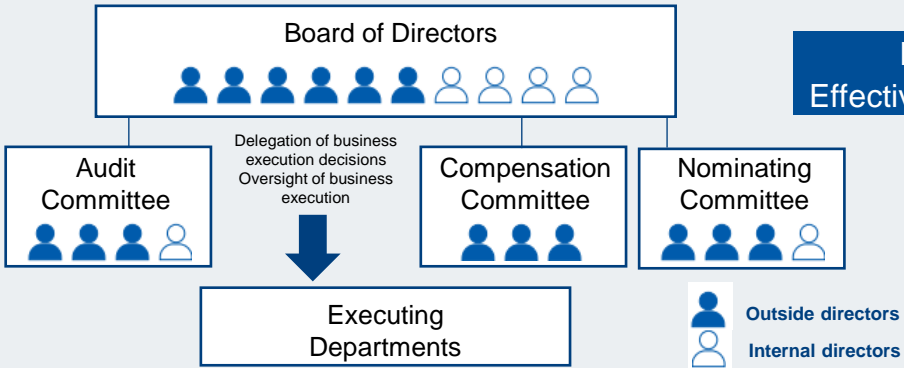


► What we offer

- Opportunities for personal development through large-scale, impactful project
- Fair reward system for individual achievements and contribution to the team
- Transparent working environment encouraging autonomy

Governance

Establishing a corporate governance structure underpinning the transformation and the enhancement of corporate value



Measures to Enhance the Effectiveness of the Board of Directors

- Strengthen monitoring functions
- Enhance discussions on strategy
- Improve the effectiveness of the Nominating Committee

**The world is becoming more complex,
the pace of change is relentless,
our customers are expecting and demanding more.**

Our way forward is clear.

**As a “Green Specialty Company” we are committed,
to solving social problems and to delivering impressive results to customers
with the power of materials.**

Contents

1 Sustainability

Noriyuki Mita
Vice President,
Chief Sustainability Officer

Sustainability

- **KAITEKI Vision35 and Sustainability**
- **Overview of Sustainability**
- **CN Initiatives, GHG Emissions**
- **CE Initiatives**
- **Progress on Specific Projects**
- **Sustainability Promotion Structure**

KAITEKI Vision35 and Sustainability

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



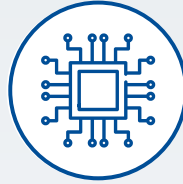
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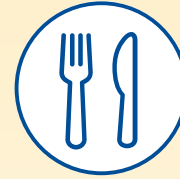
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**Enable advanced data
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**Technology and equipment
for new therapeutics**

**Enabling new
therapeutics through
high-performance
medical-grade materials**



Stable supply platform for green chemicals

Lead the green transformation of chemical industry globally

Achieve carbon neutrality; contributing to a long-term sustainable society



Drive initiatives in five business focus areas

Short- and medium-term measures

- GHG reduction through optimal fuel conversion
- Utilization of water resources
- Waste reduction
- CO₂ utilization (bio/CCUS¹)
- Commercialization and scale-up of recycling for various chemicals
- Global collaboration
- Strengthen supply chain management (incl. human rights due diligence)

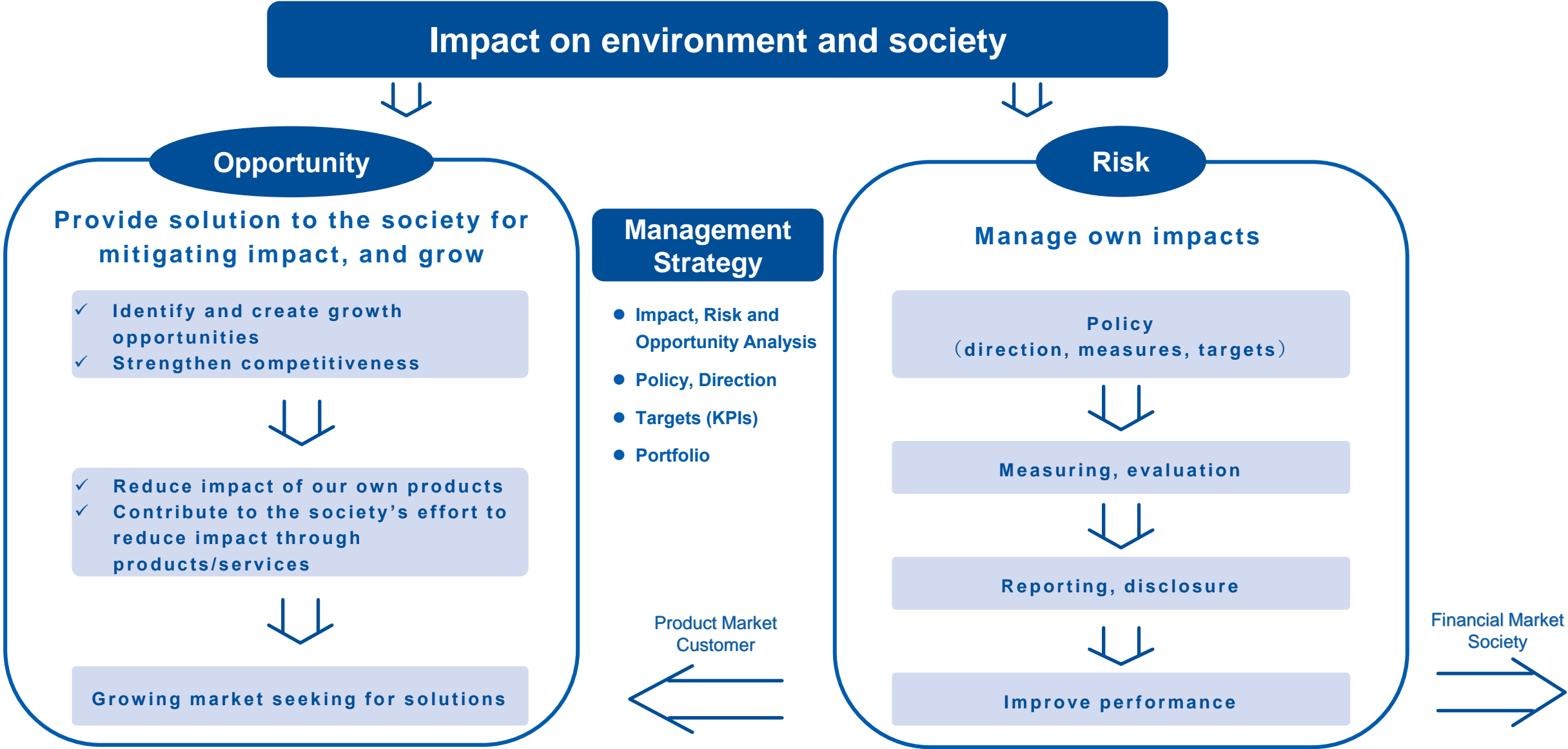
Long-term measures

- Fuel conversion to hydrogen and ammonia
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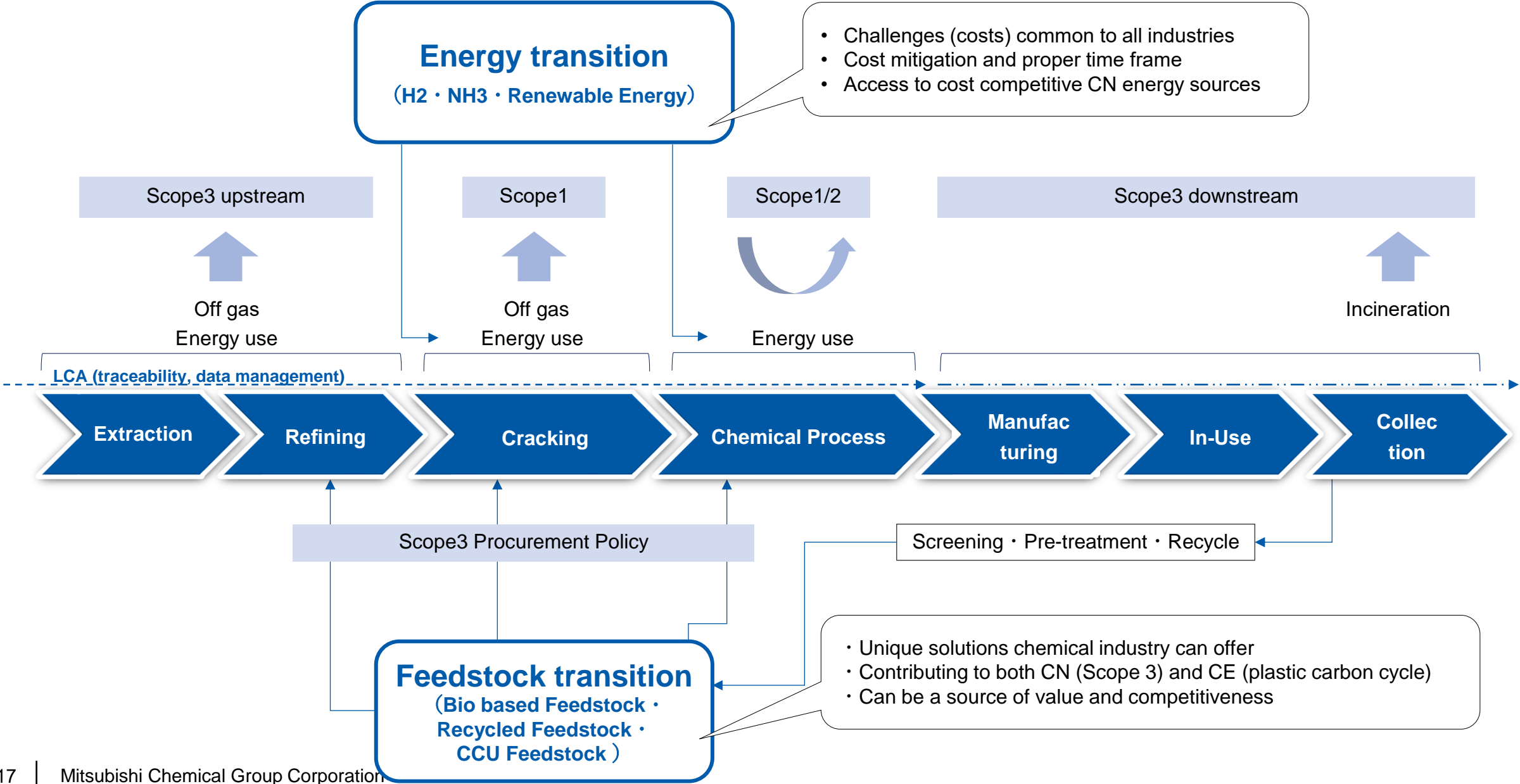
1. Carbon Capture, Utilization and Storage

Overview of Sustainability

Overall Picture of Sustainability



Direction for Decarbonization of Chemical Industry



Mitsubishi Chemical Group Initiatives

We are working to commercialize all three routes: recycling, biomass, and CO2



Recycle



Biomass



CO₂ &
Renewable Energy

Chemical recycling of waste plastic by oilification using supercritical water

Demonstrative operation to begin in FY2025 @ Kashima

Production of plant-derived ethylene and propylene from bioethanol

Commercialization @ Kashima under consideration

Production of polypropylene from CO2 and green hydrogen

Commercialization @ Abu Dhabi under consideration



Key Issues and Major Initiatives at MCG



	STEP1: Strengthen MCG's Initiatives	STEP2: Contribute to Growth Areas in Sustainability
Environmental Impact Reduction	<div>Energy transition + feedstock transition · CCS</div> <div>Reduce impact of water and waste on ecosystems and soil</div>	<div>Contribute towards effective use of water and waste (land)</div>
CE Promotion	<div>Promote CE-related business opportunities (address ELV Directive, etc.)</div>	
LCA Promotion	<div>CFP/PEF calculation and labelling of products/businesses</div>	
Sustainability Disclosure/Reporting	<div>Comply with sustainability disclosure regulations (CSRD, SSBJ etc.)</div>	
Data Management	<div>Upgrade and optimize data management for both product and business data (PCF/PEF) labelling and for sustainability disclosure/reporting</div>	
Supply chain Management	<div>Enhance sustainable procurement</div>	

Incorporating Sustainability (GX) into Business Strategy

Needs for GX

► Needs for CN/CE

- ✓ CN (Scope3, GHG reduction)
- ✓ CE (recycle, bio rate)
- ✓ Other environmental footprints

► Markets growing through GX

- ✓ Energy
- ✓ Mobility
- ✓ Building and construction
- ✓ Consumer good / waste disposal
- ✓ Digital



Solutions to be provided by MCG

► GX of MCG products and services

- ✓ GHG reduction / low CFP
- ✓ Circular materials (bio, recycle)
- ✓ Other environmental footprints

► Providing GX solutions to others (society, consumers, customers)

- ✓ Special functions
- ✓ Environmental design
- ✓ Business model (sharing, etc.)

