

# Sustainability Report 2020



Health

Comfort

Sustainability



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## Editorial Policy

Mitsubishi Chemical (MCC) discloses information with the aim of reporting to as many stakeholders as possible on its initiatives aimed at its vision, realizing KAITEKI.

The fiscal 2020 report is organized into three main sections, "Management Structure," "Responsible Care Activities" and "Together with Stakeholders," which detail the efforts that comprise the foundation of our activities

aimed at realizing KAITEKI. The report also includes information on our efforts to help achieve the Sustainable Development Goals (SDGs).

The content of this report is also available on the Sustainability section of MCC's website.  
<https://www.m-chemical.co.jp/en>

## Reporting Period

Fiscal 2019 (April 2019 to March 2020)

The report also covers some activities undertaken in fiscal 2020.

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## Scope of the Report

The basic scope of reporting encompasses Mitsubishi Chemical Corporation on a non-consolidated basis. However, certain sections contain reporting on a consolidated basis that encompasses Group companies. The scope of reporting, whether non-consolidated or consolidated, is indicated in each instance.

## Disclaimer

This report contains not only past and present facts about the Mitsubishi Chemical Corporation Group, but also forecasts related to social conditions, business plans, policies and estimates of their outcomes. These forecasts and estimates are assumptions or judgments based on the information available at the time of their writing. As such, actual future social conditions and business activity outcomes may differ from the forecasts and estimates presented in this report.

## Referenced Guidelines

- Ministry of the Environment  
*Environmental Reporting Guidelines 2018*
- Ministry of the Environment  
*Environmental Accounting Guidelines 2005*

## Publication

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# Message from the President



As a core operating company of the Mitsubishi Chemical Holdings Group, Mitsubishi Chemical seeks to provide solutions to environmental and social issues and to contribute to the sustainable development of people, society and the Earth through its businesses built on a foundation of chemistry. In this way, we aim to realize KAITEKI.<sup>1</sup>

**Masayuki Waga**  
President & CEO

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## The Role of Chemistry amid the COVID-19 Pandemic

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To begin, on behalf of the Mitsubishi Chemical (MCC) Group, I extend my deepest condolences to all those who have lost loved ones to COVID-19 and wish those still fighting it a swift and full recovery. I also wish to express my profound gratitude to the healthcare professionals working tirelessly on the front lines to treat patients as well as the many others working to keep society running in this challenging time.

The negative impacts of the COVID-19 pandemic—from economic damage to the lifestyle changes we have all been forced to make—have reached a previously unimaginable scale. At the same time, however, the pandemic has yielded discoveries that will be useful to our work going forward.

One such discovery concerns workstyles. While we had already been building systems and environments to enable remote work, the pandemic has helped us all see that our office workers really can do their jobs without being in the office. However, it is also true that some employees, such as those in manufacturing and R&D, must be physically present, putting them at risk of infection. Innovating our workplaces to maintain stable operations while ensuring employee safety is therefore an urgent task. To this end, we continue to advance initiatives to enable remote operations by, for example, adopting digital transformation and robotics, as well as initiatives to create workplaces that function with as few people as possible.

Another discovery has been a renewed awareness of the role of chemistry in preventing the spread of infectious disease. Many of the MCC Group's businesses support the physical foundations of society, and the Group manufactures numerous industrial materials that are crucial to the stability of everyday life. Since the start of the pandemic, many ideas have emerged within the company for ways to modify and apply these materials in order to create products that will help prevent the spread of infection, and we have successfully worked to quickly provide such products to society. These achievements were driven by the desire of our employees to contribute to society in the midst of this global pandemic using the power of chemistry.

<sup>1</sup> KAITEKI: KAITEKI means "the sustainable well-being of people, society and our planet Earth." It is an original concept of the Mitsubishi Chemical Holdings Corporation Group that proposes a way forward in the sustainable development of society and the planet, in addition to serving as a guide for solving environmental and social issues.

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## Working to Realize KAITEKI

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At the same time, in addition to combating infectious disease, it is our responsibility as a chemical company to provide solutions to such global issues as climate change, natural resource and energy depletion, disparities

in water and food resource distribution and problems caused by plastic waste. The chemical industry today has been built by taking things produced in the natural world and, through man-made processes, using them to create products with added functionality at low cost and in high volume. While this basic approach will remain the same, going forward, an additional focus on avoiding negative environmental impact will be indispensable.

To date, we have provided materials that are lighter than metals, such as plastics and carbon fiber, and thus helped improve automobile fuel economy and reduce CO<sub>2</sub> emissions, but such efforts cannot fully eliminate emissions. To help reduce atmospheric CO<sub>2</sub>, a cause of climate change, MCC is taking part in ARPChem,<sup>2</sup> a NEDO<sup>3</sup> project aimed at realizing artificial photosynthesis in order to utilize CO<sub>2</sub> as a source of carbon, a valuable raw material for chemical products. Through this project, we are developing technologies to use sunlight to manufacture chemical products from CO<sub>2</sub> and water.

To address problems caused by plastic waste, we have for some time been developing a variety of recycling technologies and biodegradable plastics made from renewable resources to reduce environmental burden as well as working with CLOMA<sup>4</sup> and other external organizations to expand collaboration across value chains. At present, however, most plastic is made from fossil fuels and, after use, either incinerated for heat recovery, emitting CO<sub>2</sub>, or buried in landfills. In April 2020, MCC established the Circular Economy Department, dedicated to promoting the realization of a circular economy that effectively uses finite resources to simultaneously realize sustainability and growth. Going beyond simply recycling industrial materials, we will contribute to the realization of a carbon-neutral society by controlling CO<sub>2</sub> emissions over entire product life cycles. If used incorrectly, chemistry can be destructive to the environment. However, I believe that, going forward, only chemical companies can save our planet. MCC will put its full strength into confronting global-scale issues head-on. This is how we will realize KAITEKI.

2 ARPChem: Japan Technological Research Association of Artificial Photosynthetic Chemical Process

3 NEDO: New Energy and Industrial Technology Development Organization

4 CLOMA: Clean Ocean Material Alliance

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## People—Our Most Important Resource for Realizing KAITEKI

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Ensuring that every employee can exercise their abilities is the most important thing we can do to realize KAITEKI. Even as workstyles change, our people remain our greatest resource. We are therefore implementing a range of measures to create workplaces where diverse human resources can thrive. We have distilled these efforts into 30 declarations under the title “Mitsubishi Chemical Has Decided” that we have published both within the Group and externally. To accelerate these efforts, we have been implementing personnel system reforms since October 2020. These reforms are focused on the three key themes of self-directed career development; transparent working conditions and compensation structures (in line with individuals’ duties and performance); and promoting and supporting workforce diversity. Through these changes, we aim to empower all employees to take up new challenges and demonstrate creativity. Even as the external environment and workstyles change, if each employee exercises their abilities to the fullest in the pursuit of the realization of KAITEKI, we will overcome the present challenging circumstances.

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## To Our Stakeholders

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On top of ongoing global-scale environmental problems, society now confronts the grave threat of infectious disease. At the same time, social issues, including human rights issues, are growing increasingly pressing. Resolving such issues and, beyond that, realizing KAITEKI, will require working in harmony with stakeholders. MCC will marshal its full strength to contribute to the realization of KAITEKI through its businesses, which are built on a foundation of chemistry. We ask for your continued understanding and support.



## Aiming to Realize KAITEKI

As a core operating company of the Mitsubishi Chemical Holdings (MCHC) Group, Mitsubishi Chemical (MCC) shares the MCHC Group's mission, vision and core values, working to realize KAITEKI by providing solutions to environmental and social issues and contributing to the sustainable development of people, society and the Earth.



MCC is working to address the following specific environmental and social issues.

- Efficient use of resources and energy
- Climate change (reducing CO<sub>2</sub>)
- Securing clean water resources
- Food and agriculture problems
- Health maintenance and disease treatment
- Developing a smart society

### What is KAITEKI?

Humanity has advanced to where it is today as a result of diverse economic activities as well as scientific and technological progress. At the same time, however, we have upset the natural balance of the global environment and are now confronted with complex problems ranging from climate change and natural resource and energy depletion to the uneven distribution of food and water. In addition to addressing these global issues, corporations are being asked by society to contribute to the fields of healthcare and medicine and to explore ways to improve convenience and advance technology while coexisting harmoniously with the planet.

KAITEKI refers to “the sustainable well-being of people, society and our planet Earth.” An original concept coined by the MCHC Group, KAITEKI points to a way forward in the sustainable development of society and the planet in addition to serving as a guide for solving environmental and social issues.

MCC shares the vision of realizing KAITEKI with MCHC and, building on a foundation of chemistry, provides solutions to environmental and social issues through businesses related to performance products and industrial materials. In addition, MCC aims to more broadly contribute to the sustainable development of people, society and the Earth.

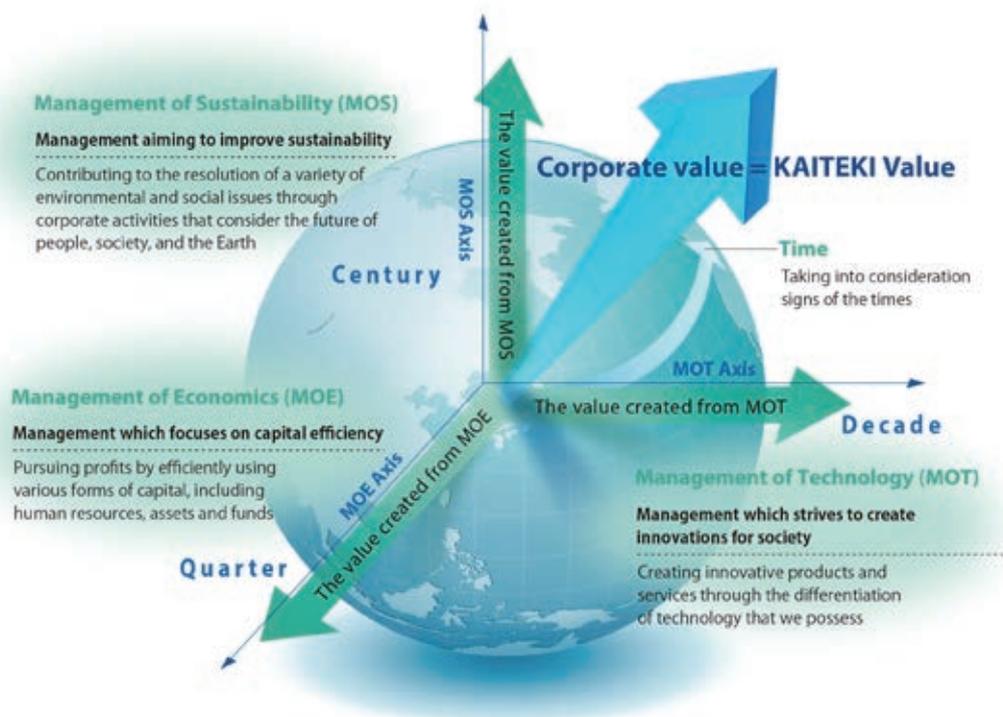
To advance corporate activities under the vision of realizing KAITEKI, we must earn the trust of stakeholders, and to do that, we must work in harmony with our stakeholders. As we advance our corporate activities, we will share our goals and the challenges we face with our stakeholders through dialogue and disclosure.

## KAITEKI Management

In line with KAITEKI, the MCHC Group seeks to advance corporate activities aimed at solving environmental and social problems. To do so, however, conventional value criteria and management methods are not sufficient.

We have therefore created our own management method, which we named KAITEKI Management, and put it into practice. This method is based on three management axes: Management of Economics, which aims to increase economic value by focusing on capital efficiency, Management of Technology, which aims to foster innovation that leads to higher economic and social value, and Management of Sustainability, which aims to enhance social value through improvements in sustainability. The MCHC Group evaluates and implements corporate activities based on these axes, its mission and its core values, always informed by an awareness of shifting trends and opportunities. We refer to the corporate value constituted by these three axes as KAITEKI Value. By enhancing said value, we get closer to realizing KAITEKI while improving the Group's sustainability. As an operating company, Mitsubishi Chemical also practices KAITEKI Management, implementing PDCA cycles using quantitative scoring on each of the three axes as it strives to increase corporate value, i.e., KAITEKI Value.

### The Mitsubishi Chemical Holdings Group's KAITEKI Management





# Materiality Assessment

Mitsubishi Chemical Holdings (MCHC) conducts materiality assessments to identify important management issues (materiality) and further enhance KAITEKI Value. While referring to processes outlined in international sustainability guidelines and incorporating the viewpoints of stakeholders, MCHC identifies and prioritizes important management issues that it needs to work toward resolving to realize KAITEKI. MCHC has reviewed its materiality assessments in light of the management strategies and corporate activities for *APTSIS 20*, the medium-term management plan that ends in fiscal 2020. Mitsubishi Chemical, too, is implementing activities based on the results of the MCHC Group's materiality assessments.

## Materiality Matrix

### Material Issues Related to the Global Environment

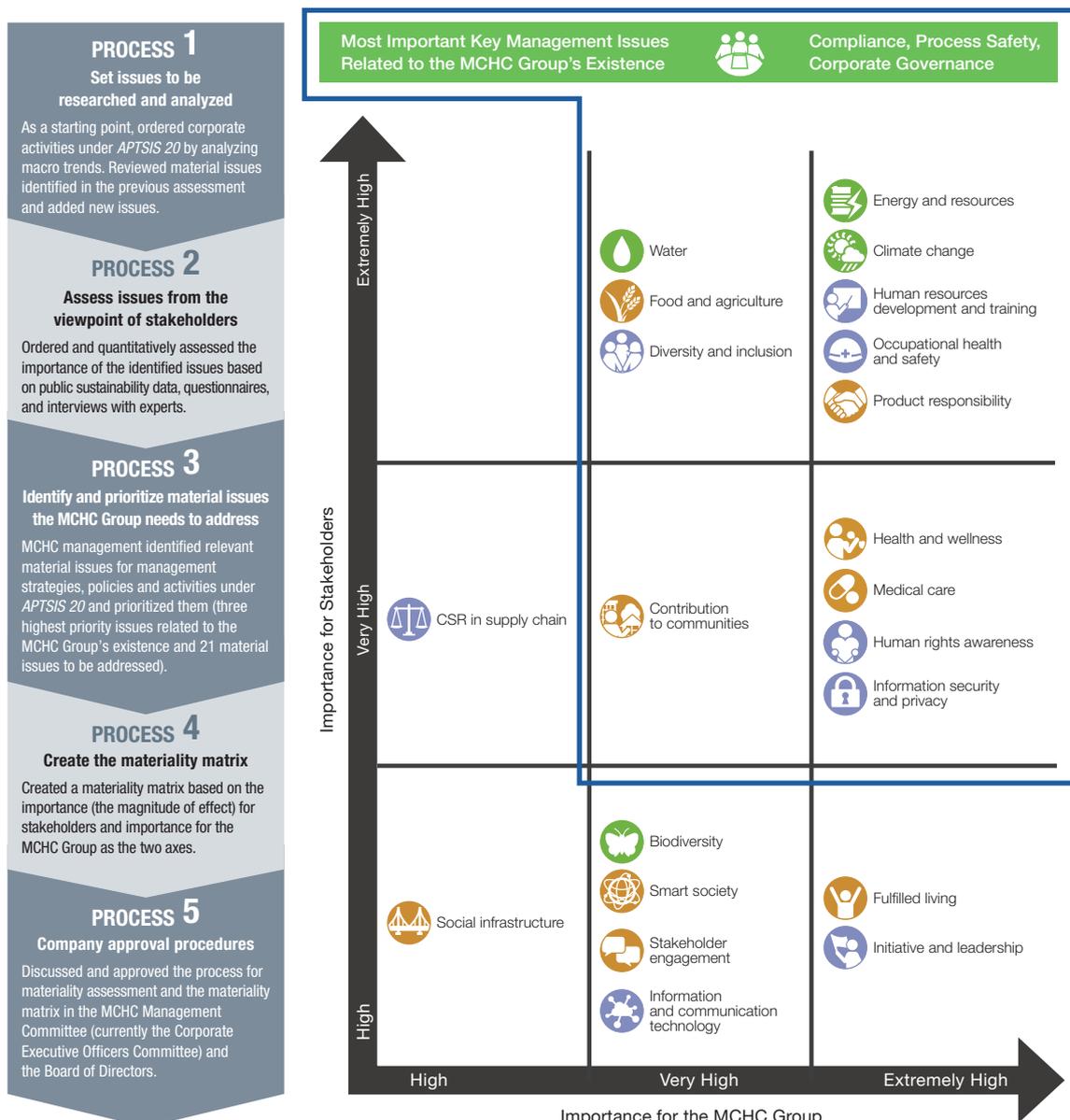
Key management issues that the MCHC Group should address through its corporate activities, innovation, and provision of products and services with the aim of achieving the sustainable well-being of our planet Earth

### Material Issues Related to Social Systems

Key management issues that the MCHC Group should address through its corporate activities, innovation, and provision of products and services in the aim of creating the sustainable well-being of society

### Material Issues Related to People (the company and its organization)

Key management issues that the MCHC Group should address in its internal operations and social relations as a corporate group aiming to realize KAITEKI



# MOS Indices

As part of its efforts to promote KAITEKI Management, Mitsubishi Chemical Holdings (MCHC) has created the MOS (Management of Sustainability) Indices to gauge its contribution to people, society and the Earth. MCHC uses these indices to evaluate progress made with regard to MOS, one of its management axes, which aims to enhance social value through improvements in sustainability. The MCHC Group has revised the MOS Indices and the ways it is using them in line with updates to its materiality assessments and the formulation of the medium-term management plan. The Group has been applying the new MOS Indices since fiscal 2016.

As an operating company, Mitsubishi Chemical also implements and evaluates management aimed at improving sustainability based on the new MOS Indices.

Index that needs to be achieved		Achieve zero occurrences of serious accidents and compliance violations
S Index	Contribute to reducing environmental impact (S-1)	Reduce burden on the atmospheric environment
		Reduce burden on the water environment
		Reduce burden on the soil environment
	Efficient use of resources and energy (S-2)	Promote activities to conserve energy
		Convert to resource-saving and reusable materials
		Promote use of renewable energy
	Contribute to the sustainability of the environment and resources through products and services (S-3)	Provide products and services that contribute to reducing GHG emissions
		Provide products and services that help solve water resource problems
		Provide products and services that help solve food problems
H Index	Contribute to medical treatment (H-1)	Pharmaceuticals provision
	Contribute to the prevention and early detection of diseases (H-2)	Provide vaccines
	Contribute to achieving healthy and hygienic lives through products and services (H-3)	Provide products for the health field
		Provide products for the sanitation field
		Provide products for the medical field
C Index	Endeavor to earn greater recognition of corporate trust from society (C-1)	Improve awareness of compliance
		Prevent accidents and injuries
		Initiatives to provide products and services trusted by society
	Promote communication and work in concert with stakeholders (C-2)	Promote communication with business partners
		Improve evaluation by stakeholders
		Build a dynamic and cooperative organization
	Contribute to achieving a more comfortable society and better lifestyle (C-3)	Provide products and services that contribute to a comfortable society and better lifestyles



# Initiatives to Help Achieve the SDGs

## SDGs and Realizing KAITEKI

The Sustainable Development Goals (SDGs) are a set of development goals for international society as a whole to pursue from 2016 to 2030 that were adopted as part of a resolution titled “Transforming our world: the 2030 Agenda for Sustainable Development” at the UN Sustainable Development Summit in September 2015. The SDGs comprise 17 goals and 169 targets for realizing a sustainable world. Governments and civil society, as well as the private sector, including corporations, are expected to utilize their resources and coordinate to help achieve the SDGs.

In accordance with its vision of realizing KAITEKI, the sustainable well-being of people, society and our planet Earth, the Mitsubishi Chemical Holdings (MCHC) Group adopted improving sustainability as one of its management axes in 2011. We aim to not only help solve environmental and social issues but contribute to the sustainable development of society and the planet. As such, we believe that many aspects of our vision of realizing KAITEKI parallel the SDGs.

Furthermore, MCHC has laid out how the SDGs relate to its important management issues (materiality) and MOS (Management of Sustainability) Indices—which it uses as key performance indicators to enhance sustainability—and has linked these issues and indices with SDG efforts.

## Mitsubishi Chemical's Initiatives

As a member of the MCHC Group, Mitsubishi Chemical (MCC) has made realizing KAITEKI its vision and declared that it will seek to address societal issues by creating new value and providing said value to customers as solutions, thereby sustainably growing in concert with society. As a result, many of our initiatives, including the products and services we provide, contribute to the realization of the SDGs.

The *MCC Sustainability Report 2020* features the following four items, chosen as representative examples of MCC's wide-ranging initiatives that contribute to realizing KAITEKI and the SDGs.

KAITEKI Health and Productivity Management—  
“Mitsubishi Chemical Has Decided”



SDG 8:  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Personnel System Reforms for  
a Time of Rapid Change



SDG 8:  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Responding to the COVID-19 Pandemic:  
Social Contribution through Diverse Products  
and Technologies



SDG 3:  
Ensure healthy lives and promote well-being for all at all ages

Building a Circular Economy with  
the Aim of Sustainable Growth



SDG 13:  
Take urgent action to combat climate change and its impacts

## ■ MCC's Initiatives to Date

In addition to the four initiatives featured in *Sustainability Report 2020*, our website also features the following three ongoing initiatives.

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Plant-Derived, Biodegradable Plastic BioPBS™



SDG 12:  
Ensure sustainable consumption and production patterns

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Structural Repair and Strengthening Carbon Fiber Fabric Replark™



SDG 11:  
Make cities inclusive, safe, resilient and sustainable

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Decentralized Water Treatment & Supply System

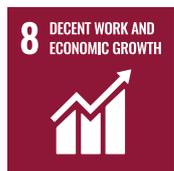


SDG 6:  
Ensure availability and sustainable management of water and sanitation for all

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# KAITEKI Health and Productivity Management —“Mitsubishi Chemical Has Decided”



### Relevant SDG

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

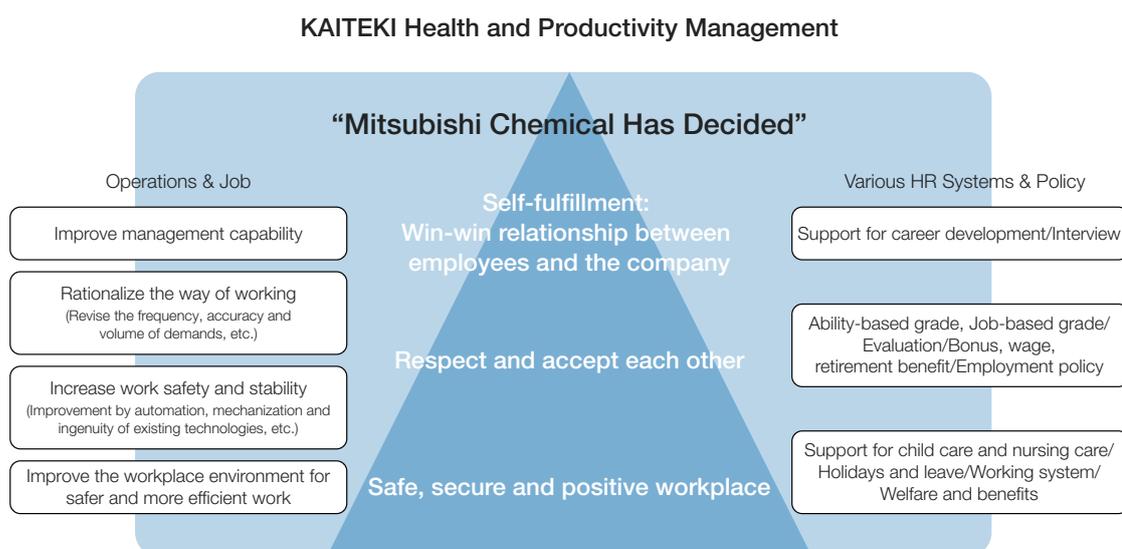
## “Mitsubishi Chemical Has Decided”

Under the banner of KAITEKI Health and Productivity Management, Mitsubishi Chemical (MCC) is focusing on the pillars of health support and workstyle reforms as it strives to create workplaces where diverse human resources can thrive. To this end, we are implementing a wide range of measures, which we have distilled into 30 declarations under the title “Mitsubishi Chemical Has Decided” and published both within the Group and externally. These 30 declarations were formulated to reflect employees’ wishes for the kind of company they want MCC to be.

By spreading awareness of “Mitsubishi Chemical Has Decided,” we aim to ensure that employees accurately understand and support our various personnel measures. We hope that all employees will work toward the goals of KAITEKI Health and Productivity Management.

## Mitsubishi Chemical’s Vision for KAITEKI Health and Productivity Management

MCC’s approach to personnel measures is based on three steps, summarized as creating a “safe, secure and positive workplace,” ensuring that we all “respect and accept each other” and cultivating a “win-win relationship between employees and the company” (see the diagram below). Through these three steps, we will achieve KAITEKI Health and Productivity Management. The 30 “Mitsubishi Chemical Has Decided” declarations spell out measures and targets to achieve this goal.



## The 30 Declarations

The 30 declarations reflect employees' wishes for the kind of company they want MCC to be and cover a variety of personnel-related measures, including eliminating second-hand smoke, improving bathrooms at manufacturing sites, ensuring that 100% of eligible male employees take child care leave or use shortened working hours for child care, and making sure that no employee is forced to retire to provide nursing care for a family member. Notably, the declarations comprise not only existing goals and policies, but articulate future targets for the company to address through systems or other measures going forward. By formulating these as declarations, MCC has made clear its stance and determination as it works to achieve KAITEKI Health and Productivity Management.

<b>Declaration 1</b>	We will promote the KAITEKI Health and Productivity Management.
<b>Declaration 2</b>	For the sake of the maintenance and control of employees' health, we will engage more actively and effectively in the prevention and treatment of diseases, and achieving a balance with work.
<b>Declaration 3</b>	We will position the organizational management and cultivation of subordinates based on the KAITEKI Health and Productivity Management as priority issues of personnel with titles.
<b>Declaration 4</b>	We will eliminate harassment at workplaces.
<b>Declaration 5</b>	We will eliminate workers' accidents.
<b>Declaration 6</b>	We will fully implement countermeasures against passive smoking at workplaces.
<b>Declaration 7</b>	Personnel assignments will be reviewed so that employees at the manufacturing sites will also be able to take appropriate holidays and leave.
<b>Declaration 8</b>	We will improve the toilet environment at the manufacturing sites.
<b>Declaration 9</b>	Unpaid overtime work is not acceptable.
<b>Declaration 10</b>	Teleworking will be promoted.
<b>Declaration 11</b>	"E-mailing on holidays" and "ordering the preparation of documents assuming work on holidays" are prohibited.
<b>Declaration 12</b>	All employees will take a vacation of three consecutive days.
<b>Declaration 13</b>	The head of an organization who lets subordinates take sufficient paid holidays will be evaluated and recognized by adding the factor to the evaluation/recognition items.
<b>Declaration 14</b>	We will actively provide support in cases where an employee wishes to accompany his/her transferred spouse or wishes to return to the parents' home to provide nursing care.
<b>Declaration 15</b>	We will support employees who are rearing children from a long-term perspective.
<b>Declaration 16</b>	We will achieve a rate of 100% for male employees taking child care leave or shortened working hours.
<b>Declaration 17</b>	Shortened working hours can also be applied under other personal circumstances such as taking care of a sick family member.
<b>Declaration 18</b>	We will eliminate retirement due to providing nursing care for a family member.
<b>Declaration 19</b>	We will convert our workplace into a space in which diverse human resources can work together actively and with enthusiasm regardless of gender, nationality, disabilities, sexual orientation, gender identity, etc.
<b>Declaration 20</b>	We will promote employment across the company by expanding the scope of work for people with disabilities and improving the workplace environment.
<b>Declaration 21</b>	Welcome Talent! In addition to new graduates, we will aggressively conduct mid-career employment.
<b>Declaration 22</b>	Welcome Back! We welcome people coming back to our company with experience at other companies.
<b>Declaration 23</b>	We will provide support (training, etc.) for all employees so that each one will be able to work comfortably after joining the company.
<b>Declaration 24</b>	Appointment will be conducted considering duties, experience and contribution rather than age and years of service.
<b>Declaration 25</b>	The experience of taking child care leave and nursing care leave, etc. is valuable, and thus taking holidays will not be treated disadvantageously upon appointment, promotion and evaluation of employees.
<b>Declaration 26</b>	We will ensure that a career design interview is conducted to support each employee's growth.
<b>Declaration 27</b>	We will ask what the own career and desired job is before appointing and cultivating an employee.
<b>Declaration 28</b>	We will support employees who have a positive attitude about learning.
<b>Declaration 29</b>	Train yourselves outside MCC!
<b>Declaration 30</b>	We will support employees who have a positive attitude about volunteers.



## KAITEKI Health and Productivity Management —“Mitsubishi Chemical Has Decided”

### Spreading the Word and Employee Perspectives

We are spreading awareness of “Mitsubishi Chemical Has Decided” within the Group through an internal portal site and a series of six videos. The videos focus on employees, featuring interviews with individuals who are utilizing or implementing systems related to the declarations and measures. These include employees using the remote work system and men who are taking child care leave. By directly offering the perspectives of employees themselves, we hope to foster greater support and understanding.

To communicate externally, MCC President Masayuki Waga and employees discussed related measures and initiatives with an outside expert for an article published on the online news site HuffPost.

#### ■ Employee Perspectives from the “Mitsubishi Chemical Has Decided” Videos

##### **Declaration 5: We will eliminate workers’ accidents.**

“After our lunch break, we do KAITEKI exercises to help prevent occupational accidents due to falls. It helps make everyone more health-conscious, and it really seems that the number of accidents has decreased.”



##### **Declaration 16: We will achieve a rate of 100% for male employees taking child care leave or shortened working hours.**

“I didn’t take child care leave when my first child was born, but I did for my second and third. Many people might think that a man taking child care leave is something special, so I think that having an environment where it’s completely normal is important.”



##### **Declaration 21: Welcome Talent! In addition to new graduates, we will aggressively conduct mid-career employment.**

“At my previous job, the division of roles was very sharp, so there was a tendency to stop at the limits of one’s own job and go no further. At MCC, even a mid-career hire like me has opportunities to be more proactive and take the lead, which I think I’ve been able to take advantage of.”