CN Initiatives, GHG Emissions

On the right track to achieve the target for 2030

Sustainability targets to reduce environmental impact

Reduction of GHG emissions
(compared to FY19)

FY30

-29%

Reduction of waste
(compared to FY23)

FY29

-50%

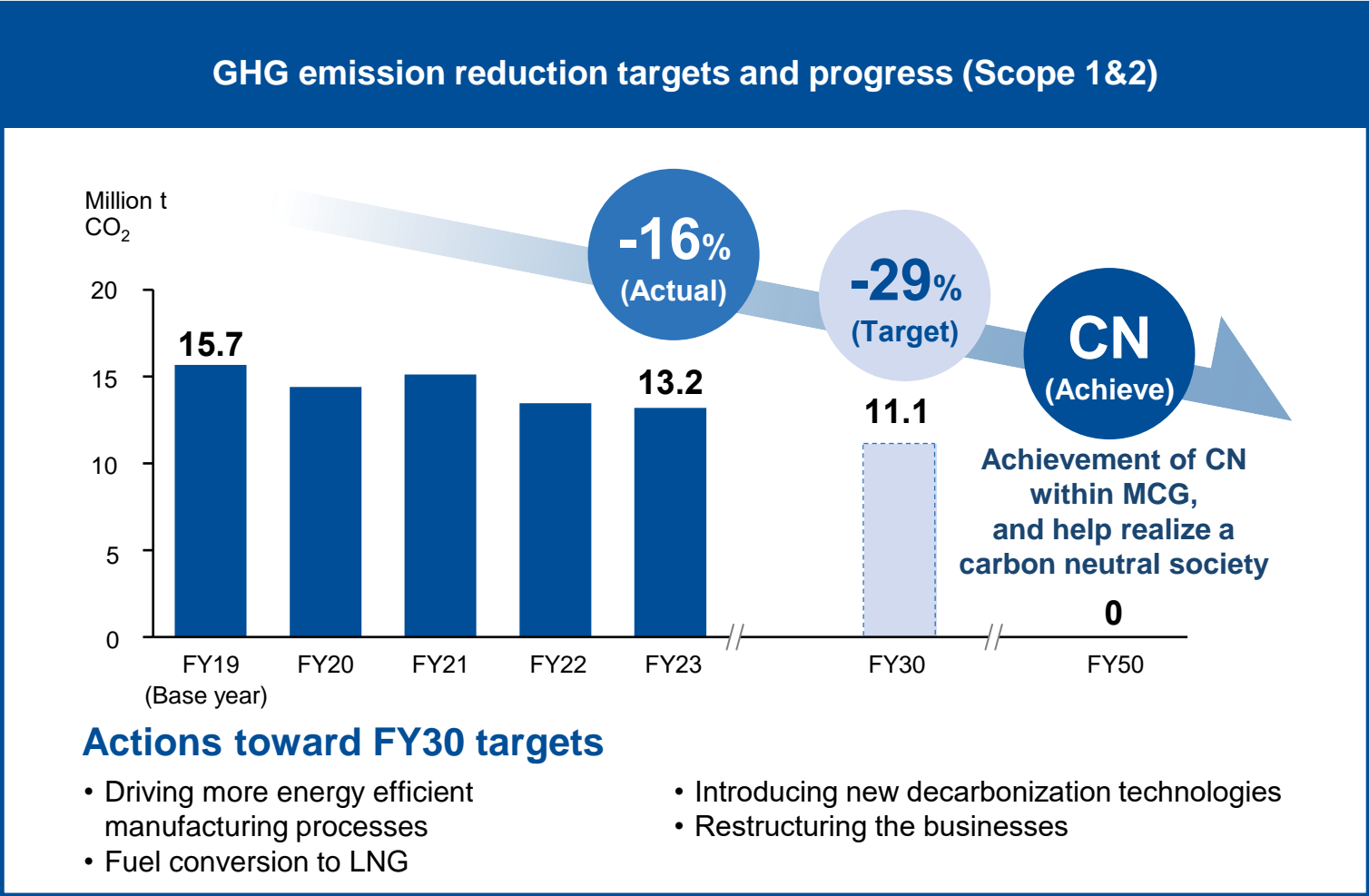
MCC¹ domestic
Amount of waste disposed

Water resources management COD²
(compared to FY23)

FY29

-310t

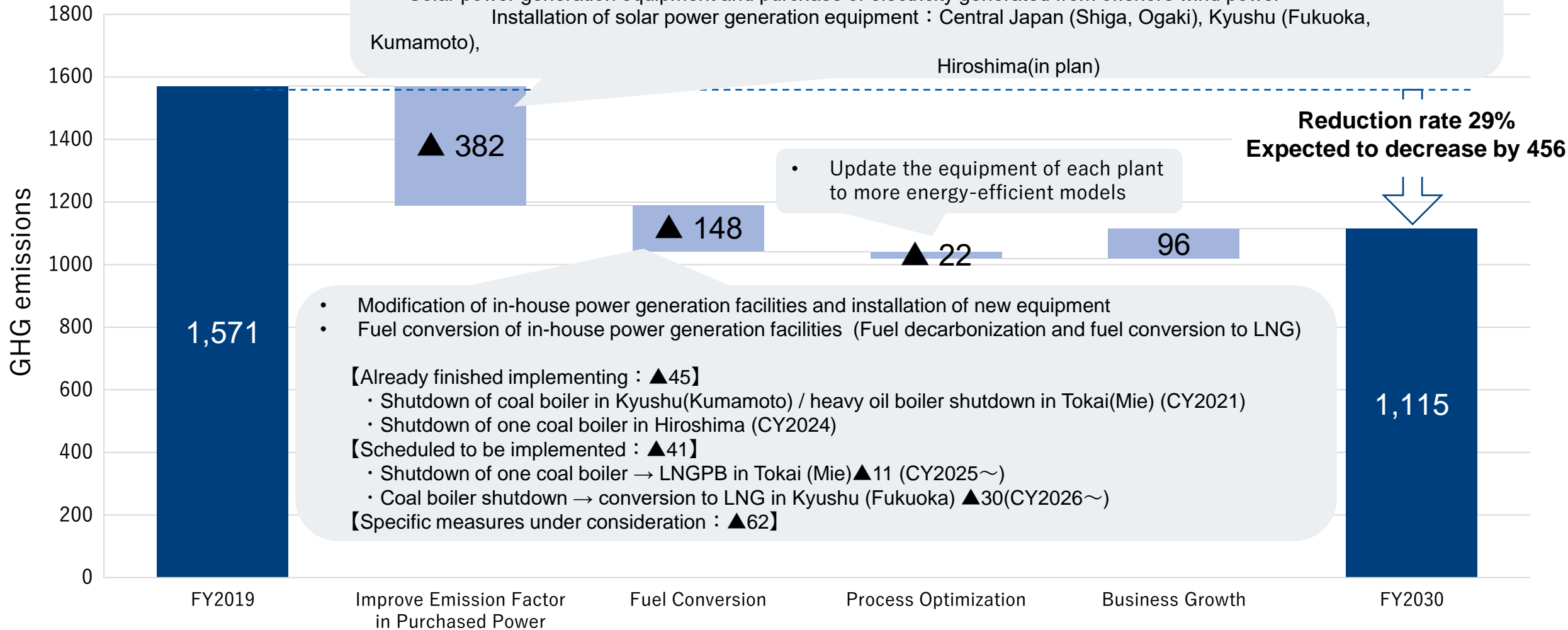
MCC¹ domestic



1. Mitsubishi Chemical Corporation and its subsidiaries and affiliates
2. Chemical Oxygen Demand (COD) | An indicator of the level of water pollution caused by organic matter, etc.(The amount of oxidizing agent consumed when oxidizing agent reacts (oxidizes) with organic matter in water is expressed as a value corresponding to the concentration of oxygen).

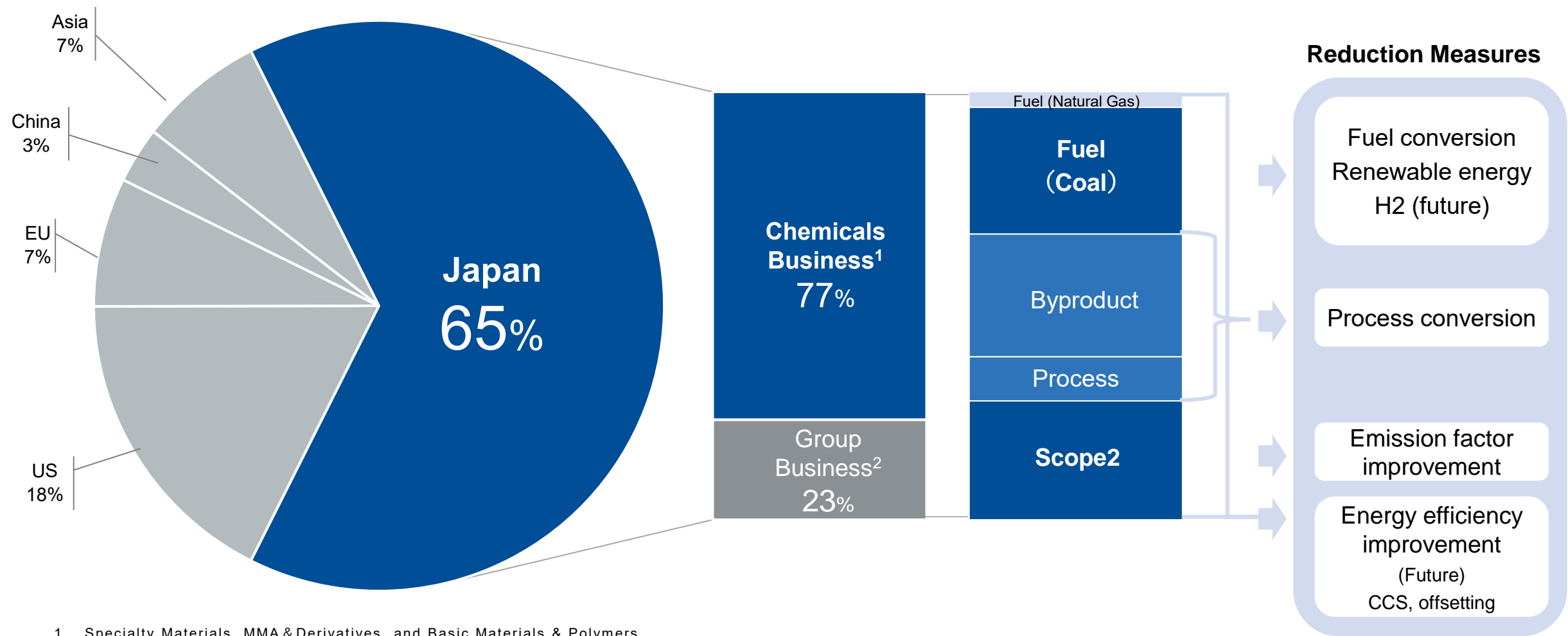
GHG Reduction Plan for 2030 (New Medium-term Management Plan)

[10,000 t--CO₂/year]



GHG Emissions (Scope 1, 2) Base Year 2019 and Reduction Measures

- Most Scope 1 and 2 emissions are in Japan (chemicals business)
- Pursuing fuel conversion, improving Scope 2 emission factors, etc., to achieve carbon neutrality in FY2050



1. Specialty Materials, MMA & Derivatives, and Basic Materials & Polymers
2. Pharma and Industrial Gases

For 2030

- Scope1 Fuel conversion (coal to LNG, electricity, renewables) , process streamlining
- Scope2 Emission factor improvement, energy efficiency improvement
- Scope3 Strengthening sustainable supply chain management / procurement
- Carbon Pricing
 - ✓ Japan: Fossil fuel levy ('28~), mandatory participation to GX-ETS 2nd phase ('26~)
 - ✓ EU: Billing of CBAM ('26~), phase out of free allowance for CBAM sector