# Personnel System Reforms for a Time of Rapid Change

8 DECENT WORK AND ECONOMIC GROWTH



## Relevant SDG

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

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## Reforms Born from the Urgent Need to Survive

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Mitsubishi Chemical initiated new personnel system reforms in spring 2019. These reforms were spurred by the urgent conviction that, given changes in the environment surrounding the company and changes in workers' ways of thinking, both the company and its employees must change in order to survive. We began the project to help contribute to the company's growth by examining such questions as whether current personnel systems support initiatives that promote ambitious efforts and innovation on the part of employees, whether the employment we provide is appealing, and whether the mechanisms and environments we have in place encourage the acceptance of diverse values.

Breaking away from previous systems, we are reexamining our basic goals to consider new systems. We believe that implementing reforms based on the results of these considerations will help us get closer to our ideal for the company.

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## Personnel System Reforms to Help the Company and Employees Grow Together

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The key themes for these reforms are self-directed career development; transparent working conditions and compensation structures; and promoting and supporting workforce diversity.

In terms of self-directed career development, we will provide systems that support employees in developing the careers they themselves want. In addition to increasing the frequency of meetings aimed at expanding support for employee growth, we have introduced one-on-one meetings between employees and their supervisors (began in July 2020). In addition, we have adopted open recruitment as the main means of employee transfer and set up systems to give consideration to location when transferring employees (began in October 2020). Through dialogue between employees and their supervisors, we are promoting self-directed career development based on mutual understanding of the kinds of careers that employees want to build and the support they need.

To ensure transparent working conditions and compensation structures, we are establishing salary and bonus systems that reflect employee duties and performance as well as market standards. Furthermore, until now, employees received such benefits as allowances and stipends based on their various individual circumstances. We aim to remove considerations related to specific employee attributes, adopting instead a more uniform approach to employee welfare and benefits (to be implemented in April 2021).

Finally, in promoting and supporting workforce diversity, we will extend the mandatory retirement age to 65 so that employees can work longer despite their age. In coordination with self-directed career development efforts, to enable supervisors to better support the ambitious efforts and growth of their subordinates, we are revising existing frameworks in which supervisors unilaterally issue instructions. Instead, we seek to encourage supervisors to take the time to listen to their employees and promote awareness that each individual has different values and is deserving of mutual respect.



# Personnel System Reforms for a Time of Rapid Change

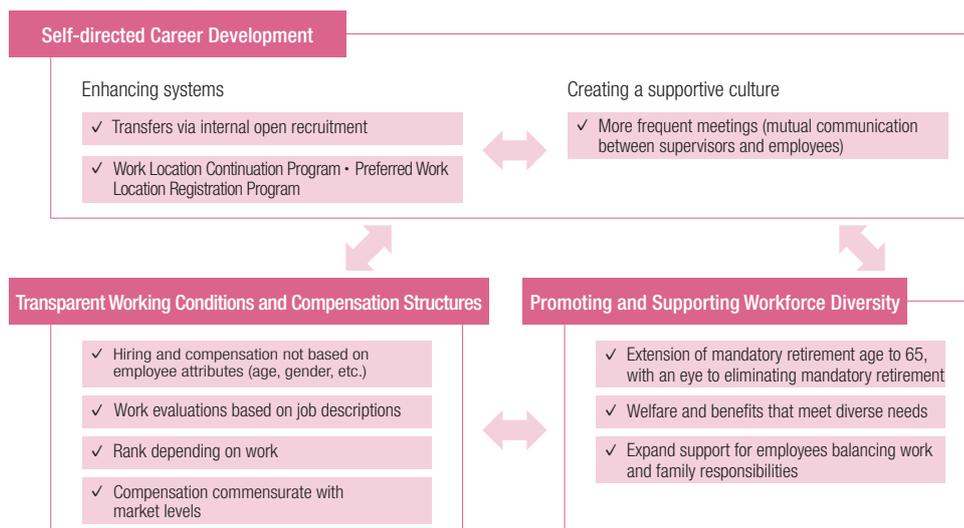
What should be done to realize KAITEKI

## The Ideal Image of the Company

- **To realize KAITEKI and make the Company grow further** by taking up new challenges and demonstrating creativity
- To that end, we want our employees to work **in a cheerful and lively way**
- We want the Company to become an **employer preferred and chosen by diverse talent**

Make the Company and employees build relationships in which they both choose and energize each other and develop a corporate culture through which **they can grow together**

## Personnel System Reforms



## Fostering a Culture That Will Help Realize KAITEKI

We believe that, even in an environment changing as rapidly as the one we find ourselves in today, if each employee takes up new challenges and demonstrates creativity, it will lead to corporate growth. Furthermore, to become a company preferred and chosen by diverse talent, we must ensure that the Company and employees build relationships in which they both choose and energize each other and develop a corporate culture through which they can grow together. These personnel system reforms will serve as the starting point to achieve this. By improving our personnel systems, which form part of the foundation for working toward the shared goal of realizing KAITEKI, we aim to fully utilize the abilities and strengths of each individual within their respective field of specialization.

We expect to start seeing the results of these systems after they have begun to operate in earnest, once all their components have gone into effect (April 2021). Furthermore, these reforms are a company-wide project. Ensuring that all employees understand and fully utilize our personnel systems will require regular, effective communication within departments, starting with that between supervisors and their employees, and between departments. By doing so, we will bolster shared values of diversity and mutual respect and thereby develop a culture that will help realize KAITEKI.

# Responding to the COVID-19 Pandemic: Social Contribution through Diverse Products and Technologies

3 GOOD HEALTH AND WELL-BEING



## Relevant SDG

SDG 3: Ensure healthy lives and promote well-being for all at all ages

Seeing the strain that the COVID-19 (novel coronavirus) pandemic has put on the medical system, we at Mitsubishi Chemical (MCC) asked ourselves how we could contribute using the industrial materials and technologies of the MCC Group. Leveraging ideas and networks from within the Group, and the diversity and versatility of its chemicals, we have provided the following products to society.

## Contributing through Products

### Plastic Gowns

We developed plastic gowns based on instructions from the Ministry of Health, Labour and Welfare by adapting polyethylene rain ponchos. We added thumb holes at the ends of the sleeves to prevent them from riding up as well as a perforated line down the back to make it easy to take the gowns off, reducing the risk of contact-based infection. Furthermore, each gown weighs less than 100 grams, helping to reduce waste when used gowns are thrown away.



Plastic gown

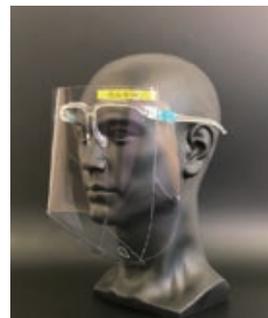
### Face Shields

MCC created face shields by applying polyester sheet manufacturing technologies used to produce food packaging trays along with curved creasing technologies developed for cosmetics case processing.

MCC was quick to donate and supply plastic gowns and face shields to medical institutions, helping to prevent the spread of infection in hospitals and clinics.



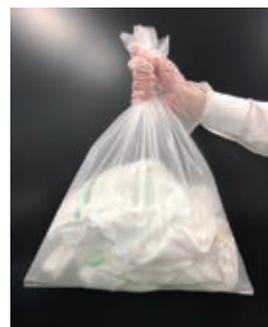
Face shield



Glare reduction model

### Laundry Bags

Laundry bags made from our water-soluble film Hi-Selon™ allow users to wash used sheets or clothing without touching them. Their use, mainly in hospitals, helps prevent infection.



Laundry bag



# Responding to the COVID-19 Pandemic: Social Contribution through Diverse Products and Technologies

## ■ Products to Help Prevent Infection by Airborne Droplets

MCC offers SHINKOLITE™ continuous cast acrylic sheets and Altron™ flexible PVC film, which are used to make partitions that help prevent the airborne spread of COVID-19 in daily life. Due to their excellent transparency and formability, these products are being used in a wide array of settings, such as at the registers and counters of stores and restaurants; in offices; service counters at public service facilities; inside taxis, buses and public transportation; and on TV filming sets.



Standing partition made of SHINKOLITE™ cast acrylic sheet



Partition curtain made with Altron™ flexible PVC film



HISHITANK™

## ■ HISHITANK™

HISHITANK™ is a water tank made of fiber-reinforced plastic developed primarily to provide clean drinking water and featuring outstanding performance in terms of seismic resistance, hygiene, durability and workability. These tanks have been installed by the Nippon Foundation at facilities built to combat the COVID-19 pandemic. They have also been installed at quarantine lodging facilities built by the Hong Kong government, specifically for COVID-19 patients, to help ensure an adequate supply of hospital beds.

## ■ Wasaouro™

Wasaouro™ is an antibacterial, freshness-maintaining agent, the main component of which is allyl mustard oil (allyl isothiocyanate, "AIT"), the main compound responsible for the spicy flavor of wasabi and Chinese mustard. AIT-impregnated transparent films gradually release AIT, providing an easy and safe way of maintaining food freshness and quality by suppressing the growth of bacteria and mold. This product is well suited to maintaining the quality of products with short shelf lives, such as boxed lunches. We provided it free of charge for a limited time to restaurants that began selling boxed lunches while dine-in operations were closed to prevent the spread of COVID-19.



Wasaouro™



Repositionable adhesive posters made with YUPO™ SUCTIONTACK™

## ■ Repositionable Adhesive Posters Made with YUPO™ SUCTIONTACK™

MCC provided a limited supply of posters to raise awareness of infection prevention practices free of charge to restaurants and companies working to prevent the spread of COVID-19. These posters were made with YUPO™ SUCTIONTACK™, a repositionable adhesive sheet that uses micro-suction to cling to smooth surfaces without blisters.

## Main Products Helping Combat the Spread of COVID-19

Contribution		Company
Plastic gowns		J-Film Corporation
Face shields		J-Film Corporation
Laundry bags		TAISEI KAYAKU CO., Ltd.
Airborne transmission prevention products	Partitions made from SHINKOLITE™ cast acrylic sheet	Mitsubishi Chemical Corporation
	Partition curtains made with Altron™ flexible PVC film	DiaPlus Film Inc.
HISHITANK™		Mitsubishi Chemical Infratec Co., Ltd.
Wasaouro™		Mitsubishi-Chemical Foods Corp.
Repositionable adhesive posters made with YUPO™ SUCTIONTACK™		YUPO CORPORATION

## Other Forms of Contribution

### ■ IP Open Access Declaration Against COVID-19

MCC joined the IP Open Access Declaration Against COVID-19 in May 2020. The declaration is a pledge to not assert any patent right, utility model right, design right or copyright against any development, manufacture, sale, or other related activity carried out for the purpose of stopping the spread of COVID-19. MCC declared that, with regard to activities carried out for the sole purpose of stopping the spread of COVID-19, it would temporarily suspend its assertion of patent rights, utility model rights, design rights and copyrights and refrain from seeking compensation for their use.

### ■ For Children

With school closures and efforts to stay home to prevent the spread of infection, many children are spending more time than usual at home. To make this time more enjoyable and help spark an interest in chemistry, since May 2020, MCC has been soliciting chemistry experiment videos from its employees and posting them to the MCC Group internal portal site. Employees submitted more than 10 videos that encourage children to think, experiment, and learn in a fun way using household materials and provide explanations of chemical phenomena. Beginning in July 2020, we published some of these on YouTube.



Experient video

In addition, we donated 17,000 high-efficiency N95 face masks that MCC's Shiga Plant had stockpiled to medical facilities in Nagahama City.

Going forward, while working in coordination with government and industry organizations, the MCC Group will continue to solicit ideas covering a wide range of topics from employees, seeking to combine its diverse products and technologies to proactively develop new products that will help combat the spread of COVID-19.



# Building a Circular Economy with the Aim of Sustainable Growth

**13** CLIMATE ACTION



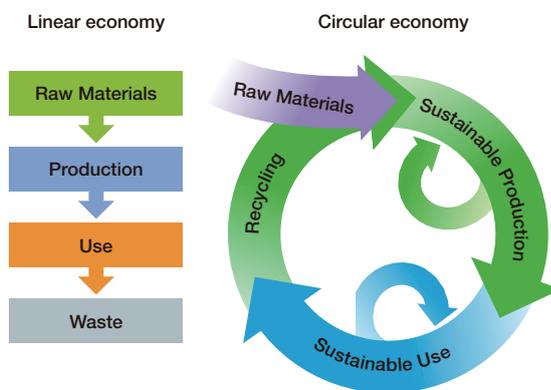
**Relevant SDG**  
SDG 13: Take urgent action to combat climate change and its impacts

## Offering New Business Solutions by Promoting a Circular Economy

The world today faces numerous serious challenges, such as climate change and the various problems arising from population growth. Chemical technology has tremendous potential to solve a wide range of social issues. Mitsubishi Chemical (MCC), as a member of society, and as an integrated chemical company, has long faced such issues head-on.

Particularly in recent years, demand from customers for sustainable products has been growing constantly in response to tightening environmental regulations in various countries. MCC aims to meet the demands of society by transitioning from a traditional one-way linear economy of “take-make-waste” to a circular economy (CE) based on the effective use of resources, including recycling, and the use of renewable raw materials.

Below, we highlight some of the concrete steps we are taking, such as the establishment of the Circular Economy Department (CE Department) and the implementation of initiatives to tackle the issues of waste plastic and climate change.



## Offering Solutions from a Global Perspective

In April 2020, MCC established the CE Department to reinforce initiatives that address social issues related to sustainability. While we have been working to solve sustainability-related issues in each of our businesses, the CE Department will operate with a global perspective and scale across business domains to promote CE-related solutions and develop them into businesses. The department will also actively promote collaborations with business partners, academia, start-ups, and other partners.

The CE Department will handle CE-related issues on a company-wide basis. The activities of the department will include identifying CE-related issues and formulating strategies at the company-wide level, promoting the development of solutions into businesses, and implementing sustainability management to reduce the environmental burden generated by our business activities, including greenhouse gases (GHGs) and wastewater emissions. In addition, the department will gather and provide information on sustainability-related policy in various countries and provide support for dialogue about CE with customers.

## Advancing Partnerships to Build a Plastic Recycling Scheme

Recycling is extremely important to the transition from a linear economy to a circular economy. The MCC Group is advancing partnerships with recycling companies that boast both waste plastic collection technologies and networks.

Plastic recycling is broadly divided into two approaches: mechanical recycling, in which collected waste plastic is melted down and reformed for reuse, and chemical recycling, in which it is decomposed into monomers or reverted to oil or gas for use as a raw material in chemical production. MCC is advancing partnerships with a variety of partners that include technology development based on both approaches. In doing so, we are reinforcing efforts to build a scheme for recycling waste plastics—which have conventionally been simply incinerated or buried in landfills—into resources and raw materials.

### Partnerships with Recycling Companies

Partner (Location)	Summary
Refinverse, Inc. (Tokyo)	Having started from a business that collected and transported construction-related waste for treatment, Refinverse has built an integrated system extending from waste treatment to resin production, thereby supplying a diverse range of recycled resources. Through this capital and business alliance, the two companies will combine Refinverse's know-how regarding all aspects of industrial waste with MCC's technologies and knowledge to promote the appropriate recycling and effective use of waste.
CFK <sup>1</sup> and cNXT <sup>2</sup> (Germany)	CFK has a network for collecting leftover materials generated during the molding of such intermediate materials as carbon fiber (CF) prepreg, mainly from customers in mobility-related industries, as well as technologies to recycle these materials. cNXT then sells the resulting recycled products. MCC acquired CFK through Group company Mitsubishi Chemical Advanced Materials (MCAM; Head office: Switzerland). Going forward, MCC will establish a circular chain extending from the manufacture of CF and CF composites to the collection and recycling of related products in Europe.
Minger Group <sup>3</sup> (Switzerland)	The Minger Group boasts superior proprietary recycling technologies for such engineering plastics as PEEK, PVDF and nylon as well as a material collection network that spans much of Europe. MCC acquired the Minger Group through Group company MCAM. Going forward, MCC will establish an integrated business model for engineering plastics, from manufacturing to sales, machining, collection and reuse.