Beyond 2030

- Scope1, 2, 3 Continue implementing the measures for 2030

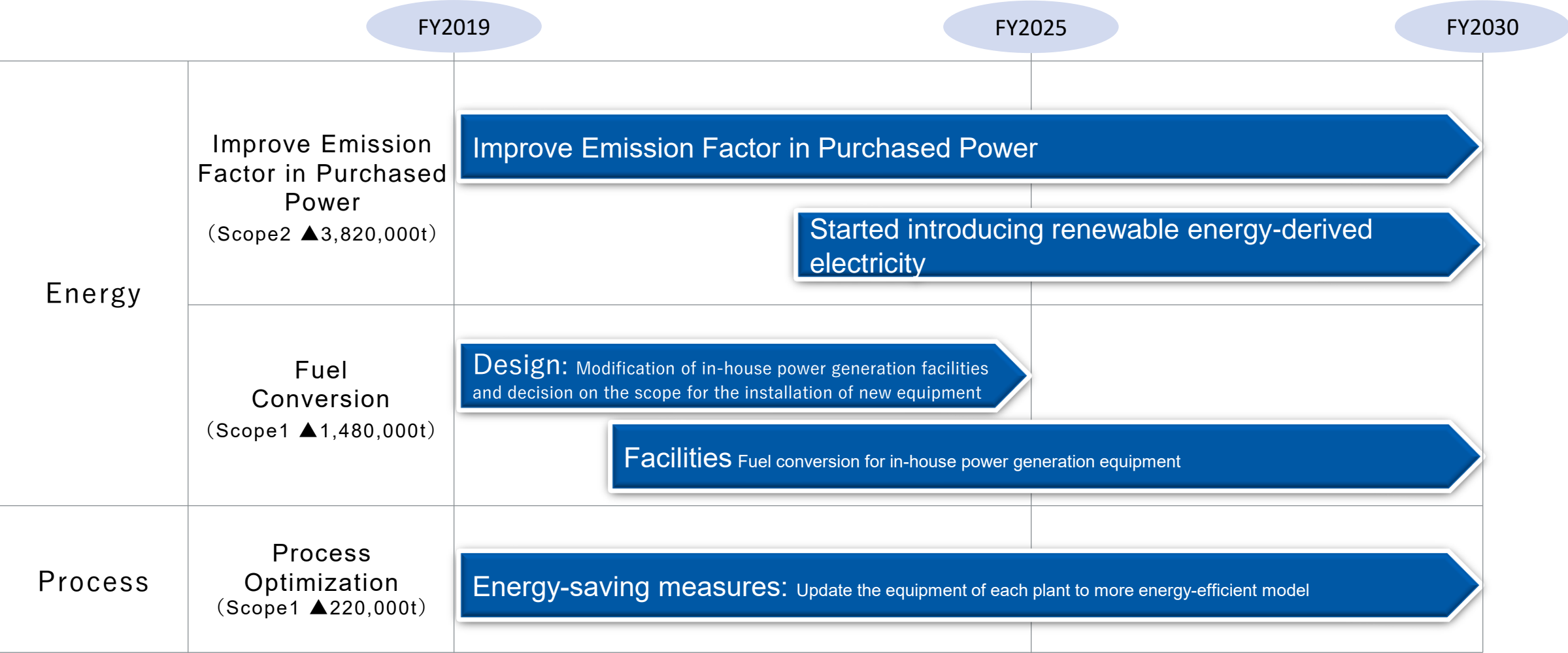


- Fuel conversion (LNG to renewables, H2/NH4/e-methane)
- Fundamental process conversion (feedstock transition)
- CCS, offset

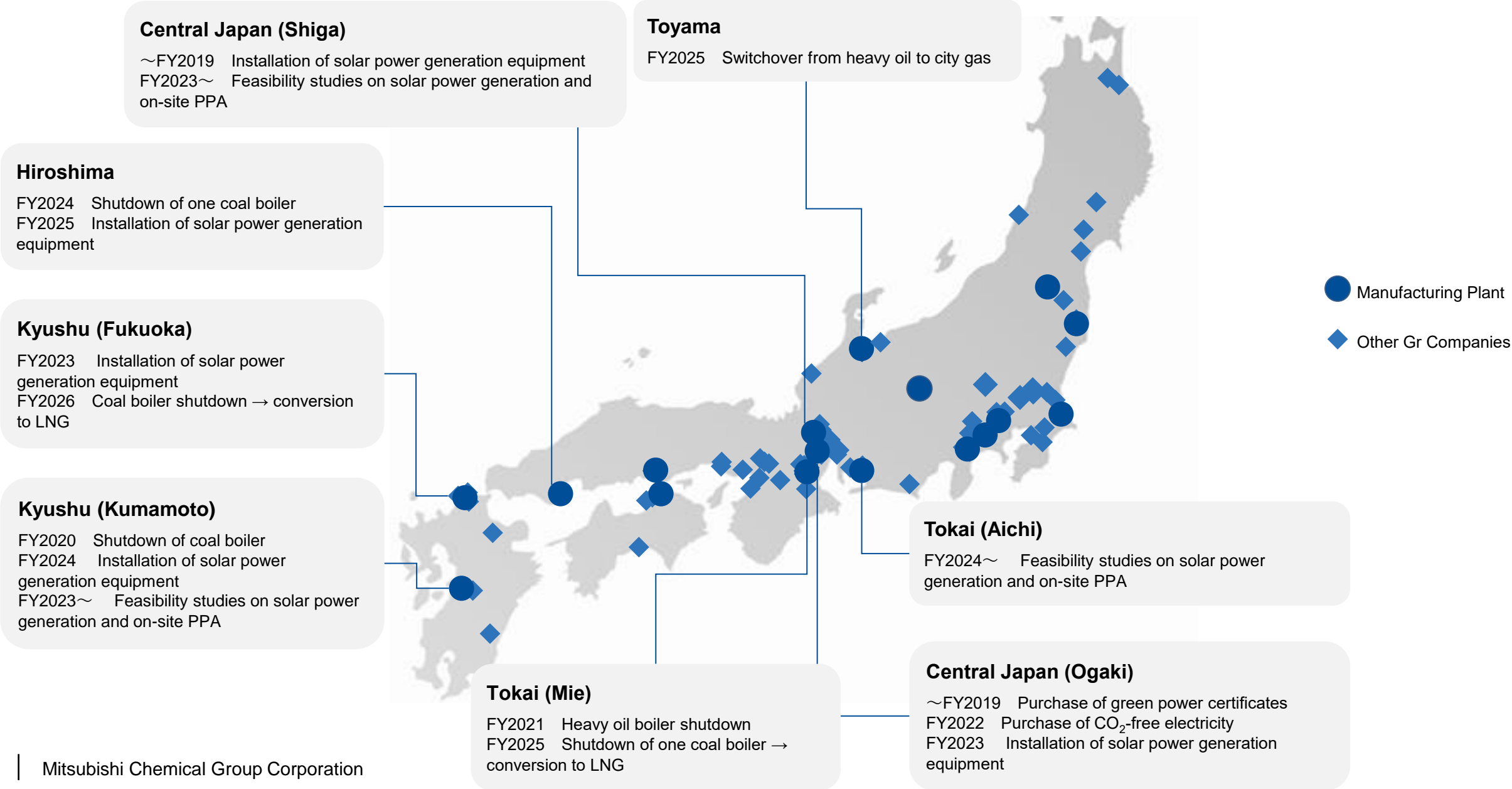
- Monitoring, data management

Reduction Plan for FY2030

Proceed with the detailed design to convert fuel from coal to LNG by FY2025 and aim to complete decarbonization by FY2030.

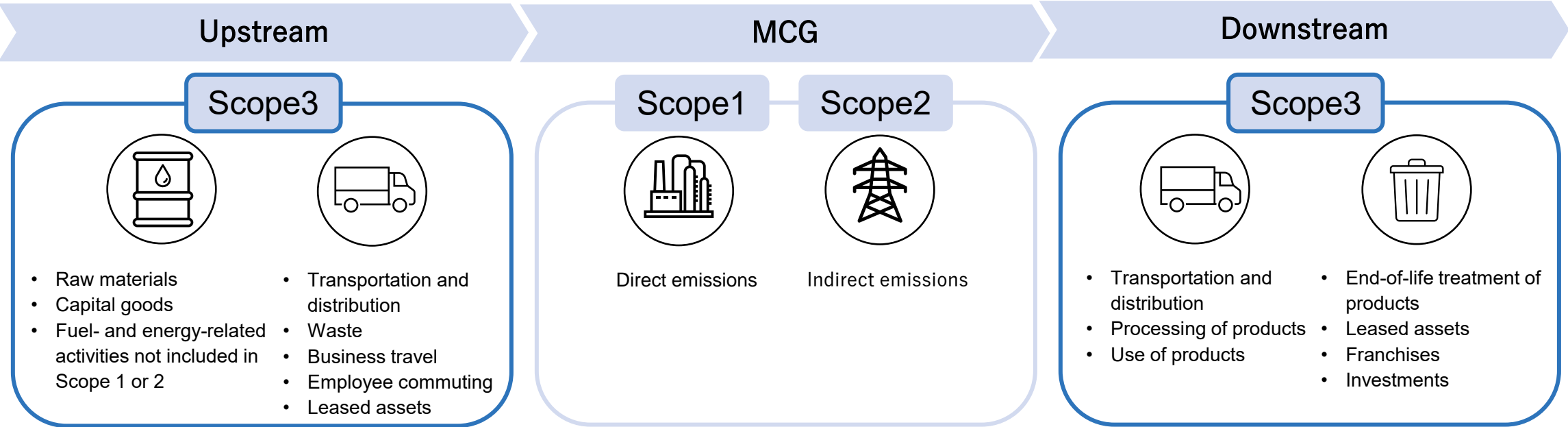


Chemicals Business Site Initiatives for Fuel Conversion

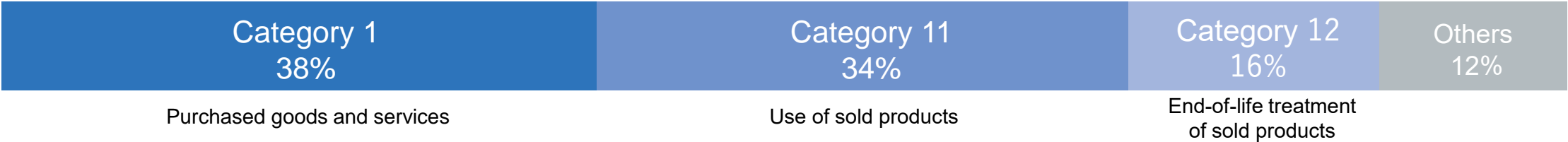


About Scope3

- Scope3 supply chain emissions are divided into 15 “upstream” and “downstream” categories stipulated by the GHG Protocol
- Scope3 emissions accounted for 47,046,000 tCO2e. Categories 1, 11, and 12 accounted for 90% of total Scope3 emissions (FY2023 results)

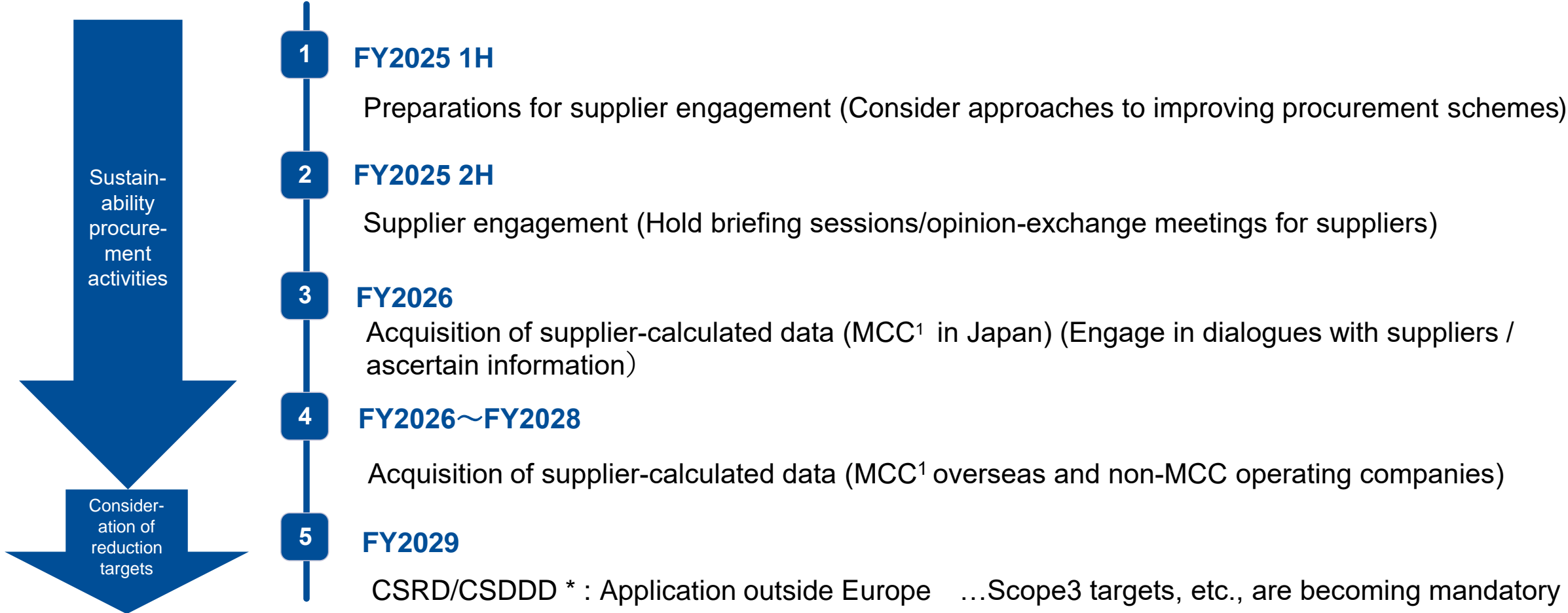


FY2023 results Scope3: 47,046,000 tCO2e



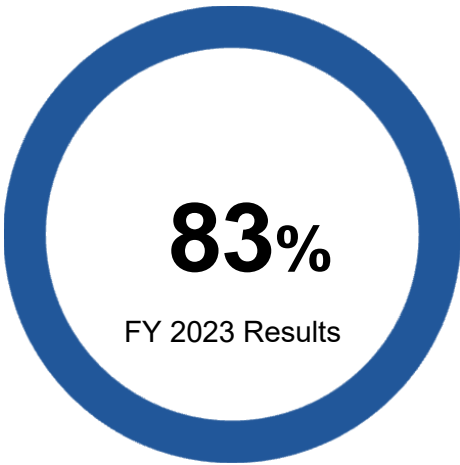
Action Plan for Scope3 Category1 Reduction and Sustainable Procurement

- To reduce Category 1 emissions, supplier-calculated data rather than the current secondary data needs to be used when measuring emissions intensity.
- We aim to reduce GHG emissions throughout the supply chain by sharing and supporting suppliers' efforts to further reduce GHG emissions.



Sustainability Procurement Activities

We conducted a CSR questionnaire survey of our major business partners, analyzed the results, and classified the companies into four ranks (A to D) in accordance with their initiatives on ESG-related issues.



Percentage of purchase price accounted for by CSR survey



Number of companies evaluated in the current fiscal year via the CSR questionnaire survey



Supplier training through CSR procurement briefings (for B, C and D ranked companies)



Individual interviews conducted (C- and D-ranked companies)

**CSR questionnaire survey ranks and definitions
A: Suppliers who have made sufficient efforts and are considered unlikely to commit acts adversely affecting human rights
B: Suppliers who have made certain efforts but needs further continuous improvements
C: Suppliers who have made effort, but are considered to have some concerns
D: Suppliers considered whose efforts are not enough and whose status we would like to check

CE Initiatives

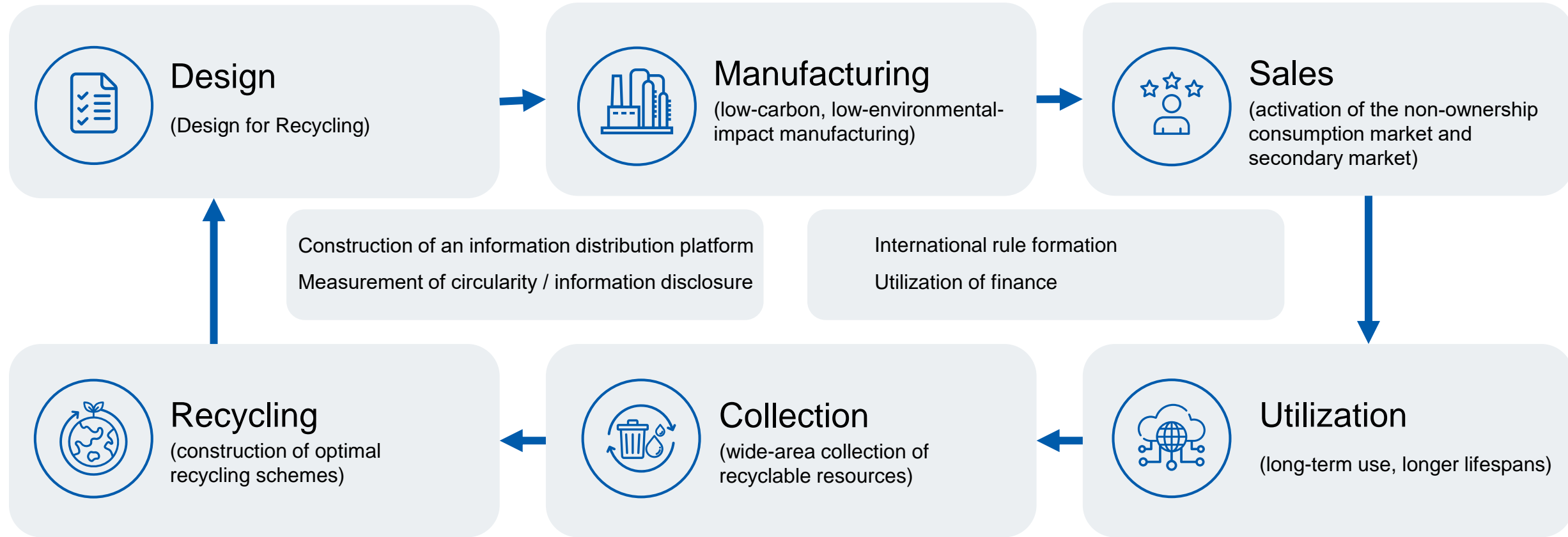
Plastics/CE Regulations

- Regulation on plastic is developing from viewpoint of 1) preventing plastic pollution and 2) CE/resource efficiency, led by EU.
- Requirements include CE/eco design, use of recycled materials (recycling ratio), setting targets, production/use restriction on certain chemicals and plastics.

(Year)	~2020	2020	2022	2023	2024	2025	~	2030	~	2040	~	2050
Global						◆ Agreement reached under Plastic pollution Convention (INC)						
Japan			◆ Plastic Resources Circulation Promotion Act			◆ Ongoing discussions on strengthening regulations on recycled material use (recycling ratios), etc.						
EU	◆ 2019 Single-use Plastics Directive	◆ New CE Action Plan ◆ France & Germany Circular Economy Law	◆ Packaging Waste Regulation (PPWR)		◆ Eco-design for Sustainable Products Regulation (ESPR)			2030 All packaging materials can be recycled. 2040~Only reusable items can be negotiable				
				◆ End-of-Life Vehicle Regulation (ELVR)	proposal			25% recycled content of beverage bottles by 2025, 30% by 2030				
								25% recycled content by 2025, 25% of which from wasted cars				
US		◆ CA and other states Recycled content targets, ban on plastic sold in bulk, etc.								50% recycling rate for solid waste by 2030		
China	◆ Ban on import of waste materials including plastic			◆ Technical Standard for Prevention of Waste Plastic Pollution								

Initiatives of Circular Economy (CE)

CE is not only recycling. Comprehensive actions throughout the whole lifecycle—from design, manufacturing, and sales to use and recovery— is necessary.



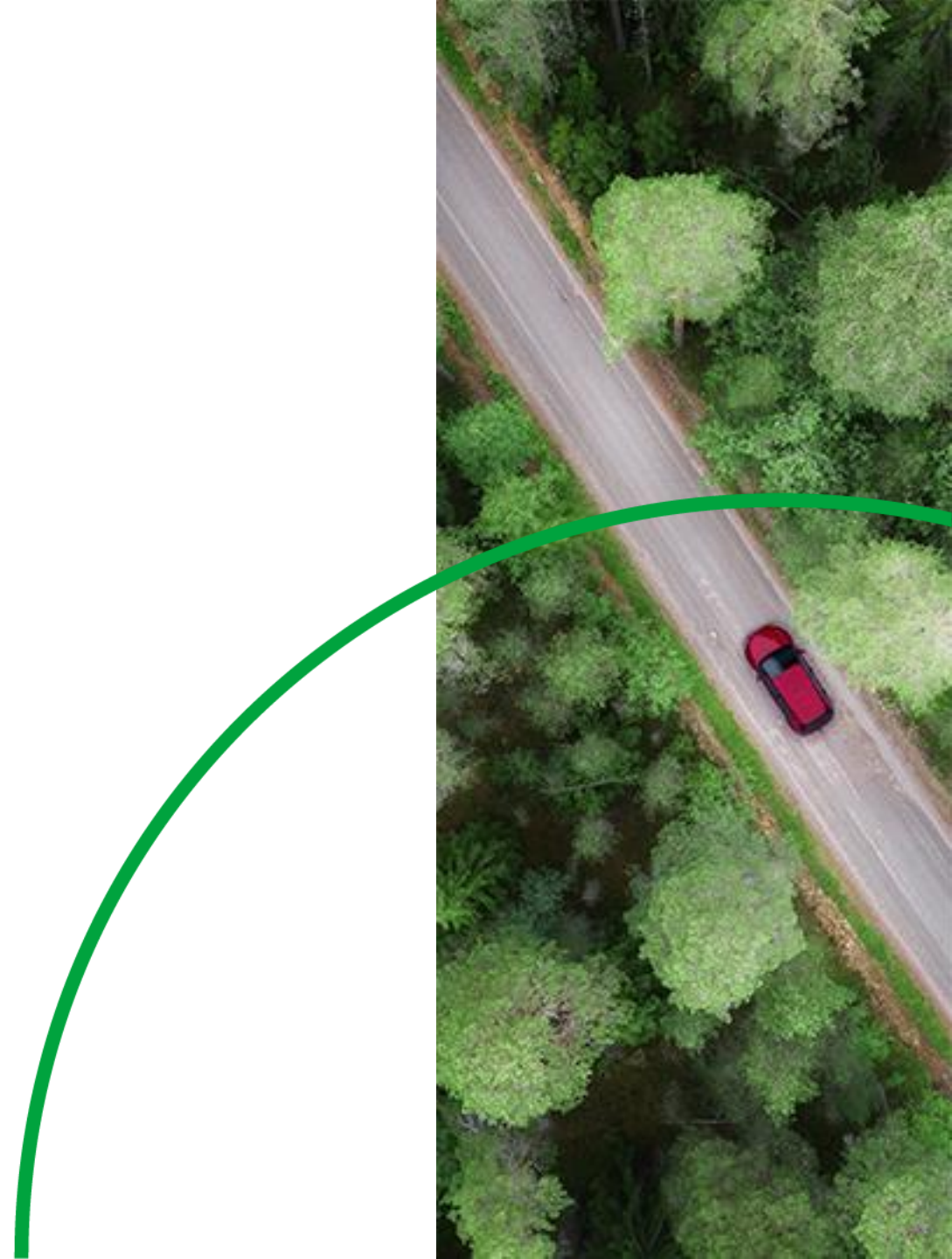
Source: Strategy for a Growth-Oriented, Resource-Autonomous Economy (Reference Material)

Progress on Specific Projects

Use of plastics as feedstock

Plastic chemical recycling

In collaboration with ENEOS, we will industrialize Mura
Technology's hydrothermal recycling technology
at our Ibaraki plant



Plastic chemical (hydrothermal) recycling technology

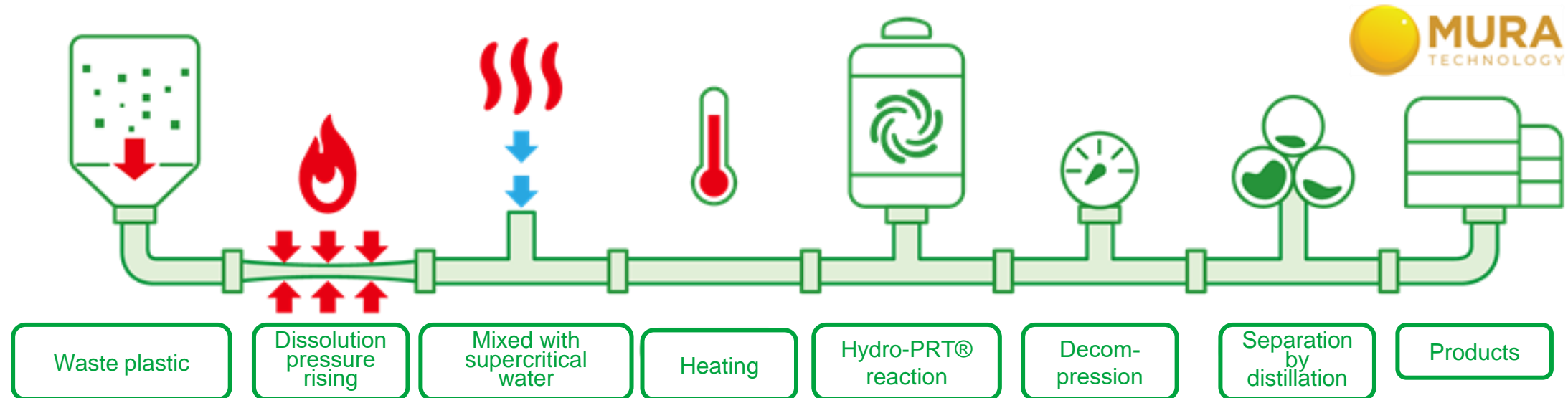
- In collaboration with ENEOS Corporation, built chemical recycling facility to convert used plastic into chemicals and oils.
- Formed a partnership with REFINVERSE Group, Inc., to ensure stable procurement of used plastic as a raw material.