<sup>1</sup> CFK: CFK Valley Stade Recycling GmbH & Co. KG

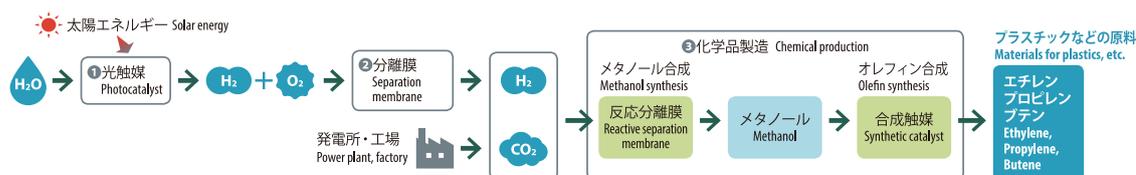
<sup>2</sup> cNXT: carboNXT GmbH

<sup>3</sup> Minger Group: Minger Kunststofftechnik AG and Minger Plastic AG



### Reducing GHGs through an Artificial Photosynthesis Project

Artificial photosynthesis is a promising approach to reducing GHGs that uses CO<sub>2</sub> emitted from power plants and factories as a raw material for chemical products. Since 2012, MCC has participated as a member of ARPChem,<sup>4</sup> a NEDO<sup>5</sup> project aimed at realizing artificial photosynthesis, and is involved in the development of core technologies for all of the following three processes.



1. A photocatalyst splits water into gaseous hydrogen and oxygen; 2. the hydrogen is then safely separated out of the mixed hydrogen and oxygen gas using a separation membrane; and 3. the hydrogen is used as a raw material together with CO<sub>2</sub> recovered from the gas emissions of power plants or factories to produce chemical products.

The project's target for photocatalyst solar energy conversion efficiency has been set at 10%. In fiscal 2019, an efficiency of 7% was achieved in a laboratory setting. Outdoor demonstrations of the water splitting systems began in fiscal 2020.

4 ARPChem: Japan Technological Research Association of Artificial Photosynthetic Chemical Process, comprising INPEX CORPORATION, TOTO LTD., Japan Fine Ceramics Center, Fujifilm Corporation, Mitsui Chemicals, Inc., and MCC.

5 NEDO: New Energy and Industrial Technology Development Organization

### Establishing a Long-term Vision for the Chemical Industry

MCC and the Center for Global Commons (CGC) at the University of Tokyo have launched an industry-academia partnership with the aim of formulating a long-term vision of the chemical industry's approach to sustainability with an eye toward society in 2050.

To ensure the sustainability of global environmental systems essential to the development of humankind, CGC aims to scientifically demonstrate pathways for the fundamental transformation of socio-economic systems based on modelling and indices. In collaboration with a wide range of stakeholders, including private enterprises, CGC aims to drive this fundamental transformation through international cooperation.

MCC plans to conduct joint research with CGC to identify the social needs (particularly in the areas of products, services and social systems) of 2050, as well as those along the way in 2030 and 2040. Given such needs, MCC plans to outline the role of the chemical industry over the long term.





## Basic Policy

As a member of the Mitsubishi Chemical Holdings (MCHC) Group, the Mitsubishi Chemical (MCC) Group abides by MCHC's basic Group management guidelines and shares specific Group management policies and strategy determined by MCHC. The MCC Group also adheres to MCHC Group policies and rules to ensure that it fulfills its corporate social responsibility in areas such as internal controls, risk management and compliance and actively implements management initiatives to enhance corporate value as a core operating company of the MCHC Group.

# Basic Regulations

The Mitsubishi Chemical Group strives to ensure compliance based on the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, a common set of compliance regulations shared throughout the Group.

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## Mitsubishi Chemical Holdings Group Charter of Corporate Behavior

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We define KAITEKI as “the sustainable well-being of people, society and our planet Earth”, and have “realizing KAITEKI” as our vision. We will not stop at providing solutions to environmental and social problems, but also aim to contribute to sustainability in both through our corporate activities.

To this end, we shall act based on the concept of MOS (Management of Sustainability) with sound ethics and good common sense in every aspect of our corporate activities as outlined below, to ensure sustained development as a corporate group that engenders society’s trust.

### ■ Awareness and Responsibility

We shall contribute to the realization of KAITEKI through our business with a keen sense of corporate social responsibility, based on the fundamental understanding that the foundation of our corporate activities is society’s trust and confidence in us.

### ■ Accountability and Transparency

We shall, recognizing the importance of accountability in corporate activities, preserve transparency in such activities, disclose information appropriately, and always maintain a stance of openness, both internally and externally.

### ■ Legal Compliance and Fairness, Equitability, and Integrity

We shall comply with laws and international standards and shall hold ourselves to the highest ethical conduct at all times. In addition, we shall always adopt an attitude of fairness, equitability, and integrity towards customers, business partners, shareholders, government agencies, local communities, and other stakeholders. This attitude shall also apply to our dealings with each other.

### ■ Valuing Stakeholders

We shall respect and communicate closely with all stakeholders including customers, suppliers, shareholders, business partners, government agencies, local communities, and employees, and consider the outcomes of such communication in our corporate activities.

### ■ Respecting Human Rights

We shall respect the dignity and rights of all people and shall not discriminate against people unfairly on the basis of race, sex, religion or other protected status. We shall also expect our suppliers and other contractors to refrain from any infringement of human dignity and rights or discriminatory practices.

### ■ Employment and Labor

We shall not engage in any form of forced, compulsory, or child labor, and shall require our suppliers and other contractors to adhere to the same standards. Mitsubishi Chemical Holdings Group managers at all levels shall respect human diversity and create working environments where employees can exercise their abilities to the utmost in safe and healthy settings, in order to make optimal use of human resources. Managers shall build sound relations with employees through close dialogue, and shall respect employees’ rights, including freedom of association and the right to collective bargaining.

### ■ Environment and Safety

We shall strive to reduce environmental impact and protect the environment and ecosystems in our operations in addition to supplying environmentally friendly products and services. Recognizing that the health and safety of our employees and communities in which we do business form the foundation for the very existence of our company and that we have a corporate social responsibility to assure the health and safety of others, we shall continue to ensure safe business activities.



## Basic Regulations

### ■ Fair Business Practices

We shall conduct business fairly and sincerely, adhering to ethical principles and refraining from unfair trade practices and any form of bribery or corruption, to contribute to sound social and economic development through fair competition in the market. We shall refuse to work with any group, organization or individual engaged in unlawful activities, and under no circumstances shall we have any relations with anti-social influences.

### ■ Customer Satisfaction

We shall constantly strive to satisfy our customers by keeping the promises made in contracts with them, doing our utmost to ensure the safety and quality of the products and services we supply, and engaging in dialogue and R&D.

### ■ Information Management

We shall, in the course of our corporate activities, maintain appropriate records and make reports as required by law and regulation. We shall manage information carefully to prevent leakage of confidential data relating to customers, business partners, or our own business.

### ■ Science and Technology

We shall advance R&D by bringing together outstanding researchers from Japan and overseas, and contribute to the realization of KAITEKI through innovation. We shall recognize the importance of our own and others' intellectual property rights and respect such rights.

### ■ Community Involvement

We shall contribute broadly to society through our businesses. In addition, we shall respond to the desires and expectations of local communities by enhancing our understanding of their cultures and customs and acting as a good corporate citizen.

### ■ Shared Standards

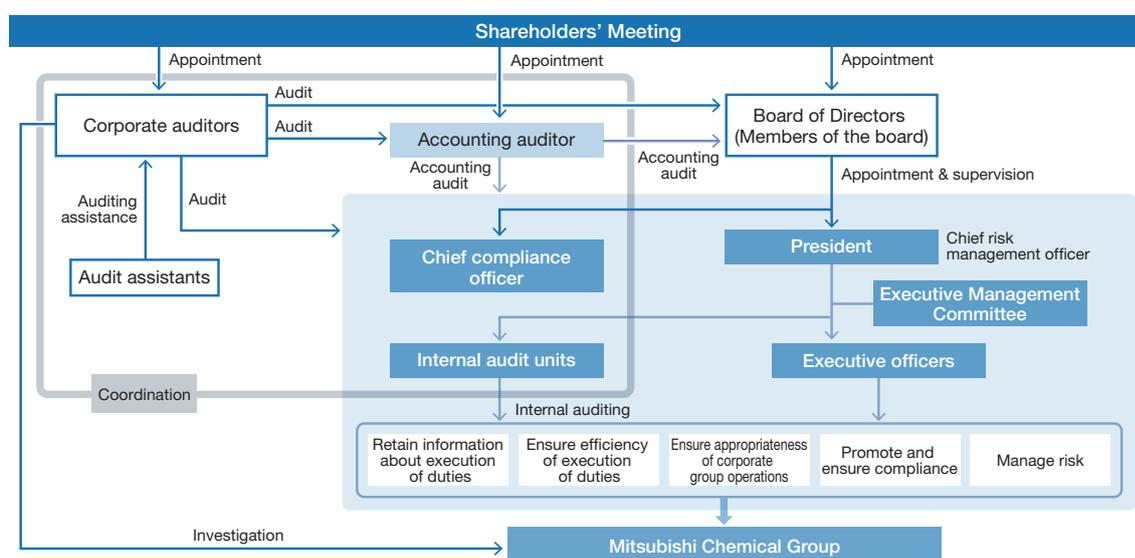
Mitsubishi Chemical Holdings Group managers shall recognize their responsibility to embody the spirit of this charter and shall ensure that employees are fully aware of its content. We shall expect our suppliers and other business partners to share all the standards set out in this charter, including but not limited to standards relating to human rights, employment, and labor.

# Corporate Governance

The top priorities for corporate governance of the Mitsubishi Chemical (MCC) Group are to ensure fast and efficient decision making and business execution, clarify management responsibilities, ensure compliance and strengthen risk management.

The MCC Group's basic corporate governance structure is illustrated below. The company has adopted an executive officer system to separate management and executive functions. Furthermore, MCC has defined the extent of the authority of such decision-making bodies as the Board of Directors and various management positions in its internal rules. Through these and other measures, MCC ensures proper, efficient managerial decision making and business execution.

## Corporate Governance Structure of the Mitsubishi Chemical Group (as of June 22, 2020)



### Board of Directors

The Board of Directors meets once a month in principle. In accordance with the regulations of the Board of Directors and other relevant rules, the board makes decisions on important managerial matters and basic matters concerning Group management and provides oversight of the execution of duties by directors. The six directors (four of whom concurrently serve as executive officers as of June 22, 2020) form a management structure capable of quickly adapting to environmental changes. To further clarify the managerial responsibilities and role of each director, the term of office for a director is one year. Human resources judged to possess the necessary skills and qualities to realize the Group's corporate philosophy and fulfill its social responsibilities are selected as candidates for director by the Board of Directors. Candidates are then elected by a resolution of the Shareholders' Meeting.

### Executive Management Committee

The Executive Management Committee is an advisory body that assists the President in making decisions, deliberating important matters concerning business execution, such as the investment and financing activities of MCC and the MCC Group. Particularly important managerial matters deliberated by the Executive Management Committee are acted on only upon the resolution of the Board of Directors. The Executive Management Committee meets twice a month in principle. The committee comprises the President, the chief operating officers of the business domains, the supervising officers of the corporate function domains, the presidents of the regional headquarters and the general manager of the Corporate Planning Department. The members of the board and corporate auditors may also attend its meetings as needed.



## Corporate Governance

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### Corporate Auditors

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MCC has four corporate auditors to audit its activities (as of June 22, 2020). The corporate auditors attend Board of Directors, various committee and other important meetings, receive reports from members of the board and other relevant parties, investigate the status of the company's business and property, and audit the execution of duties by members of the board. MCC does not have a Board of Corporate Auditors, but voluntarily maintains a Corporate Auditors Liaison Committee to facilitate coordination and cooperation among the corporate auditors. The Corporate Auditors Liaison Committee meets once a month in principle. At meetings, the corporate auditors discuss audit plans and other important audit-related matters. Corporate auditors, the accounting auditor and the Internal Audit Department work in close coordination, exchanging opinions on their respective audit processes and results.

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### Committees

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The company maintains a number of committees, including the Compliance Promotion Committee, Risk Management Committee, Information Security Committee, Environmental and Safety Promotion Committee, and Human Rights and Diversity Development Committee. These committees refer or report important matters to the Board of Directors or the Executive Management Committee.

# Internal Controls

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## Basic Policy

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Based on the Basic Internal Control System Maintenance Policy established by the Board of Directors, Mitsubishi Chemical (MCC) maintains an internal control system that encompasses MCC Group systems related to enforcing compliance, risk management, ensuring efficacy and efficiency, and information archiving. By doing so, MCC strives to ensure appropriate operations and enhance corporate value. The Board of Directors receives reports on and verifies the maintenance and operational status of the internal control system once a year, and MCC works to strengthen and improve the system as needed.

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## Improving Our Internal Control Systems

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Based on the Mitsubishi Chemical Group Regulations on Promoting the Improvement of the Internal Control System, established July 1, 2017, MCC is reinforcing governance, ensuring proper operations, and establishing and improving related processes and operations to enhance the efficacy and efficiency of such initiatives. Together, these efforts constitute the foundation of internal control at MCC Group companies.

In fiscal 2019, in coordination with the regional headquarters, MCC supported the reinforcement of governance and the control of operational processes to strengthen internal control at Group companies. MCC will continue to build mechanisms that enable MCC Group companies to independently check the maintenance and operational status of their internal control systems and implement improvements.

# Compliance

The Mitsubishi Chemical (MCC) Group regards compliance as a top priority in its corporate activities. The MCC Group has in place a Compliance Promotion Program that comprises basic regulations concerning compliance, a structure for compliance promotion, education and training programs, auditing and monitoring systems, and a consultation and reporting hotline. Based on this program, the MCC Group works to ensure appropriate and precise operations and management.

## Compliance Promotion Structure and the CCO

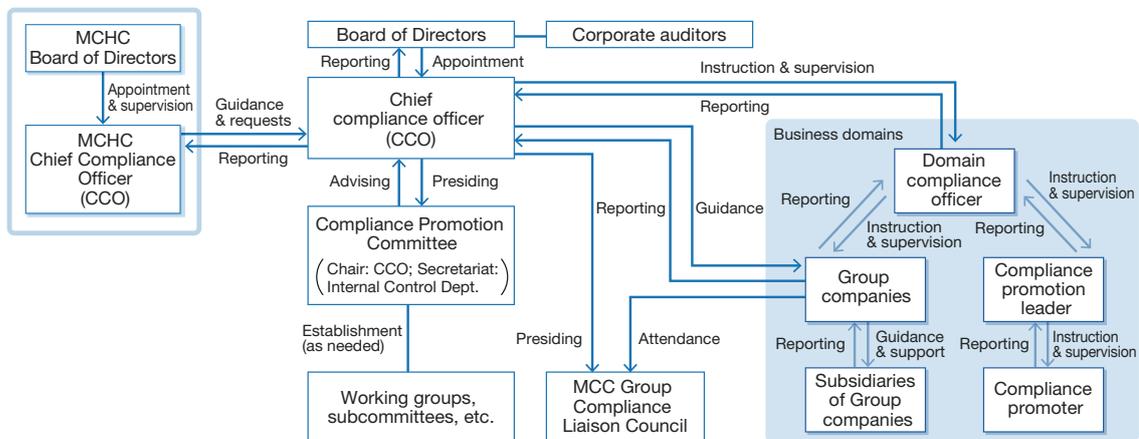
The Board of Directors appoints the Mitsubishi Chemical Group's chief compliance officer (CCO).