High quality

Able to achieve quality comparable to that of new products

Versatility

Applicable to a broader range of plastic types than material recycling



Plastic Chemical Recycling Project

Location: Ibaraki Plant

Raw plastic processing capacity: 20,000 tons per year

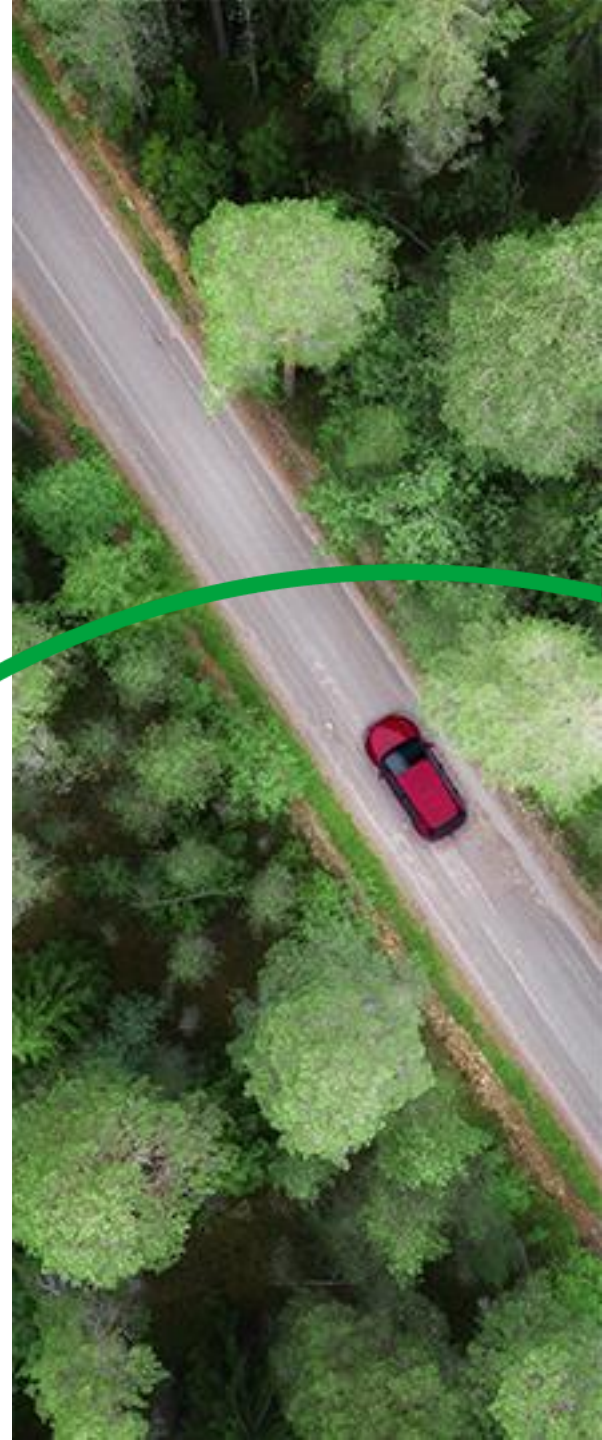
Technology introduced: Hydro-PRT® technology from Mura Technology (UK)

Start of operation: Commercial operation scheduled to begin in FY2025



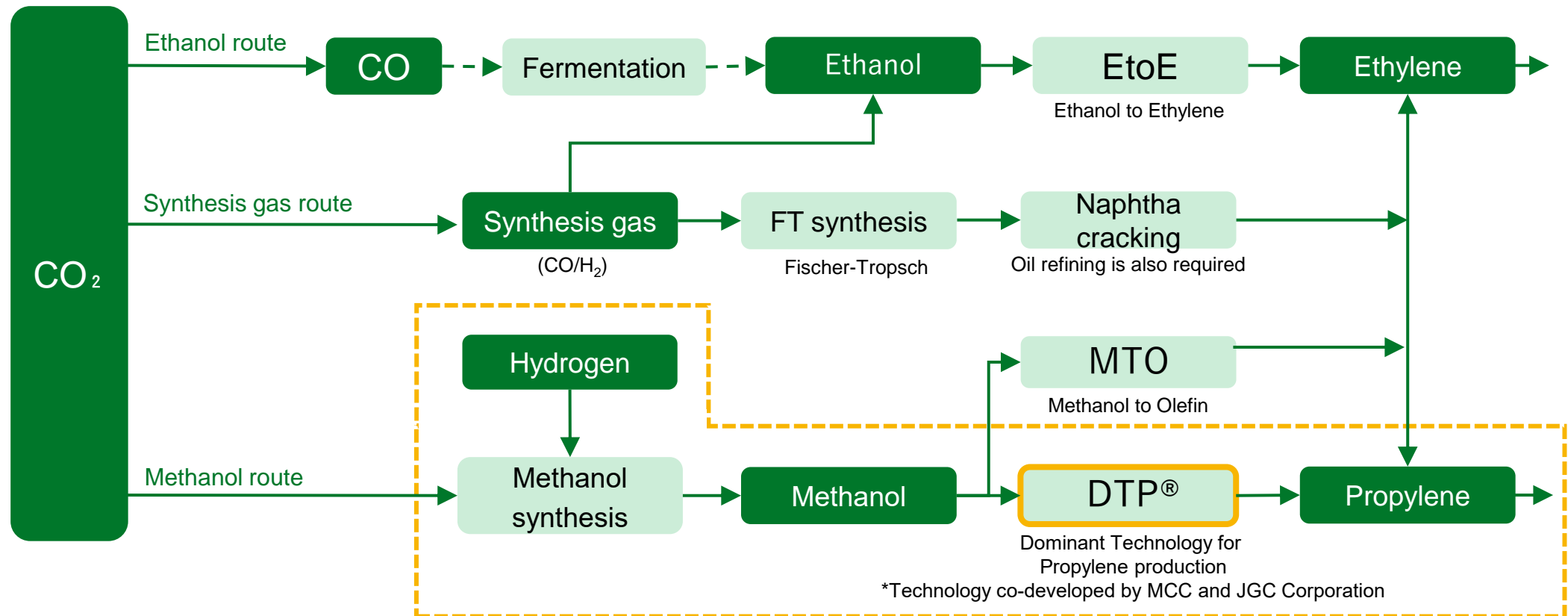
Use of CO₂ as a raw material

Business development for polypropylene production from green hydrogen and CO₂



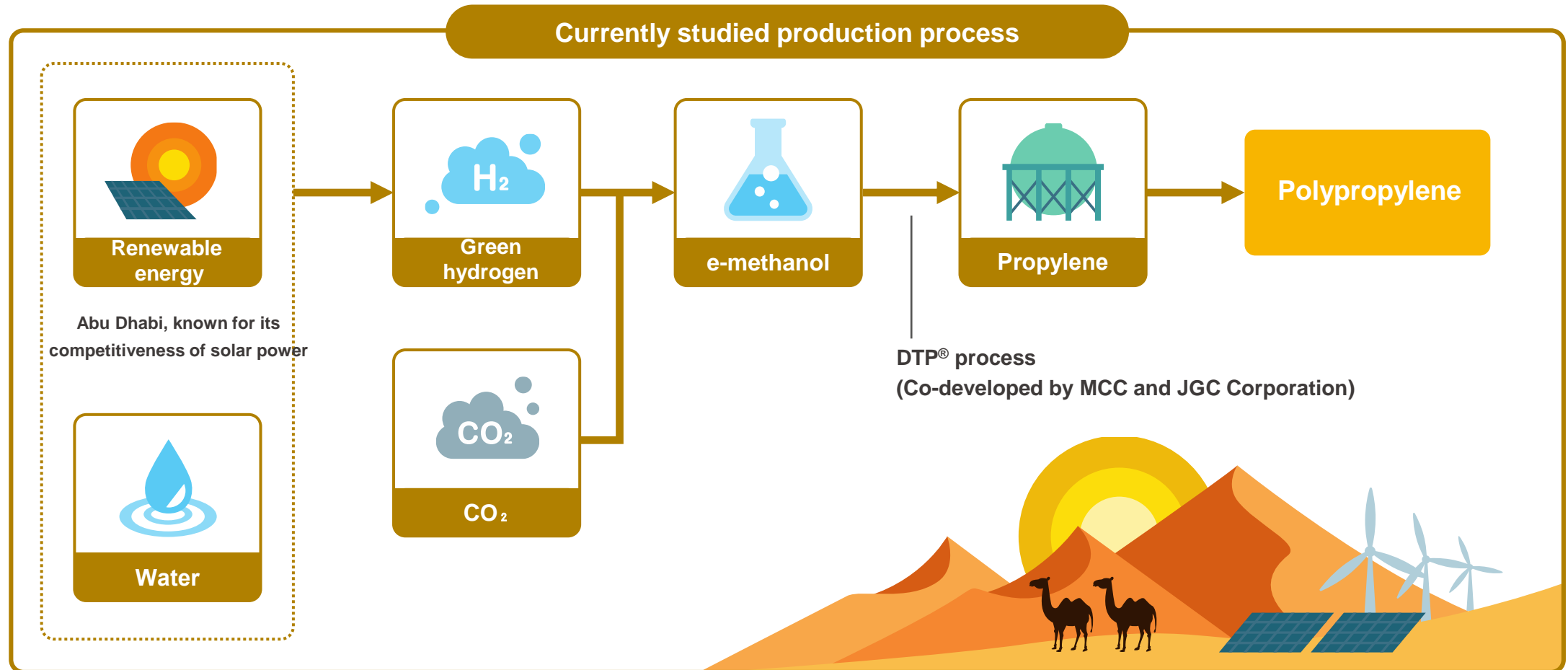
Carbon utilization for basic chemicals

- We co-developed DTP® technology for producing propylene, a key raw material for various chemicals, from methanol.
- This technology enables efficient and selective production of propylene, which is difficult through other CO₂ utilization routes



Conducting study on the commercial production of polypropylene from CO₂ and Green hydrogen