The CCO has the authority to direct and supervise the MCC business domains and Group companies in matters related to compliance. The CCO also chairs the Compliance Promotion Committee and reports to the Board of Directors and CCO of Mitsubishi Chemical Holdings (MCHC) on the status of compliance and important issues.

The Compliance Promotion Committee deliberates on such matters as basic policy concerning the development and operation of the MCC Group's Compliance Promotion Program, the performance of the program and responses to compliance violations. The committee also advises the CCO as necessary.

Furthermore, our designated domain compliance officers, compliance promotion leaders and compliance promoters in each domain coordinate to promote compliance in the course of daily operations.

### Compliance Promotion Structure of the Mitsubishi Chemical Group



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## Compliance Regulations

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The MCC Group maintains and operates according to internal compliance-related regulations, including regulations concerning the compliance promotion structure, hotlines and responses to compliance violations.

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## Educational, Training and Awareness-Raising Activities

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MCC conducts a variety of educational, training and awareness-raising activities in Japan and overseas on an ongoing basis in order to further instill compliance awareness.

Beginning in fiscal 2018 in Japan, building on the training for compliance promotion leaders and compliance promoters implemented in fiscal 2017, we held group training sessions aimed at increasing compliance awareness for all non-line managers (employees who are of management rank but who do not have any subordinates), including those of some Group companies, as part of a two-year plan. The approximately 2,700 non-line managers targeted by this training constitute an important tier of the Group's workforce in terms of compliance penetration. In fiscal 2019, the second year of the two-year plan, we implemented 21 training sessions at nine locations for 1,279 employees. We also provide e-learning for all members of the Group, seeking to enhance each and every employee's compliance awareness. Furthermore, we are increasing awareness and knowledge of such important compliance risks as information security through such means as targeted email attack response drills.

Overseas, we carry out training and awareness-raising tailored to the circumstances of each region. We are also bolstering initiatives through such means as local training and e-learning. In fiscal 2019, we held a meeting of the Compliance Liaison Council, bringing together 49 domain compliance officers and compliance promoters from Group companies in Singapore, Thailand, Indonesia, India, Vietnam and the Philippines to share information about compliance.



## Compliance

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### Fair Business Practices

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#### ■ Mitsubishi Chemical Holdings Group Global Anti-Bribery Policy

MCHC has established the Mitsubishi Chemical Holdings Group Global Anti-Bribery Policy, aiming to prevent bribery on the part of its operating companies and their executives and thus ensure compliance with anti-bribery laws and regulations in all the countries where it operates, prevent corruption, and help establish and maintain fair business practices.

The policy prohibits bribes to public officials and includes provisions concerning accounting records, compliance structures and penalties for violations.

Within the MCC Group, the supervisors of domestic sales employees hold interviews with said employees to confirm their actions with regard to risks related to sales, including those surrounding anti-trust legislation, bribery and the Subcontractor Act.

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### Monitoring and Reporting Systems

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#### ■ Compliance Hotline

The MCC Group has established a hotline through which employees can contact the Internal Control Department, an external lawyer or a hotline service company to seek advice or report possible compliance violations. The Group strives to ensure that the hotline is operated properly and employees are aware of it.

#### ■ Global Compliance Perception Surveys

The MCC Group uses employee perception surveys to monitor the degree of compliance awareness among employees. In fiscal 2019, these surveys were returned by 32,700 employees of domestic Group companies (or 94.4% of such employees) and 4,735 employees of Group companies in Asia (or 83.6% of such employees). Survey results are analyzed in detail and used to provide feedback to related officers. Challenges and problems identified as a result of said analysis are reflected in compliance-related measures and training.

#### ■ Response to Compliance Violations

In the event of a compliance violation, the domain compliance officer and the departments overseeing compliance work together to implement an appropriate initial response that rectifies or otherwise deals with the situation. They then investigate the cause of the violation and implement recurrence countermeasures. Any employee who has committed a compliance violation is dealt with as necessary, possibly with disciplinary action, in accordance with the Employee Work Regulations or other relevant regulations of the Group company to which the employee belongs.

# Risk Management

The Mitsubishi Chemical (MCC) Group has established basic regulations for risk management and implements risk management activities related to the execution of its businesses and operations. Specifically, the Group's policy is to accurately identify and evaluate risks that could significantly impact the Group, deal with such risks appropriately, and minimize the impact of such risks on its businesses and society, including the Group's stakeholders.

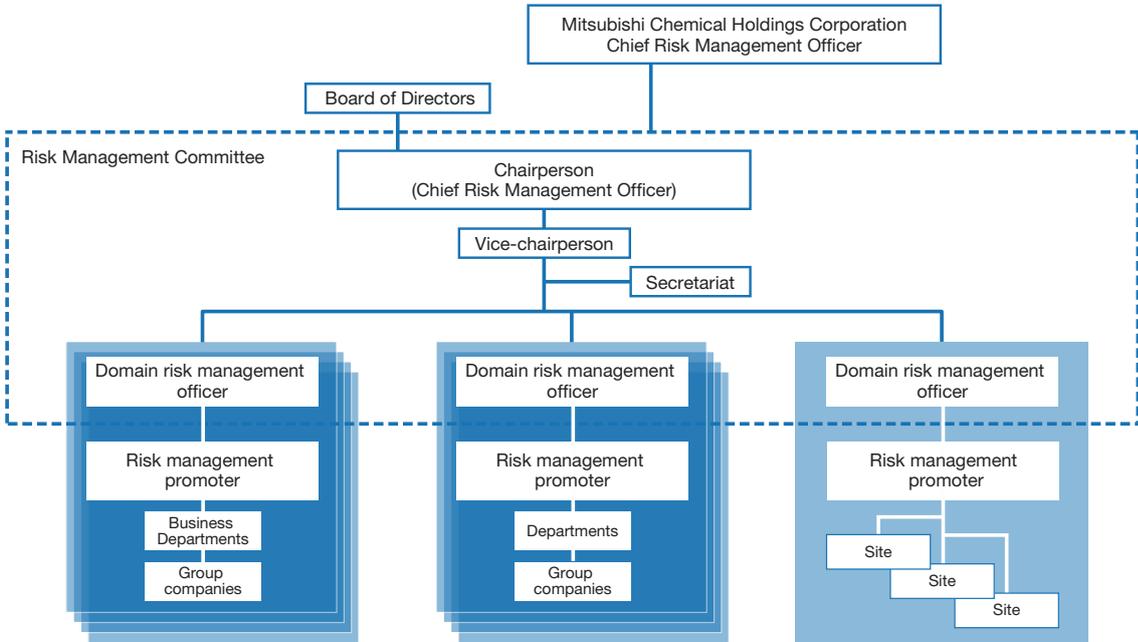
## Risk Management Structure

MCC has set up a Group-wide risk management system headed by its President, who serves as the Group's Chief Risk Management Officer, and strives to ensure that this system operates appropriately and smoothly.

The supervising officers of the business domains and corporate function domains serve as domain risk management officers charged with maintaining, operating, directing and overseeing the risk management systems within their respective units, including those of MCC Group companies. Meanwhile, the Risk Management Committee, established to support the Chief Risk Management Officer as a supplementary decision-making organ, regularly confirms the operational status of the MCC Group's risk management system and deliberates on important matters related to the development and operation of said system, basic policy and plans regarding risk management activities, and management objectives and countermeasures related to serious risks.

The internal audit units periodically audit the operational status of the risk management system and report their findings to the MCC Board of Directors and the Mitsubishi Chemical Holdings Corporation Chief Risk Management Officer.

### Risk Management Structure of the Mitsubishi Chemical Group





# Risk Management

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## Initiatives

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Since the formation of the new MCC, in addition to the risks individually identified and addressed by each department, management has designated the seven risks listed below as risks to be dealt with on a company-wide basis and is working to reinforce risk management efforts accordingly.

- (1) Process safety and stable operations
- (2) Compliance promotion
- (3) Governance and global management
- (4) Crisis management and business continuity
- (5) Information security
- (6) Management of working hours
- (7) Climate change issues

In fiscal 2019, in light of the recent ramping up of international trade sanctions, MCC added an eighth risk, "Trade." Including this new item, approximately 5,300 specific risks were identified across the Group. We prioritize these risks based on severity and likelihood of actualization and are formulating and implementing measures to reduce said risks.

In addition, in fiscal 2020, we are reflecting the significant changes in workstyles and work itself caused by the COVID-19 pandemic in risk management.

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## Business Continuity Plans

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The MCC Group formulates business continuity plans (BCPs) to minimize the impact suffered by its customers and business partners in the unlikely event of a natural disaster or a major accident.

Specifically, when responding to such crises as a major earthquake in the Nankai Trough or a pandemic, MCC gives greatest priority to assuring the safety of human life, including the lives of employees, their families, business partners and local residents. We have also prepared manuals that lay out steps to be taken after such safety is assured, namely, how to maintain or quickly resume the supply of key products essential to society and thus fulfill our product supply obligations to our customers.

In addition, we maintain arrangements that will ensure that operations important to the whole Group can be continued elsewhere should the head office be incapacitated by a major earthquake striking the Tokyo metropolitan area.

# Intellectual Property

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## Basic Policy

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### ■ Respecting Intellectual Property Rights

The so-called intellectual property age has been under way for some time now, and in recent years, not only conventional patents, know-how, and trademarks, but also data itself, as exemplified by big data, has come to be recognized as having intrinsic value and an important form of intellectual property. Mitsubishi Chemical (MCC) regards all these forms of intellectual property as important management assets and strives to effectively utilize them to increase corporate value. Accordingly, MCC legally protects these important management assets by formalizing its intellectual property rights and takes appropriate measures when its own intellectual property rights are infringed upon by other parties. At the same time, the company endeavors to respect the valid intellectual property rights of other parties, maintaining an oversight framework and carrying out careful research, oversight and countermeasures to ensure that it does not infringe upon such rights.

### ■ Intellectual Property Strategy

MCC's intellectual property strategy is to create and utilize intellectual property as necessary to improve and maintain the intellectual property environment of each of its businesses.

Reflecting the increasing globalization of MCC's businesses, the company is working to create and utilize intellectual property from a global perspective that includes overseas locations.

Furthermore, to leverage the tide of digital transformation seen in recent years, we are proactively working to increase the efficiency and sophistication of our operations using digital technologies.

### ■ Intellectual Property Coordination

MCC actively promotes intellectual property coordination across the MCC Group as a whole. Sharing their intellectual property enables the operating companies to accelerate business and technological development. We also engage in collaboration with third parties to guard against issues related to utilizing their intellectual property.

In line with this basic policy, MCC advances unified intellectual property activities chiefly through the Intellectual Property Department and in coordination with the business and R&D departments.

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## Intellectual Property Training

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MCC implements intellectual property training aimed at making practical use of intellectual property—a management resource—in its businesses and management. In addition to on-the-job training, we operate a rank-specific program covering everyone from new recruits to the leadership class of the business, R&D, and other departments. With an emphasis on ensuring that employees utilize the knowledge and skills gained through such training in their work, we implement practical education for business and R&D departments that goes beyond just legal knowledge.



## Intellectual Property

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### Human Resource Development and Recruiting of Intellectual Property Department Staff

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MCC believes that its Intellectual Property Department should be staffed by human resources who can advance intellectual property activities that contribute to MCC's businesses alongside business and R&D departments and who can contribute to the company's businesses and management from the perspective of intellectual property. Accordingly, we are developing human resources who have practical work execution, planning/strategy and organizational management abilities. Recognizing the importance of diverse experience, our human resource development includes overseas training using internal systems, various forms of external training, and, as needed, work experience in areas other than intellectual property. In these ways, we aim to develop specialized intellectual property-related skills as well as the general business skills necessary for a business person.

To develop the kind of human resources described above, we assign new graduate hires to the Intellectual Property Department on an ongoing basis and proactively hire mid-career individuals with a view to finding diverse talent.

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### Code of Research Conduct

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MCC has established the Code of Research Conduct to ensure that its researchers' conduct, in all R&D activities, is always exemplary.

To ensure that research is carried out responsibly, the Code of Research Conduct includes provisions regarding the proposal of research topics and execution of related research, management of data, presentation of results, communication between researchers and procedures for addressing compliance problems.

MCC utilizes a variety of opportunities to implement education related to the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior (the Mitsubishi Chemical Holdings (MCHC) Group's basic regulations concerning compliance) and the Code of Research Conduct to ensure that researchers act with an awareness of such rules as they carry out their duties.

Reflecting these efforts, MCC's researchers bring a strong sense of ethics, sincerity and humility to their R&D work, seeking to live up to the trust and expectations of society by respecting both our own intellectual property and that of other parties while contributing to the growth and development of MCC and the MCHC Group as a whole on an ongoing basis.

# Information Security

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## Basic Policy

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The Mitsubishi Chemical (MCC) Group undertakes information management in line with the Mitsubishi Chemical Group Information Security Policy. Under this policy, the MCC Group strives to protect its information assets and, in the event of an information security incident, acts to minimize the impact on its businesses and quickly resume any interrupted operations. Furthermore, the MCC Group works to raise employee awareness of the importance of protecting information assets while striving to maintain and improve the efficacy of its information security as part of efforts to prevent business interruptions and the loss of society's trust due to such problems as information leaks or falsification.

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## Main Activities

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The MCC Group maintains, manages and works to enhance all aspects of information security, including documents and data, information systems and plant controls, on a Group-wide basis under the leadership of the Information Security Committee, established per the Mitsubishi Chemical Group Information Security Policy.

In addition, to counter increasingly sophisticated cyber attacks, the Mitsubishi Chemical Holdings Group Information System Security Subcommittee enforces a PDCA cycle for the entire Mitsubishi Chemical Holdings Group, working to maintain and strengthen information security.

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## Defensive Measures against Threats to Computer Networks

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The MCC Group has both technological and management measures in place to ensure network security. Technological measures include entrance safeguards, such as e-mail filters, exit safeguards, such as systems that monitor access to the Internet from our internal network, and other security measures that are continually reinforced through the adoption of the latest security system technologies. In terms of management measures, the Group regularly urges caution against suspicious e-mails and conducts training drills.

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## Measures to Prevent Leaks of Personal Information and the Confidential Information of Customers and Third Parties

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MCC has established its own Rules on Handling Personal Information and strives to ensure strict compliance with the Act on Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures and other relevant laws, regulations and guidelines as well as the E.U. General Data Protection Regulation (GDPR) promulgated in May 2018.

As part of measures to prevent information leaks, MCC is taking such steps as strengthening the management of electromagnetic recording media and restricting access to the Internet.

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## Internal Education and Training

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The MCC Group regularly conducts awareness-raising and training events for employees to promote strict information management. Moreover, information security training via e-learning is implemented every year, and information security training education is built into our internal training curriculum.