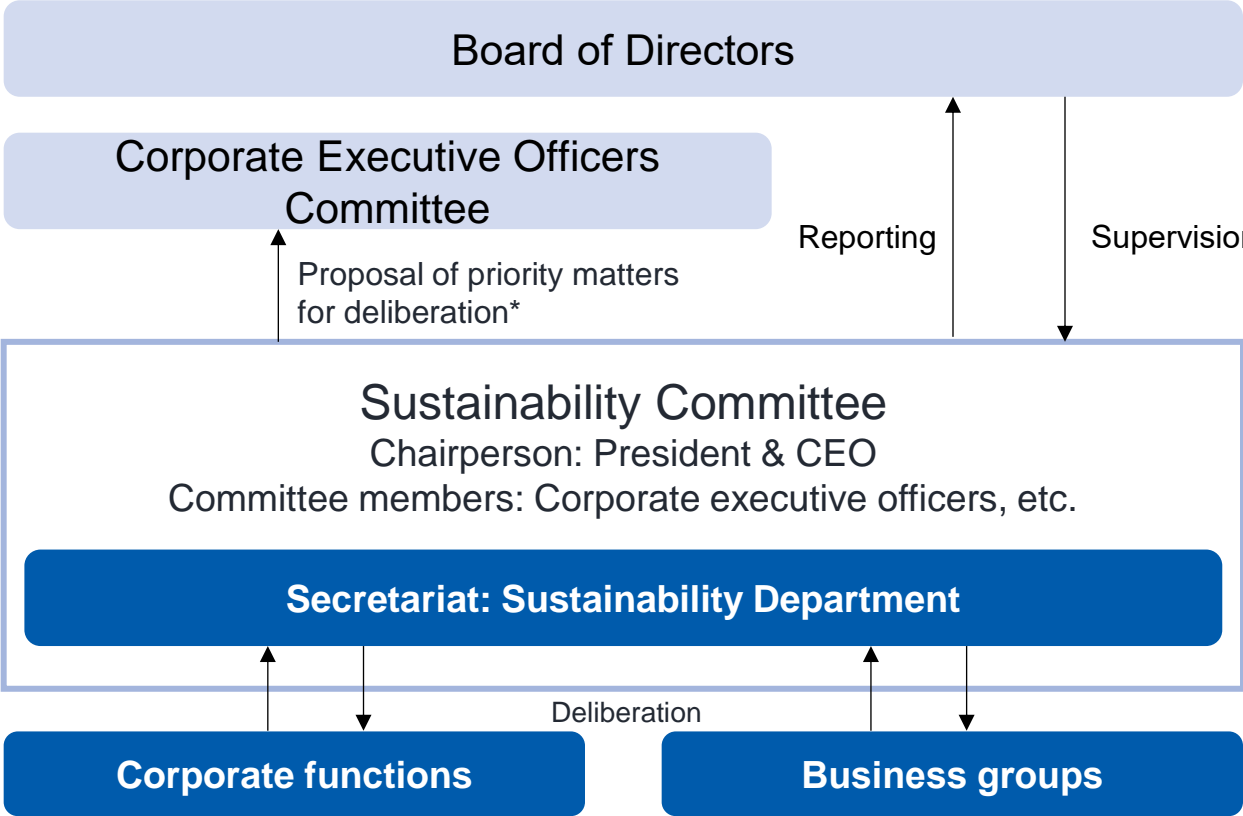
Abu Dhabi Future Energy Company PJSC (Masdar), INPEX, and MCC are jointly studying the commercialization of PP production in Abu Dhabi.



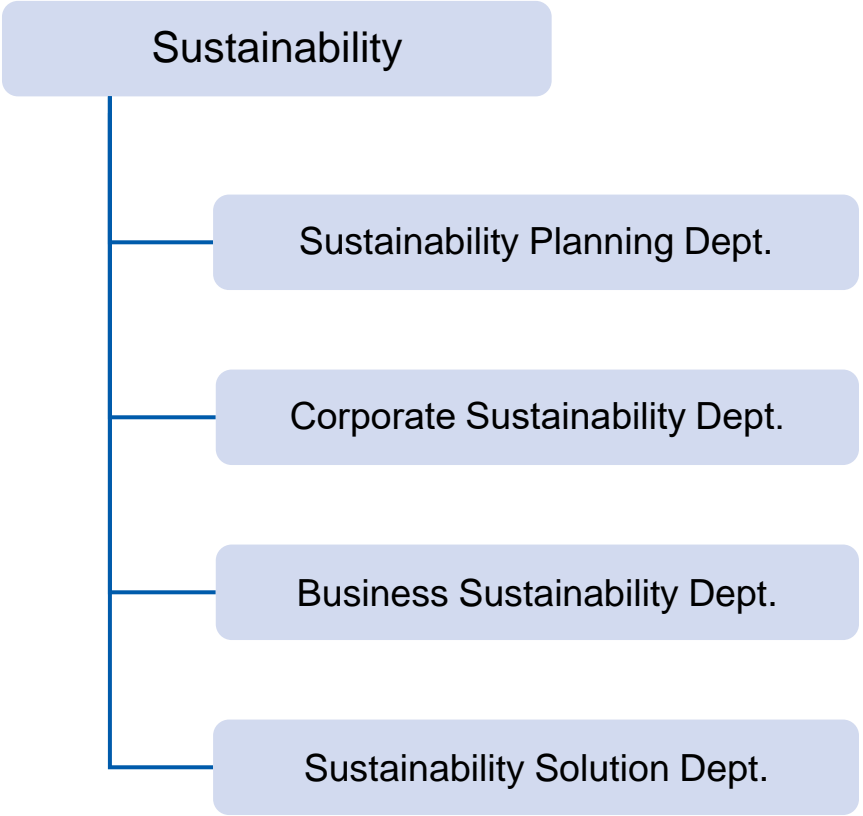
Sustainability Promotion Structure

Structure for Implementing Sustainability

- The Group has established the Sustainability Committee, which is chaired by the president & CEO
- Under the supervision of the Board of Directors, it acts as a forum for discussion of the Group’s sustainability policies and related matters and to supervise and monitor progress in various activities.



※ When necessary



Contents

3 Human Capital

Masahiko Tanaka
Vice President
Chief Human Resource Officer

Assigning the right person for the right roles unleashing the potential of our human capital

We need people with	Action	Targets
<div><div>►Ownership</div><div>Takes pride and responsibility in one's work</div></div> <div><div>►Distinctive skills and strengths</div><div>Highly specialized and able to contribute to the team</div></div> <div><div>►Challenge spirit</div><div>Challenging spirit, adding value towards realization of KAITEKI</div></div> <div><div>►"Connect" mindset</div><div>Lead diverse collaborations across the organization</div></div>	<div><div>►Promote diversity</div><div>Develop a diverse pool of talent both within and outside the company</div></div> <div><div>►Develop people capable of global management</div><div>Training top talents and next-generation top talents</div></div> <div><div>►Provide opportunities for challenges through the delegation of authority</div></div> <div><div>►Evaluate contribution to "Connect" beyond organizations</div></div> <div><div>►Encourage challenges</div></div> <div><div>►Reward achievements based on deliverables</div></div>	<div><div>Employee engagement¹</div><div>69pp (FY23) ⇒ 80pp² (FY29)</div></div> <div><div>Diversity at the decision-making level³</div><div>29% (FY24) ⇒ 40% (FY30)</div></div>

1. Percentage of favorable responses to set items in the employee awareness survey
2. pp = percentage point
3. The percentage of executives plus top-tier employees who meet any of the following criteria: international (foreign nationality), female, and multi-career (mid-career recruitment).

Contribution to realize the KAITEKI Vision 35/New Medium-term Management Plan by maximizing the strengths of human resources within the Group

Vision for FY29

Synchronization of management and business strategies with HR strategies	
Optimal global placement and promotion of human resources	
Environments that maximize potential	Places for growth and challenge Leveraging of diverse values High psychological safety
Attractive corporate group	A place for top talent High engagement
Lean and productive organizations	Appropriate delegation of authority (ownership) Appropriate personnel management



Today's briefing

1. Synchronization of management and business strategies with HR strategies
2. Selection, training and promotion of global management personnel
3. Revision of HR systems
4. Promotion of diversity
5. Improved engagement

Synchronization of management and business strategies with HR strategies

1) Synchronization of management & business strategies with HR strategies



a) Establishment of HR Business Partner Department (as of July 1, 2024)

- Pursuit of closer relations between HR organizations and business group
- Planning and execution of HR strategies to realize business strategies



b) "Linkage" of business and HR portfolios

- Clarification/visualization of skills required for specific positions and skills possessed by individuals @Workday
- Revision of HR systems for managerial employees



c) Discussion of HR policies by all management executives

- Thorough discussion of key measures by management executives

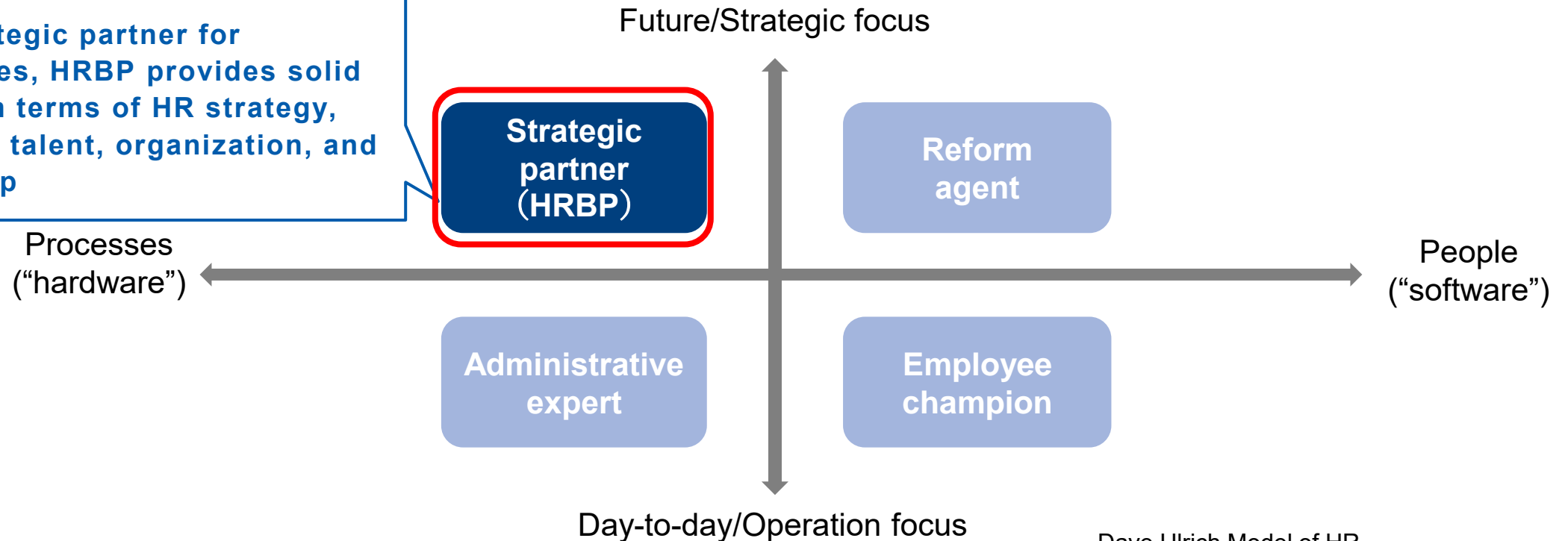
1) Synchronization of management & business strategies with HR strategies



a) Establishment of HR Business Partner Department (as of July 1, 2024)

- Pursuit of closer relations between HR organizations and business group
- Planning and execution of HR strategies to realize business strategies

As a strategic partner for businesses, HRBP provides solid backup in terms of HR strategy, including talent, organization, and leadership



Dave Ulrich Model of HR

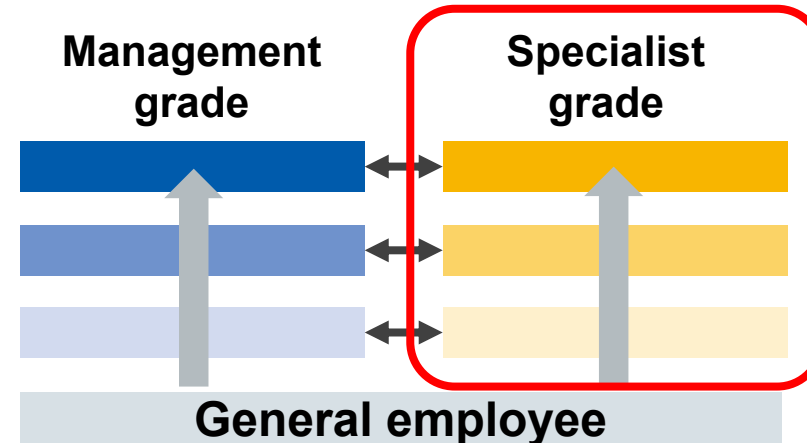
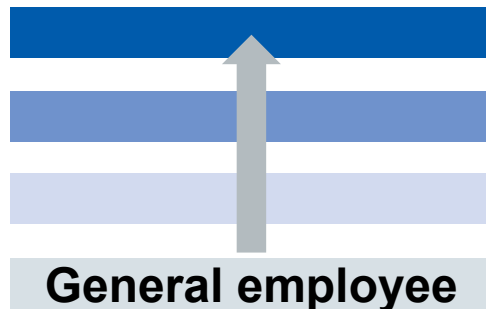
1) Synchronization of management & business strategies with HR strategies



b) "Linkage" of business and HR portfolios

- Clarification/visualization of skills required for specific positions and skills possessed by individuals @Workday
- Revision of HR systems for managerial employees