## Internal Audits

The Internal Audit Department, which is independent of business and administrative operations, conducts internal audits to assess the effectiveness of internal controls at Mitsubishi Chemical Corporation and its Group companies, monitoring such factors as the adequacy and the efficiency of each organization's governance, risk management and operating processes. The Internal Audit Department shares the results of such internal audits with the relevant organizations, working in close collaboration with them to improve internal controls.





# Basic Policy

Mitsubishi Chemical carries out Responsible Care (RC) activities,<sup>1</sup> which are voluntary activities in the chemical industry for ensuring environmental conservation, health and safety. In line with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior and with the aim of realizing KAITEKI, we implement RC activities based on the five pillars of process safety and disaster prevention, occupational safety and health, environmental conservation, chemical and product safety, and logistics safety.

<sup>1</sup> Responsible care activities: Voluntary activities undertaken by companies that handle chemical substances to protect the environment, health and safety across all related processes, from the development of such substances to their manufacturing, distribution, use, final consumption and disposal. These activities also encompass the publishing of the results of such efforts and dialogue and communication with society.

# Implementation Framework

Mitsubishi Chemical (MCC) has designated departments responsible for promoting each of the five pillars of its Responsible Care (RC) activities. These departments work together to carry out RC activities. The designated departments draft annual RC action plans that are then deliberated by the Environmental and Safety Promotion Committee, comprising the director in charge of RC, representatives of the business domains and plant general managers, before being discussed by the Executive Management Committee and then going to the President for final approval. The director quickly informs employees of the approved plans and orders the creation of action plans for plants and business domains based on said plans. The departments responsible for implementing RC activities monitor the action plans of the plants and business domains and their implementation status and provide support and instruction aimed at improvement, thereby helping to improve the RC activities of the MCC Group as a whole.

RC activity pillar	Implementation departments
Process safety and disaster prevention	Environment & Safety Dept.
Occupational safety and health	
Environmental conservation	
Chemical and product safety	Product Stewardship Dept. Quality Assurance Dept.
Logistics safety	Logistics Dept.



# Environment and Safety

## Basic Policy

Mitsubishi Chemical (MCC) has established the Environment and Safety Principles as well as Policies Related to Environment and Safety, and it implements activities related to process safety and disaster prevention, occupational safety and health, and environmental conservation.

### Environment and Safety Principles

1. Safety lies at the foundation of the company's very existence, and ensuring safety is the company's social responsibility.
2. The company has an obligation to conserve and improve the environment and become an entity that is friendly to both people and the planet.

### Policies Related to Environment and Safety

1. We will comply with social rules and standards, including corporate ethics in addition to applicable laws.
2. We will pursue zero accidents and zero occupational injuries.
3. We will reduce our environmental impact to prevent global warming and protect the natural environment.
4. We will educate our employees about the environment and safety so that they can act with awareness of their own responsibilities.
5. We will communicate closely with society to enhance understanding and trust.
6. We will continue making improvements by utilizing the latest technologies and available internal and external information.

Based on the above environment and safety principles and policies, every year, MCC creates a Group environment and safety action plan. The plan reflects the results of the previous year's plan and audits and lays out yearly targets, policies and key measures.

The fiscal 2019 plan included the annual targets of zero serious process safety incidents, zero serious occupational accidents, zero environmental incidents, and contribution to the global environment. The annual policy under the plan was to precisely understand workplace weaknesses and steadily make improvements. In line with this plan and the status of each workplace, we carried out environment and safety activities.

## Audits of Environment and Safety Activities

MCC conducts safety audits and environmental audits covering 16 plants, two R&D centers, and 94 domestic and overseas Group company sites.

In fiscal 2019, MCC conducted safety audits of 11 plants and 33 Group company sites as well as environmental audits of two plants, one R&D center and seven Group company sites. Through the audits, MCC checked and evaluated the workplaces' PDCA cycles based on audit subjects designated in the fiscal 2019 audit plan and provided guidance related to needed improvements.

MCC checks to confirm that audited plants, R&D centers and Group companies are working to make necessary improvements by, for example, improving their facilities or reviewing their standards in response to guidance provided as a result of such audits.

	FY2019 audits performed	Total issues identified	FY2019 audit plan audit subjects
Safety audits by MCC	<ul style="list-style-type: none"> <li>• MCC: 11 plants</li> <li>• Group companies: 33 sites</li> </ul>	168	<ul style="list-style-type: none"> <li>• Implementation of action plans</li> <li>• Implementation of measures to prevent occupational accidents, other incidents and their recurrence</li> <li>• Compliance with safety laws</li> </ul>
Environmental audits by MCC	<ul style="list-style-type: none"> <li>• MCC: 2 plants and 1 R&amp;D center</li> <li>• Group companies: 7 sites</li> </ul>	72	<ul style="list-style-type: none"> <li>• Compliance with environmental laws</li> <li>• PDCA cycles for environmental conservation activities</li> </ul>

# Process Safety and Disaster Prevention, Occupational Safety and Health

## Basic Policy

Mitsubishi Chemical (MCC) creates action plans comprising annual targets, annual policies, and key measures reflecting the status of activities and results of the previous fiscal year and uses said plans to carry out process safety and disaster prevention and occupational safety and health activities. In fiscal 2019, we implemented activities in line with the annual goals of zero serious process safety incidents and zero serious occupational accidents as well as the annual policy of precisely understanding workplace weaknesses and steadily making improvements.

### Focus The MCC Group Basic Safety Behaviors Initiatives

The MCC Group established the MCC Group Basic Safety Behaviors and began initiatives to ensure that employees know and consistently practice them in order to prevent employee behavior-related accidents throughout the global Group. The three basic behaviors were drafted based on opinions solicited from our 40,000 employees around the world. Under these initiatives, employees not only work to carry out the basic behaviors themselves, but remind one another and raise each other's awareness in order to prevent occupational accidents at the organizational level.



The MCC Group Basic Safety Behaviors

1 One MCC: A slogan for bidirectional globalization efforts aimed at becoming a truly global Group and Group-wide cross-border initiatives



# Process Safety and Disaster Prevention, Occupational Safety and Health

## Preventing Process Safety Incidents and Occupational Accidents, Key Measures

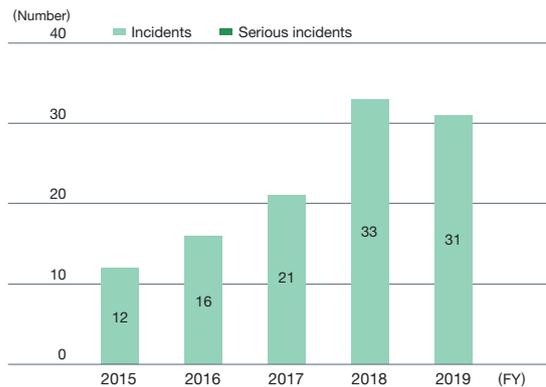
In fiscal 2019, there were 25 incidents, including small fires and leaks of hazardous materials, as well as six chlorofluorocarbon gas leak incidents.

The main causes of the incidents were the corrosion and degradation of facilities and insufficient checking during facility inspections and operations. Behind these factors, were management problems, including delays in response to facility aging, insufficient knowledge and insufficient education.

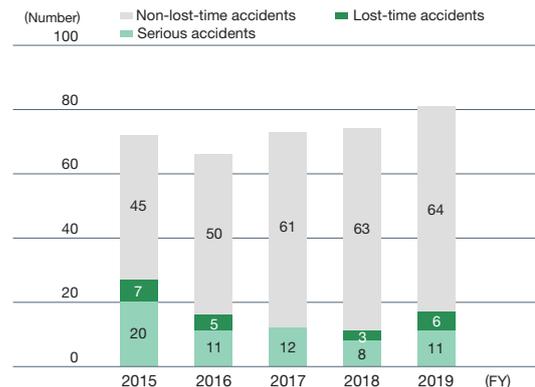
In fiscal 2019, 11 serious occupational accidents resulting in four or more days of lost work occurred in Japan. These accidents included such incidents as getting caught or entangled in machinery and falls on level surfaces and from high places. The main causes of these occupational accidents were lack of competency in basic practices and operations, inadequacies in work procedures and inadequacies in structure design and management. Behind these factors were management problems, including insufficient education and training, insufficient safety activities, and insufficient risk assessment.

Due to a focus on countermeasures to accidents related to being caught and entangled in equipment, which often lead to severe occupational injuries that result in lasting physical impairment, such accidents decreased. However, instances of falls on level surfaces and heat stroke have been increasing, and overall occupational accidents did not decrease. We will continue striving to reduce the occurrence of occupational accidents.

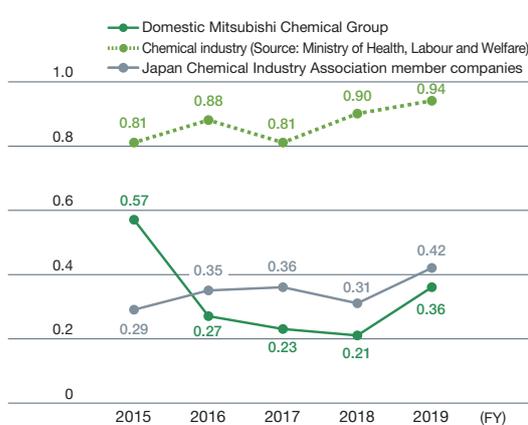
**Mitsubishi Chemical Group Process Safety Incidents in Japan**



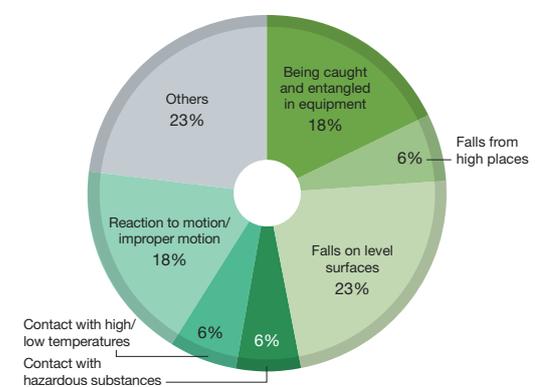
**Mitsubishi Chemical Group Occupational Accidents in Japan**



**Annual Rate of Lost-Time Accidents**



**Mitsubishi Chemical Group Lost-Time Accidents by Classification (FY2019)**



\* Data for fiscal 2016 and earlier are the totals of the figures for the previous Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Rayon and their respective domestic group companies. The same applies hereinafter.

\* The figure for chlorofluorocarbon gas leak incidents represents leaks from refrigeration equipment with a capacity of 20 refrigeration tons or greater.

In light of the problems underlying these process safety incidents and occupational accidents, in fiscal 2020, we are implementing the following key measures.

- **Thoroughness and Continuation of Safety Activities**

In addition to efforts to thoroughly ensure safe basic practices and operations, we are reviewing and working to ensure adherence to proper procedures and safety equipment use in construction and other operations, steadily implementing change management and risk assessment, thoroughly responding to incidents and occupational accidents, and effectively utilizing information to prevent the recurrence of incidents and occupational accidents as well as the occurrence of similar incidents and accidents.

- **Thoroughness and Continuation of Facility Management**

To prevent incidents and occupational accidents, we properly inspect facilities for age-related deterioration and repair and replace them as needed while steadily performing regular monitoring to ensure that signs of irregularities in facilities are quickly detected and dealt with appropriately.

- **Human Resources Training**

We strive to train people who can think for themselves, have good judgment, and take action. For inexperienced employees, we carry out education on not only operational procedures, but also on adhering to basic safety behaviors and operations and rules about prohibited behaviors. Furthermore, to enhance risk assessments, we are proactively developing human resources with specialized risk assessment knowledge and skills.

- **Accident and Natural Disaster Response**

To minimize and contain harm in the event of an accident or natural disaster, such as an earthquake, we have in place systems for rapid response within plants and preventing negative impacts on the areas around our sites and containing harm and conduct training accordingly. In addition, we are advancing measures to deal with natural disasters caused by extreme weather due to climate change.

### **Focus** **Creating People-Friendly Workplaces: Automating Cleaning Operations at the Kagawa Plant**

Based on the idea that “Safety lies at the foundation of the company’s very existence, and ensuring safety is the company’s social responsibility,” which is part of its Environment and Safety Principles, MCC strives to create people-friendly workplaces by minimizing operations that are physically or mentally burdensome. To this end, we are advancing facility improvements utilizing AI, IoT, robotics and other cutting-edge technologies.

At MCC’s Kagawa Plant, employees periodically have to clean accumulated grime off of equipment. Previously, employees used tools to directly scrape this grime off of surfaces. Because this work put them in danger of cuts and burns, it was physically and mentally burdensome. To address this, the plant adopted an automated cleaning system that uses robotic arms. This has not only reduced the amount of work presenting significant risk of occupational injury, but enabled the optimization of cleaning conditions, instead of relying on the experience of operators, thereby realizing an improvement in efficiency over manual cleaning.

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## **Risk Assessment**

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MCC implements robust risk assessments of processes, operations and chemicals, striving to prevent process safety incidents and occupational accidents. In these risk assessments, we comprehensively identify, evaluate and work to reduce risks related to process safety, occupational accidents and health. This includes risks not only under steady conditions, but also unsteady conditions, such as when responding to a problem. Furthermore, to effectively reduce risks related to changes, we use mechanisms for identifying all changes and conduct risk assessments under the supervision of expert technicians.



# Process Safety and Disaster Prevention, Occupational Safety and Health

## Enhancing Self-Directed Process Safety

MCC's Ibaraki, Mie, Okayama and Hiroshima plants are accredited as having high-level process safety under the High Pressure Gas Safety Act. These plants maintain a high level of process safety by creating mechanisms in line with the requirements for accreditation under the High Pressure Gas Safety Act, such as 1. Process safety management and inspection frameworks, 2. Continuous improvement of process safety systems via PDCA cycles, 3. Risk assessments and 4. Education and training.

In recent years, the variety of accidents is increasing, plant facilities are aging and the number of highly experienced employees is falling. In light of such factors, we are working to further enhance the level of process safety by such means as using IoT and big data technologies, implementing sophisticated risk assessments and receiving third-party process safety assessments.

## Working Environment Management

Some employees within the MCC Group perform work that requires occupational health considerations, such as the handling of specified chemical substances and organic solvents and operations performed in hot or noisy conditions. To prevent health problems in these employees, the MCC Group manages working environments based on ongoing working environment measurement performed in accordance with relevant laws and guidelines and its own rules. In addition, MCC carries out a range of occupational health measures, such as implementing specialized health checkups, workplace inspections by industrial physicians and initiatives to reduce risks identified by chemical substance risk assessments.

### **Focus** COVID-19 Infection Prevention Measures During Regular Maintenance at the Ibaraki Plant

MCC's Ibaraki Plant halted normal operations from May 12 to July 4, 2020, for large-scale regular maintenance, comprising facility inspections and repairs. During this time, many individuals from partner companies across Japan were scheduled to come to the plant. In light of this, we worked with Ibaraki Prefecture, Kamisu City and medical professionals to implement thorough measures to prevent infection of COVID-19.

#### Main anti-infection measures

- Required visitors from contractors to make a log of their body temperature and whereabouts for a period beginning two weeks before their arrival and, prior to entering the plant for the first time, to undergo a medical interview with a doctor.
- Checked individuals' temperature and logs of physical condition and whereabouts when they entered the plant each day.
- Took thorough measures to avoid work in closed spaces, crowding and close contact, such as restricting entry to offices, holding construction-related meetings virtually, improving the efficiency of contractor reception operations by adopting DX technologies, and cancelling morning assemblies.

As a result of these measures, the regular maintenance was completed with zero cases of COVID-19 and zero accidents. The Ministry of Economy, Trade and Industry praised these efforts, saying that "the successful completion of the regular maintenance at the Ibaraki Plant is a model for such regular maintenance nationwide."



Medical interview with a doctor before entering the plant for the first time



Real-time body temperature sensing at the employee entrance gate



Providing instructions remotely using tablets

## Human Resource Development Initiatives

MCC implements human resource development using educational plans tailored to specific types of work and levels of seniority.

We carry out education and drills for employees who conduct operations at manufacturing sites to ensure that they can correctly carry out basic practices and operations and follow rules about prohibited behaviors. We also use creative techniques to help employees apply the knowledge gained through education at actual work sites. Furthermore, we carry out experiential education using facilities that provide simulated experiences of process safety incidents and occupational accidents to increase employees' sensitivity to danger.

For technical staff, we also provide chemical engineering education and carry out such initiatives as mandatory participation in safety assessments of processes at their respective work sites. Through such efforts, we are developing chemical process safety engineers with specialized knowledge of chemical substances and reactions and risk assessment methods.

### Focus New Education Center at the Fukuoka Plant—Virtual Reality Training System

MCC's Fukuoka Plant established a new education center (completed in January 2020), expanded its practice plant, adopted a virtual reality (VR) training system and set up an area dedicated to keeping the lessons of past accidents fresh. The practice plant enables employees to practice performing plant operations and on-site work (such as replacing pumps and performing work inside tanks), as well as to drill basic operations, such as the handling of tools and correct work posture and position. We expect that it will be very useful for developing plant operators. The VR training system allows employees to virtually experience accidents, such as falls and being caught or entangled in equipment, to heighten their sensitivity to danger and help prevent occupational injuries. The area dedicated to keeping the lessons of past accidents fresh provides information about serious accidents that have occurred at MCC to renew employees' determination to ensure safety.



The new education center



Expanded practice plant



VR training system



Area dedicated to keeping the lessons of past accidents fresh



## Process Safety and Disaster Prevention, Occupational Safety and Health

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### Accident and Natural Disaster Response

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MCC has in place a range of countermeasures to minimize and contain harm due to accidents and natural disasters. We evaluate potential external effects, including impact on surrounding areas, and establish response procedures to be implemented in the event of a disaster. We also conduct training based on scenarios in which accidents occur simultaneously at multiple facilities or plants due to large-scale natural disasters or other factors. Through such efforts, we maintain an emergency response system.

#### ■ Earthquake-Resistant High-Pressure Gas Equipment

MCC uses earthquake resistance design standards to evaluate the earthquake resistance of such facilities as spherical storage tanks with welded steel pipe braces and high-pressure gas facilities designated as vital in terms of earthquake-resistant design. Based on such evaluation, MCC has drawn up plans to improve facilities where necessary and is advancing earthquake countermeasures in line with said plans.

(1) Spherical storage tanks with welded steel pipe braces

We have completed earthquake countermeasures for eight of the nine tanks found to require them. The installation of earthquake countermeasures for the remaining tank is currently under way and expected to be completed in fiscal 2020.

(2) High-pressure gas facilities designated as vital in terms of earthquake-resistant design

We have completed earthquake countermeasures for 24 of the 28 facilities found to require them. Earthquake countermeasures for the remaining four facilities are expected to be completed in fiscal 2020.

#### **Focus** Countermeasures for Major Earthquakes at the Mie Plant

MCC's Mie Plant has long implemented earthquake countermeasures based on a scenario of an earthquake occurring in the Tokai region. Following the Great East Japan Earthquake, we strengthened and revised countermeasures based on a scenario of a major earthquake in the Nankai Trough, took facility-related measures, revised related manuals and reinforced related drills.

# Environmental Conservation

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## Basic Policy and Key Measures

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Aiming to contribute to the global environment, Mitsubishi Chemical (MCC) proactively works to reduce its greenhouse gas emissions, conserve resources and energy, prevent contamination of the air, water and soil, limit waste generation, encourage reuse and recycling, engage in activities and develop technologies that help conserve the natural environment, and develop and produce environmentally friendly products. In these ways, MCC strives to reduce its environmental burden at every level of its business activities.

In addition, to ensure legal compliance, we carry out training on environmental laws and regulations, conduct environmental audits and hold twice annual liaison meetings at which MCC Group managers in charge of environmental issues exchange the latest information about legal amendments and other issues.

In fiscal 2019, we set the annual targets of zero environmental incidents and contributing to the global environment and implemented the following key measures.

- **Reducing Environmental Risk**

We are implementing legal education and environmental audits to ensure compliance with environmental laws and regulations while systematically reducing environmental risk by implementing risk assessments.

- **Reducing Environmental Impact**

We are working to reduce our environmental impact through such means as cutting greenhouse gas emissions, saving resources and energy, and reducing emissions of pollutants.

- **Coexisting Harmoniously with Local Communities**

We are letting local communities know about our environmental conservation initiatives and promoting harmonious coexistence through communication.



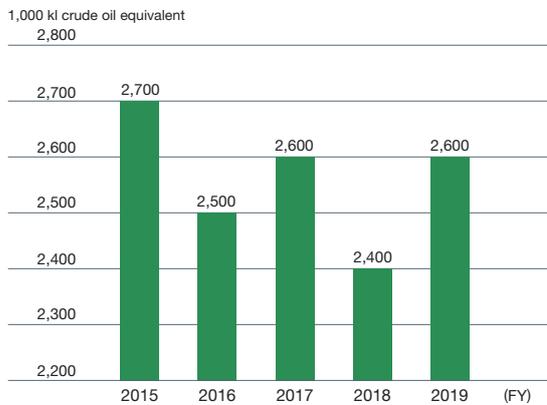
# Environmental Conservation

## Addressing Climate Change

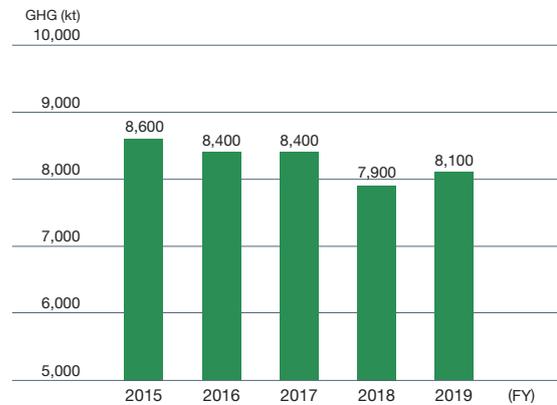
In line with the target set by Mitsubishi Chemical Holdings of reducing greenhouse gas emissions at least 17% compared with fiscal 2005 levels by fiscal 2015, MCC worked to cut its greenhouse gas emissions and achieved the fiscal 2015 target. We have maintained emissions at this lower level since fiscal 2016.

Going forward, we will expand the range covered by this measure to include overseas Group companies and advance initiatives to further reduce greenhouse gas emissions as we aim for the targets of the MCC Group medium-term management plan.

### Energy Consumption



### Greenhouse Gas Emissions



\* Environmental data for fiscal 2016 and earlier are the totals of the figures for the previous Mitsubishi Chemical, Mitsubishi Plastics, Mitsubishi Rayon, and their respective domestic group companies. Energy consumption is given as the total of that for the three previous companies before the formation of the current Mitsubishi Chemical but does not include their domestic group companies.

\*\* Since fiscal 2015, energy consumption and GHG emissions have been calculated based on the GHG Protocol.

### Focus Energy Saving via Solar Power Generation at the Shiga Plant

MCC's Shiga Plant (Azai Area) has installed rooftop solar panels to generate solar power. With a maximum capacity of 250 kW, these solar panels help reduce net power consumption at peak demand times in the summer, when the use of air conditioning increases demand. From their installation in 2014 to June 2019, they generated approximately 1,600 MWh (reducing CO<sub>2</sub> emissions approximately 696 tons). MCC will continue to use clean energy to help prevent climate change.



Solar panels at the Shiga Plant

### Life Cycle Assessments

Life cycle assessment is an approach that enables the quantitative evaluation of the environmental burden generated by a product or service over its entire life cycle (from resource collection through raw material production, product manufacturing, distribution, consumption, disposal and recycling) or at specific stages of said life cycle. The evaluation of the environmental impact of MCC's products and services over their entire life cycles better enables the company to develop environmentally friendly products and services and provide them to society.

## Preventing Air, Water and Soil Pollution

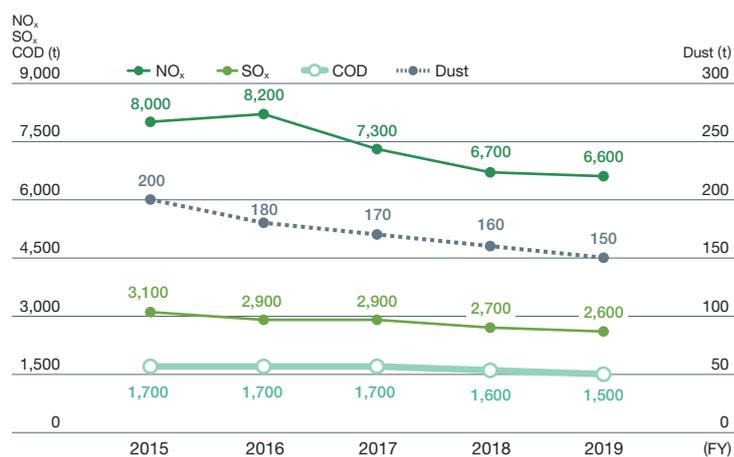
MCC handles a wide range of chemical substances and therefore maintains ongoing measures to reduce emissions of hazardous air pollutants and of pollutants into public bodies of water through such means as installing and improving emission gas and wastewater treatment facilities.

We have been reducing or maintaining at a steady level the environmental burden our businesses place on atmospheric and water quality, as measured by NO<sub>x</sub>, SO<sub>x</sub> and dust emissions as well as chemical oxygen demand (COD). MCC's emissions of PRTR-regulated substances<sup>1</sup> and VOCs<sup>2</sup> have also been declining.

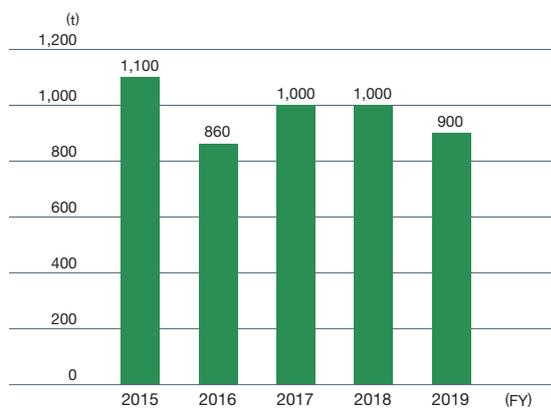
1 Pollutant Release and Transfer Register (PRTR): A system for filing notifications of the amounts of chemical substances released and transferred. This system enables the identification, aggregation and publishing of data on the types, sources and amounts of hazardous chemical substances that have been released into the environment or transferred outside facilities as waste.

2 Volatile organic compound (VOC): Typical substances include toluene and xylene. These compounds became subject to regulation by the amended Air Pollution Control Act of 2006 as source substances of photochemical oxidants (photochemical smog).

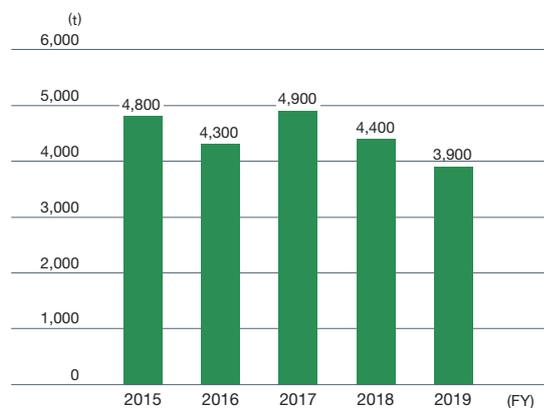
### Reducing Our Environmental Burden on the Atmosphere and Public Water Sources



### PRTR-Regulated Substance Emissions



### VOC Emissions





# Environmental Conservation

## Focus Okayama Plant Carries out Environmental Education Initiatives for Local Residents

MCC's Okayama Plant invited local children on a plant tour, part of which was used for environmental education about ocean plastic issues and initiatives to solve them. In addition to providing information about plastics made with biodegradable polymers that MCC manufactures and employees' coastal clean-up activities, we taught the participants about the importance of each individual's efforts to properly sort garbage and recycle.

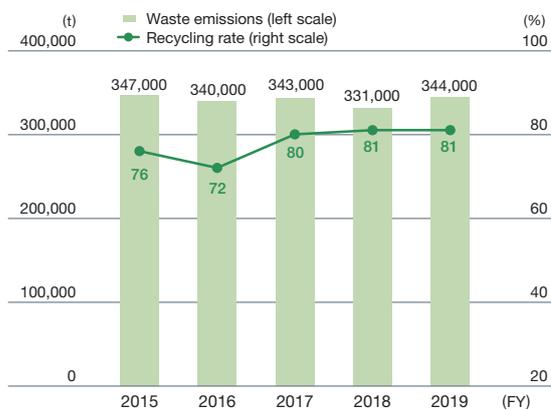


Environmental education presentation for local residents

## Waste Reduction and Recycling

MCC is advancing 3R activities (reduce, reuse, recycle) in an effort to reduce its industrial waste. As a result of such efforts, the industrial waste recycling rate is increasing, and the amount of waste disposed of in landfills has been decreasing. Going forward, we will continue working to improve our industrial waste recycling rate by strictly enforcing sorted collection and strengthening coordination with disposal contractors.

### Industrial Waste Emissions and Recycling Rate



### Waste Disposed of in Landfills and Landfill Disposal Rate



## Biodiversity Conservation

Based on the Mitsubishi Chemical Holdings Group Biodiversity Preservation Policy, MCC pursues initiatives that contribute to the global environment and thus conserve biodiversity. Through these initiatives, we work to reduce environmental risk and impact, and thereby lessen our business activities' impact on biodiversity. In addition, we strive to conserve the natural environment by cleaning up neighboring areas and coastal areas and protecting our plants' green areas.

## Environmental Accounting

MCC uses environmental accounting, based on the Ministry of the Environment's guidelines, to better understand the costs and effects of its environmental burden reduction and conservation efforts.

In fiscal 2019, MCC invested ¥4.7 billion in such areas as reinforcing wastewater management and air pollution prevention and incurred ¥33.4 billion in expenses, including those for the operation and maintenance of pollution prevention equipment and proper waste disposal. Meanwhile, such positive factors as revenue from the sale of valuable materials and savings from energy use and lower waste disposal costs totaled ¥1.9 billion.