Revision of HR system for managerial employees under consideration

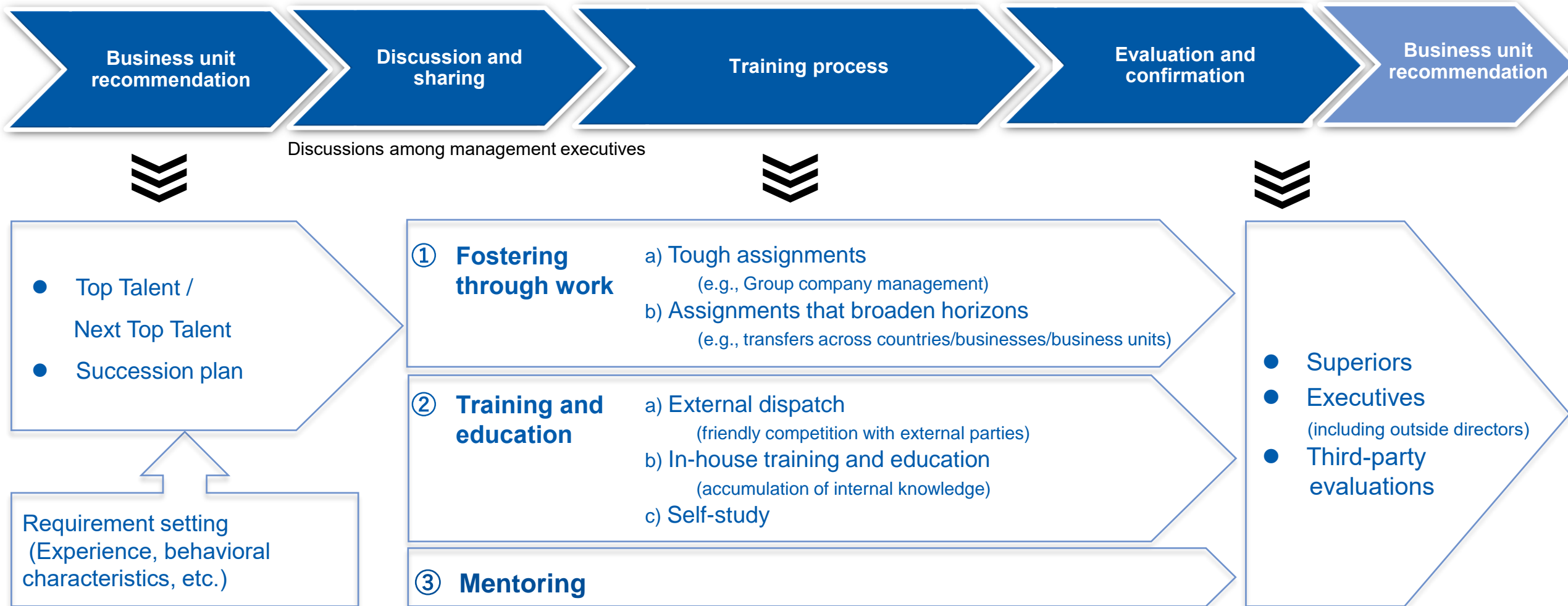


We are considering a revision of the HR system for managerial employees from a single ladder to a double ladder

- ✓ Realizing strategies through "sharp strengths"
- ✓ Supporting specialist careers for employees
- ✓ Enhancing our ability to recruit highly-specialized personnel

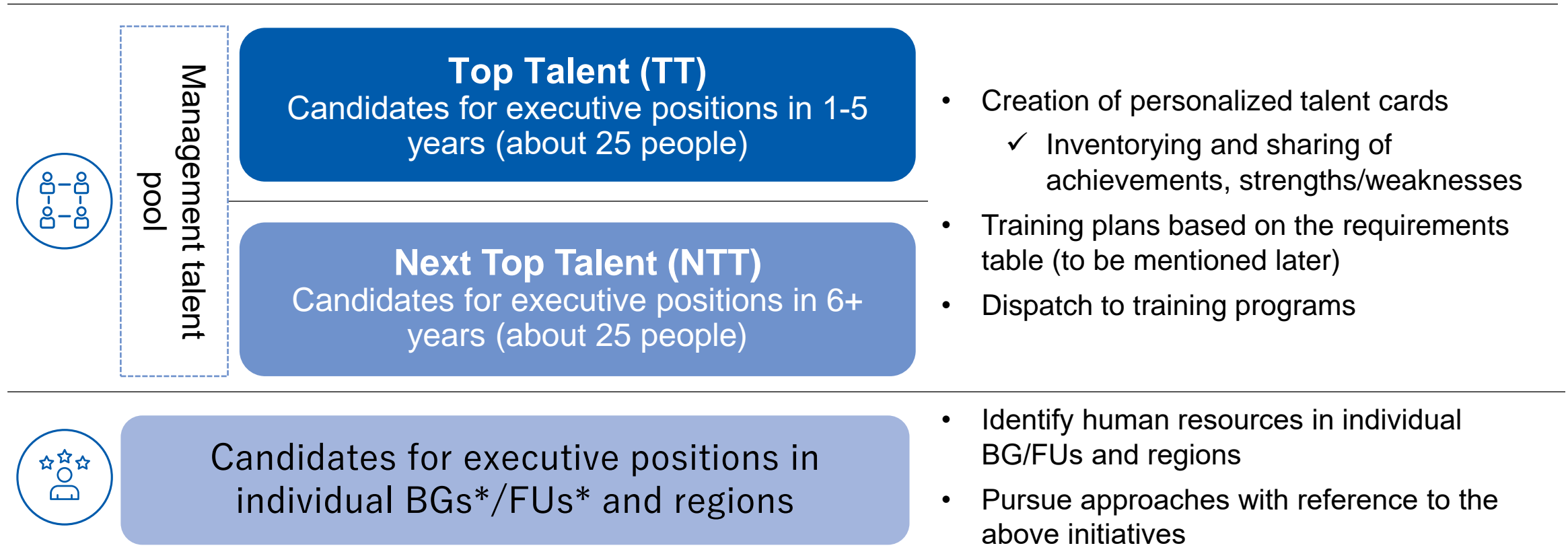
Selection, training and promotion of global management personnel

2) Selection, training and promotion of global management personnel



2) Selection, training and promotion of global management personnel

Overall talent pool

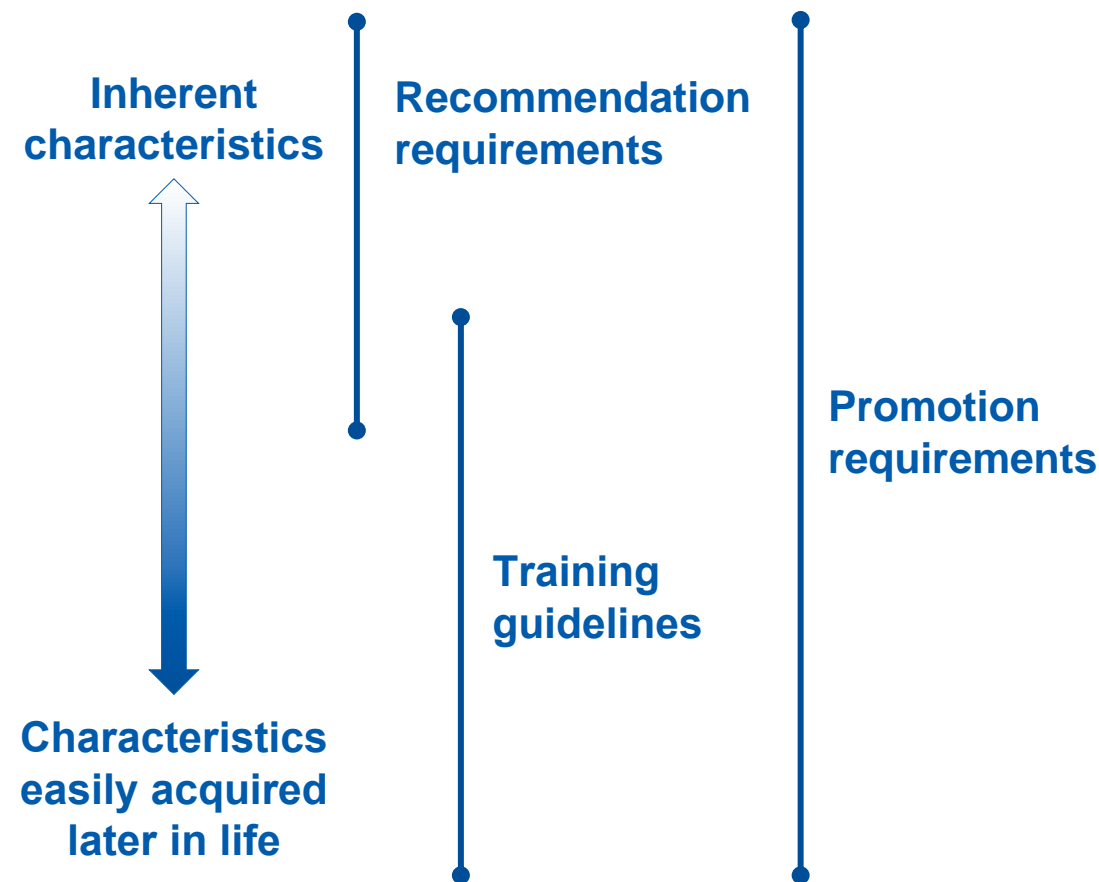


* BG: Business Group FU : Function

2) Selection, training and promotion of global management personnel

Select TT/NTT and plan training programs based on the definitions of management personnel requirements

Element	Summary
Character	<ul style="list-style-type: none">• Enthusiasm for learning and work• Business results, etc.
Behavioral traits	<ul style="list-style-type: none">• Developed based on competencies (e.g., strategic thinking, decision-making ability, etc.)
Experience	<ul style="list-style-type: none">• Experience required to become an executive (e.g., experience in several different business and functional units)
Skills/ knowledge	<ul style="list-style-type: none">• Finance, Corporate governance



Revision of HR systems

3) Revision of HR systems



a) Fostering and evaluating "connecting" human resources and encourage challenges

- Revise evaluation system
- Penetrate new system and enhance operation
- Foundation-building for praise



b) Role-based compensation system

- The roles expected of individuals with certain skills, experience and knowledge should be reflected in job grades and ranks so as to better evaluate their contribution to organizations and job responsibilities.

Fostering and evaluating "connecting" human resources and encourage challenges

Objectives

Develop and evaluate human resources who “connect” beyond organizations, embed a culture that encourages challenges, and foster a suitable culture

Actions

- **Revise evaluation system**

- Incorporate evaluations of "connecting actions" and "challenges" into systems
- Rather than evaluating solely based on the achievement of initial goals, the system also considers actions taken and challenges undertaken for the benefit of the company and organization.(encourage challenges)

- **Penetrate new system and enhance operation**

- Enhance awareness of systems and strengthen MBO* training

- **Foundation-building for praise**

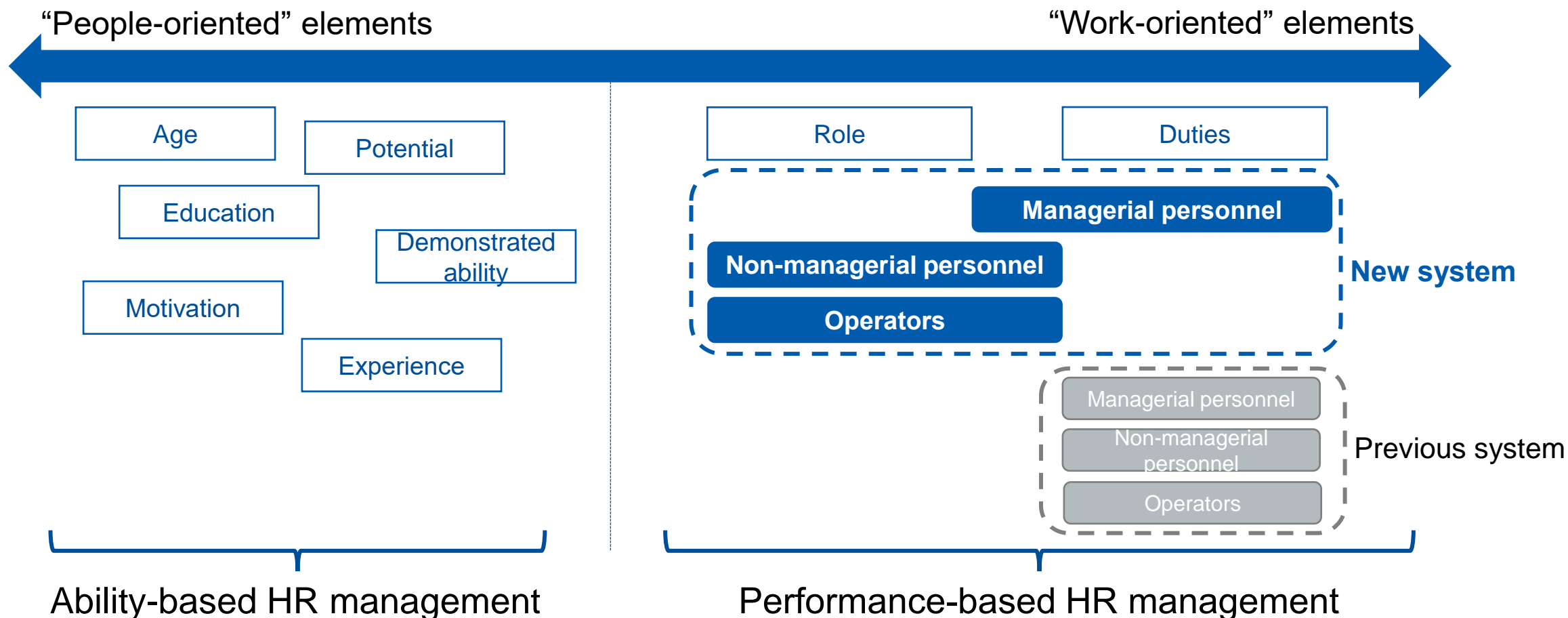
- Restarting the CEO Award, establishing a “Praise Corner” on portal site, etc.

Example: Establishment of "Praise Corner" on portal site, CEO Award



Role-based compensation system

The roles expected of individuals with certain skills, experience and knowledge should be reflected in job grades and ranks so as to better evaluate their contribution to organizations and job responsibilities.



※ The HR system for managerial personnel is under consideration.

CONFIDENTIAL

Promotion of diversity

4) Promotion of Diversity



a) Diversity at decision-making levels

- Increase diversity among decision makers and leverage diverse perspective



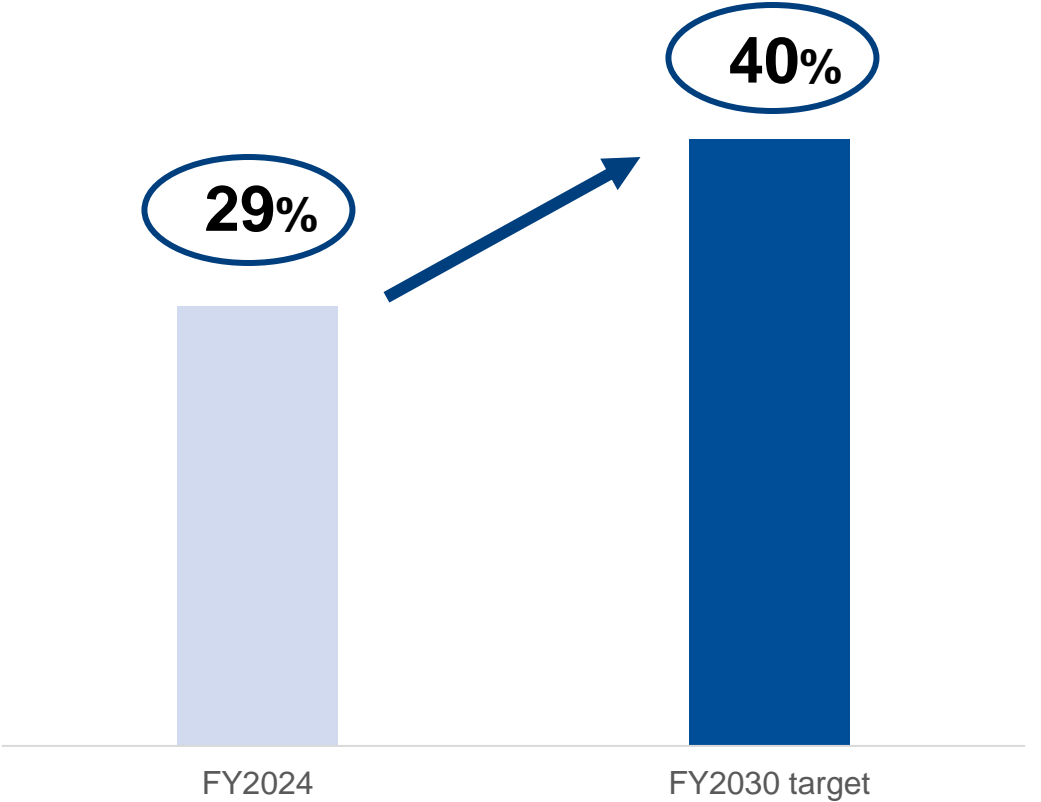
b) Promoting women's activities (increasing percentage of women in management positions)

- Promote female employees achieve greater success as part of efforts to maximize the capabilities of our people, while building a foundation where all employees can succeed in their own ways by raising awareness of flexible workstyles.

Diversity at decision-making levels

In order to increase diversity among decision makers and leverage diverse perspectives

- Create personalized talent cards in line with the aforementioned TT/NTT training initiatives; conduct training based on requirement definitions
- Continuously recruit outside talent



Focus	Executives + employees engaged at the highest grade (personnel participating in important management decisions)
Diversity attributes	Female, foreign national, multi-career
Target	40% or more by the end of FY30

Mitsubishi Chemical Corporation Promoting women's activities (increasing percentage of women in management positions)

Current ratios

The efforts of the past 10 years have only proven partially successful
(women account for 5.0% of section managers and above and 8.8% of assistant managers and above)

Actions

- Approach young people more frequently before they enter higher education and begin job hunting to increase the ratio of female employees
- Conduct unconscious bias training for all employees
- Continue to hold events to foster an organizational culture
- Re-identify impediments to success

The maintenance of internal environments and systems are also subject to external evaluation

Eruboshi



Kurumin



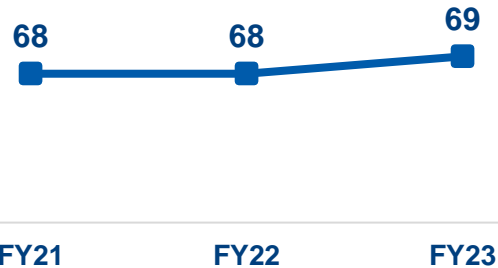
D&I AWARD
(Best Workplace)



PRIDE Index
(GOLD)



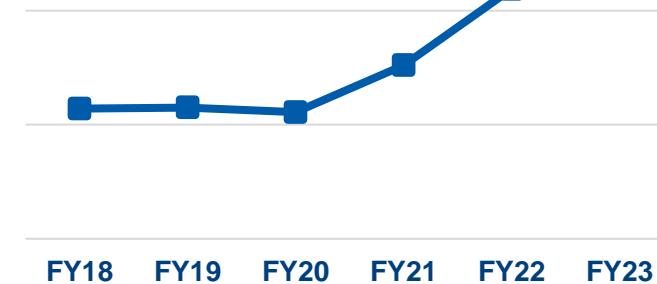
Improved engagement



Employee engagement scores have stagnated

- Percentage of favorable responses to set items in the employee awareness survey have stagnated
- Questions that received notably fewer favorable responses
 - 「I believe the Mitsubishi Chemical Group is making steady progress toward realizing its management philosophy.」
 - 「I wholeheartedly support the Mitsubishi Chemical Group's management philosophy.」

Rate of resignations by
Mitsubishi Chemical Corporation
personnel for personal reasons



Rising rate of voluntary resignations

- Resignation rate increased significantly from FY2020 to FY2023
 - ⇒ Loss of talented personnel, concerns about plant safety and stable operation
- Factors underlying this rise
 - Concerns about management policies, including carve-out of petrochemical and carbon businesses
 - Lack of acceptance and dissatisfaction with changes in HR system

5) Measures to improve engagement

Objectives

Enable employees to reach their full potential and achieve higher levels of creativity and productivity

Target

Employee engagement

69pp \Rightarrow 80pp*

*pp = percentage point

Actions

- ① Spread awareness of new management policies
- ② Identify and review HR system issues
- ③ Horizontally extend good practices based on survey results

5) Measures to improve engagement

(1) Spread awareness of new management policies

- **Number of CEO town hall meetings, site visits, individual dialogue sessions, etc.** (In and after April 2024)

Meetings	Area	Targets	Apr. - Jun.	Jul. – Sep.	Oct. – Dec.	Jan, 2025 -
Global THM	Global	For the entire company	1		2	
New Management Policy Dialogues	Global	For the entire company			1	
Individual dialogue sessions	Headquarter	By age groups	3	1	2	
Visits/THM	Domestic plants and subsidiaries	For employees at all levels	8	6	7	4
	Overseas region	RHQ members, BG/FU representatives, etc.	2	3	1	3
Total 44 times (Including events still scheduled)						

- **Town hall meetings by Business Units and Common Divisions**

Direct explanations of KAITEKI Vision35, Medium-Term Management Plan 2029, and the direction and goals of each business group and function unit to its employees by the executive in charge

5) Measures to improve engagement

(1) Spread awareness of new management policies



12/2開催
MCGグループ
新経営方針対話会



5) Measures to improve engagement

(2) Identify and review HR system issues

→ It is helping secure human resources and prevent employee turnover.

HR system for operators



Issue	The skills, experience, and knowledge of individual operators are not being given due recognition
Responses	Change to a system in which expected roles are reflected in job grades (proposed by labor union in Aug '24 → introduced in Apr '25) Union discussions regarding benefits for children are also underway

Overseas dispatch policy



Issue	Policy aimed at reducing expatriate staff is decreasing opportunities for employee growth and prompting staff resignations
Responses	Review the allocation of personnel with consideration for placing/training the right personnel in the right places

Alumni hiring Referral hiring



Issue	Rising resignation rates have triggered a shortage of personnel
Responses	Institutionalize alumni/referral hiring ⇒ Twelve employees were hired after the start of the system in October

5) Measures to improve engagement

(3) Horizontally extend good practices based on survey results

A case study of a newly appointed group leader's efforts to improve the workplace,
resulting in significant improvements in scores

Issue

Group scores were low, especially for "communication" and "information transfer"

Actions

Step1: Interviews with all members on group problems
Step2: Measures taken

- Forum set up for communicating information
- Regular meetings held for group members to exchange opinions on safety issues
- Voluntary activities encouraged by giving each group member a role to play
e.g.) Reagent management, lab bench/equipment maintenance

Step3 : Interviews on improvement status and follow-up actions

Results

"Communication" score improved significantly by 44 points
; higher motivation and strengthened ownership

**By maximizing the strengths of the human resources
within the Group, we will realize the
KAITEKI Vision35/New Medium-term Management Plan**

Contents

4 Governance

Ken Fujiwara
Executive Vice President,
General Counsel



Enhancing the Effectiveness of the Board of Directors

- ✓ Functions and roles of the Board of Directors in a company with a nominating committee.
 - Monitoring and supervising executive officers' decisions, decision-making processes, and execution status from a stakeholder perspective.
 - Supporting appropriate management decisions by the executive team.
- ✓ Ensuring the independence of the Board of Directors (with a majority of outside directors) while further driving diversity to fulfill its functions and roles.

Current Situation & Challenges

- ✓ By providing advance briefings of important matters for outside directors, discussions and Q&A at board meetings are steadily deepening.
- ✓ As discussions on portfolio management, progress of the mid-term management plan, and key matters increase, the challenge is how outside directors with diverse skills can take the lead in engaging in constructive dialogue with the executive team.



Enhancing the Effectiveness of the Board of Directors: "Connecting"

Three Ways to Connect

- Directors "connecting" with each other: Constructive discussions based on mutual trust among the Board members.
- The Board of Directors and the statutory three committees "Connecting": Efficient operation based on the functions and roles of each meeting body.
- The Board of Directors and executive team "Connecting": Collaborating with the executive team to set agenda and engage in focused, targeted discussions.



Connecting for Enhanced Corporate Value

Not just a monitoring board, but building a Board of Directors that engages in constructive and concrete discussions aligned with the current business strategy of the MCG Group, and "connecting" these discussions to the executive team's actions, thereby contributing to the enhancement of the Group's corporate value and shareholder value.