### Investment and Expenses Related to Environmental Conservation and Process Safety

Environmental conservation costs				(Millions of yen)	
Category		Main initiatives	FY2019		
			Investment	Expenses	
Costs within business areas	Pollution prevention costs	Air pollution prevention, dust countermeasure reinforcement, dust collection system replacement, water pollution prevention, activated sludge consolidation, wastewater management reinforcement, response to deterioration of wastewater facilities and pipes, etc.	3,746	17,242	
	Global environmental conservation costs	CO <sub>2</sub> emissions reduction, operational improvement, etc.	355	958	
	Resource-recycling costs	Industrial waste reduction, proper waste disposal, resource conservation, energy conservation, etc.	452	7,504	
Upstream/downstream costs		Waste reclamation, green purchasing, etc.	0	0	
Environmental conservation costs in management activities		Operation of units to address environmental conservation, ISO 14001 compliance and renewal, national exams, environmental education, etc.	0	1,945	
Environmental conservation costs in R&D activities		R&D for increased productivity	0	4,806	
Environmental conservation costs in social contribution activities		Construction and upkeep of factory green spaces	114	389	
Costs of dealing with environmental damage		Cleanup of contaminated soil, etc.	0	53	
Other environmental conservation-related costs			1	550	
<b>Total</b>			<b>4,667</b>	<b>33,446</b>	

Positive economic effects		(Millions of yen)
		FY2019
Income from recycling		1,176
Energy cost savings		382
Income from resource conservation		306
<b>Total</b>		<b>1,864</b>



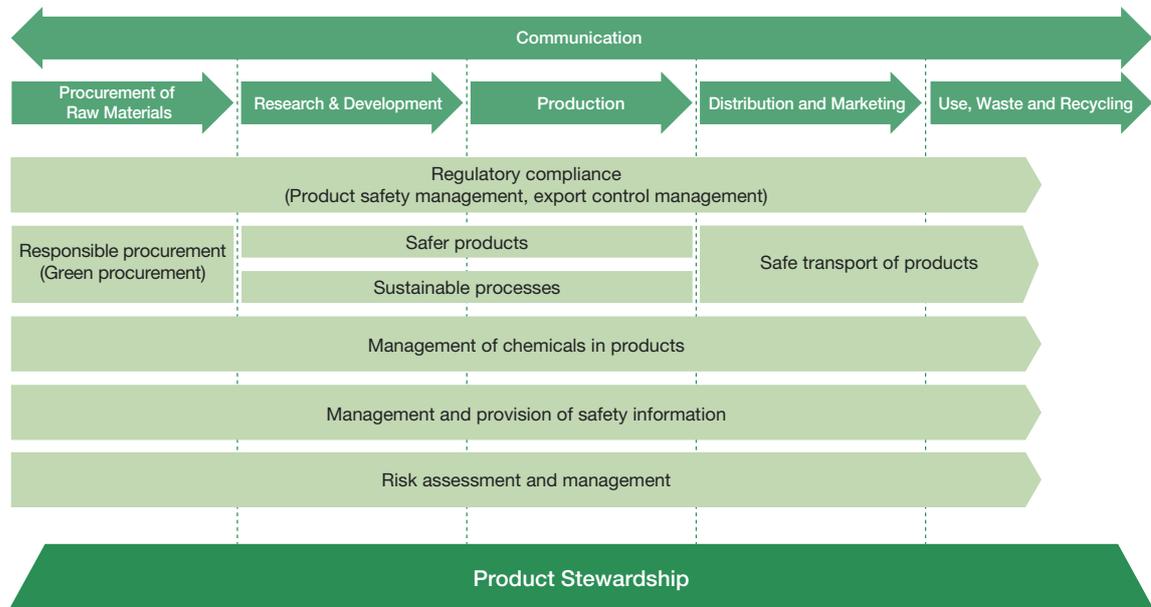
# Product Stewardship

## Basic Policy

Product stewardship refers to responsible product management in cooperation with stakeholders that protects the environment and the health and safety of people across the supply chain throughout product life cycles (encompassing the procurement of raw materials, research & development, production, distribution and marketing, and use, waste and recycling). Product stewardship initiatives are part of the foundation of responsible care.

In line with its mission of realizing KAITEKI and as part of its responsible care activities, Mitsubishi Chemical strives to implement product stewardship through safety management at every stage of its products' life cycles. In addition, we provide information about product risks to stakeholders and engage in dialogue to ensure proper management and work to ensure appropriate end use and end users of our products from the perspective of security export control.

### Mitsubishi Chemical's Product Stewardship Initiatives



- **Communication**  
Communicate with stakeholders, both internal and external, including customers, regulators and the public, about the safe and secure use and potential hazards of the products we manufacture and any associated risks to ensure that our products are handled appropriately at each stage of their life cycles.
- **Procurement of Raw Materials**  
Set high expectations for the health, safety, security and environmental performance and social responsibility of suppliers and obtain information related to the safety of procured raw materials from business partners.
- **Product Development**  
Develop products that have no risk or minimize the risk of adverse health, safety and environmental impacts throughout their entire life cycles and deliver added value, and retain development information for security.

- **Production**

Protect the health and safety of our employees and the local community by improving production processes and promoting a corporate culture that places the highest priority on human health and safety; and minimize our environmental footprint by avoiding chemical pollution, reducing energy consumption, supporting recycling and ensuring proper disposal of wastes from the products we manufacture, and keep production information for security.

- **Distribution and Marketing**

Provide accurate and detailed information related to product safety and handling to business partners involved in the storage, transport, distribution, marketing and use of our products; and, if necessary, provide additional support to improve product handling practices or suspend sales to a particular entity or for certain uses for safety and security.

- **Use, Waste and Recycling**

Work with our business partners to provide relevant information to ensure safe and secure use and to support the recycling and proper disposal of our products.

These initiatives are in line with the Strategic Approach to International Chemicals Management (SAICM).<sup>1</sup> Along with process safety and disaster prevention, occupational safety and health, environmental conservation, chemical and product safety, and logistics safety, these initiatives are aimed at realizing KAITEKI through risk-based chemicals management across product life cycles.

<sup>1</sup> Strategic Approach to International Chemicals Management (SAICM): A strategic approach to international chemicals management adopted by the International Conference on Chemicals Management (ICCM) and approved by the United Nations Environment Programme (UNEP) in 2006.



## Security Export Control

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### Basic Policy

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At present, ongoing efforts are being made by international initiatives, mainly through the United Nations, to reduce the threat of weapons of mass destruction. At the same time, however, tensions between the United States and China as well as between the United States and Iran and elsewhere in the world are intensifying. The international security environment is changing rapidly, and security export control initiatives on the part of companies are growing in importance.

Mitsubishi Chemical (MCC) produces and possesses numerous products and technologies that can be used for both civilian and military applications (“dual-use” goods), such as carbon fiber. The appropriate application of not only Japan’s Foreign Exchange and Foreign Trade Law, but also export-related U.S. laws and the similar laws of many other countries is necessary to prevent MCC’s broad-ranging products and technologies from reaching countries of concern, terrorist organizations or other improper destinations or recipients. Accordingly, we have, 1. designated officers responsible for security export control in Japan as part of efforts to maintain and enhance export management and 2. established security export policies to support Group companies in and outside Japan. Furthermore, 3. as part of efforts to respond to U.S. sanctions, we have established a policy on said sanctions and provided it to Group companies in and outside Japan.

In particular, we took steps in 2019 to respond to the tightening of various regulations, such as those on exports from Japan to South Korea and U.S. economic sanctions. Specifically, we quickly revised our screening criteria and, in line with the addition of export control items to MCC’s M&A Screening Guidelines, reinforced risk management within due diligence by preparing a manual of procedures for applying said guidelines. In addition, we built a network in each region to reinforce the export control functions of our regional headquarters.

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### Security Export Control System

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MCC has established an export control system based on its Security Export Control Rules. The chief executive of this system is MCC’s president and chief executive officer, under whom are the supervisor of security export control, the Product Stewardship Department and the chief export control officers of exporting departments. Through this system, we work to prevent legal violations, including improper exports, whenever possible, using such means as strict, thorough export screening, notifications about legal changes, raising internal awareness about security export control and internal audits of exporting departments.

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### Mega-FTAs and Mega-EPAs

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The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11) went into effect on December 30, 2018, followed by the EU-Japan Economic Partnership Agreement (EU-Japan EPA) on February 1, 2019. These agreements each address multilateral economic coordination between numerous countries. One advantage of the agreements is reduced import tariffs on trade with many countries. To take advantage of these reductions, enterprises must complete certificate of origin procedures. Previously, under bilateral trade agreements (such as that between Japan and Indonesia), to receive such certification, users had to submit the relevant documentation to the Japan Chamber of Commerce and Industry, which would then issue a certificate. Under the new agreements, however, users provide their own certification via a self-certification system. Accordingly, we designated the Product Stewardship Department to handle certification management. The department began considerations of certification procedures in fiscal 2018 and commenced internal screenings in April 2019. As of March 31, 2020, this system had been used for 136 cases, with savings on customs duties reaching approximately ¥1 billion.

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## Export Control Mechanisms

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Security control comprises three steps: Item classification, customer screening and transaction verification. Each step is uniformly managed using a dedicated system so that the results can be used as part of an activity trail if needed.

Item classification is the process of determining whether the product or technology being exported or supplied is subject to legal restrictions (namely, listed as a restricted item). We implement a double-check process wherein, based on the latest restricted item lists, the exporting departments perform the initial check and the Product Stewardship Department grants final approval.

Customer screening entails using the export control system, which contains the latest risk information, to screen customers, including both customers in Japan who indirectly export and end-users at the item's final destination. This screening system is highly effective in preventing the circumvention of regulations through third-country exports and checking for customers of concern based on U.S. export laws. As with item classifications, a double-check process is applied to customer screenings.

For transaction verification, the exporting departments fill out a transaction verification form using the results of the item classification and customer screening as well as other information as needed. Based on this form, the export control system then automatically classifies the transaction by risk level and determines who will be responsible for granting final approval. In principle, the Product Stewardship Department grants final approval for items listed as restricted that are considered high-risk, such as carbon fiber.

In addition, in fiscal 2019 we created a new system for screening and approval under TPP11 and EU-Japan EPA. Screening is based on the security export control approval process, with a built-in double-check. The exporting departments first carry out origin certification for individual products and then refer items to the Product Stewardship Department for confirmation and final approval.

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## Training and Education

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In fiscal 2019, MCC held 71 explanatory meetings targeting business domains, corporate function domains, plants and our R&D center, focusing mainly on export control related to the provision of technology. In addition, in light of the beginning of trade under the TPP11 and EU-Japan EPA, we held a total of nine orientations to provide an overview of relevant EPAs and FTAs and prepare to carry out origin certification.

Going forward, we will continue to carry out training and education that covers the basics of legal compliance while finding new ways to increase its effectiveness, such as introducing content important to the real-life practice of compliance and new educational tools.



# Chemicals Management

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## Management System and Rules

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Mitsubishi Chemical (MCC) maintains a system that ensures the rigorous product stewardship-based management of chemicals in all its business domains.

To effectively utilize the favorable properties of its chemical raw materials, MCC collects and shares within the company information on all substances related to its products, including that on chemical hazards, applicable domestic and international regulations, and the results of risk assessments. In addition, we have built a support structure to better enable the business domains to implement proper chemicals management.

Because chemical regulations vary by country and region, MCC has appointed persons responsible for overseeing product stewardship at the regional headquarters to reinforce the global management system.

We have laid out the essentials of chemicals management in our Chemicals Management Regulations, Standards for the Safe Management of Chemicals and Standards for Product Safety Management. Furthermore, we have formulated guidelines and manuals that provide concrete methods for working within regulations, authoring and issuing SDSs,<sup>1</sup> and implementing voluntary chemicals management. These efforts help ensure proper management.

<sup>1</sup> Safety data sheet (SDS): A document for providing information on the properties, hazards and toxicity, safety measures and emergency responses concerning chemical substances when transferring or providing chemicals to other business entities.

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## Compliance with Chemicals Management Regulations

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### ■ 1. Japanese Laws and Regulations

MCC complies with wide-ranging laws concerning chemicals, including the Chemical Substances Control Law (CSCL), the Industrial Safety and Health Act's requirements concerning filing new chemical substance notifications, and the Poisonous and Deleterious Substances Control Law's requirements concerning the registration and management of manufacturing, importing and sale businesses as well as record maintenance. To ensure that such compliance is thorough and comprehensive, MCC has established internal guidelines and rules related to compliance with domestic laws and carries out centralized management using a database of notifications filed. In fiscal 2019, we revised our legal compliance confirmation procedures in line with the amendment of the CSCL and updated our internal guidelines, clearly laying out confirmation procedures for importing chemical substances, including the handling of internal product returns.

### ■ 2. Overseas Laws and Regulations

In the run-up to 2020, the target deadline for achieving the overall goal of the SAICM,<sup>2</sup> countries around the world (including China, South Korea, Taiwan, the United States and Turkey) enacted and amended legal regulations on chemicals. In particular, the mandatory registration of existing chemicals, begun under EU REACH,<sup>3</sup> commenced in South Korea, Taiwan and Turkey. To respond to these changes, we are working with the regional headquarters and local Group companies to collect the latest information on legal requirements in each region or location and develop a system to ensure a more accurate response to regulations. In fiscal 2019, we focused efforts on dealing with issues related to EU REACH and UK REACH arising from Brexit, preparing for pre-registration under Turkey's KKDIK (a law similar to REACH), and standard registration and volume reporting under Taiwan's Toxic and Concerned Chemical Substance Control Act (TCCSCA).

<sup>2</sup> Strategic Approach to International Chemicals Management (SAICM): A strategic approach to international chemicals management adopted by the International Conference on Chemicals Management (ICCM) and approved by the United Nations Environment Programme (UNEP) in 2006.

<sup>3</sup> Registration, Evaluation, Authorization and Restriction of Chemicals (REACH): EU regulations regarding the registration, evaluation, approval and restriction of chemical substances.

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## Voluntary Chemicals Management Initiatives

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### ■ 1. Participation in Chemical Industry Activities

MCC takes part in the international activities of the Chemicals Policy & Health Leadership Group of the International Council of Chemical Associations (ICCA) and cooperates in promoting product stewardship in the chemical industry. In recent years, MCC has also actively participated in initiatives to address the global issue of microplastics.

Furthermore, looking toward new developments in chemicals management beyond the 2020 goal of SAICM and building on the SDG<sup>4</sup> vision established by the Japan Chemical Industry Association (JCIA), MCC aims to go beyond solving environmental and social issues as a chemicals manufacturer to contribute to the sustainable development of society and the planet, in line with its vision of realizing KAITEKI.

### ■ 2. Mitsubishi Chemical's Voluntary Initiatives

As part of its GPS<sup>5</sup> activities, the MCC Group evaluates the risks of its chemical products, compiles the results as GPS Safety Summaries,<sup>6</sup> and publishes these summaries via a portal page (available in Japanese only) on the MCC website.

Furthermore, to prevent the theft and/or abuse of chemicals, MCC has established its own list of MCC specified chemicals, which includes voluntarily designated substances in addition to legally designated or restricted substances. We have established safety management guidelines for managing these substances at plants and laboratories, during logistics operations and during transfer to customers. In this way, we are working to reinforce the management of such substances.

4 Sustainable Development Goals (SDGs): A set of development goals aimed at realizing a sustainable world by 2030 that were adopted at the UN Sustainable Development Summit in September 2015.

5 Global Product Strategy (GPS): A voluntary initiative wherein companies appropriately manage and conduct risk assessments of their chemical products in order to minimize risks posed by chemical substances throughout the supply chain.

6 GPS Safety Summary (sometimes abbreviated as GSS): Documents that clearly explain methods for handling chemical substances and other information in detail that cannot be fully included on SDSs. These summaries are used in risk management-based chemicals management.



## Chemicals Management

### Providing Reliable Chemical Substance and Product Information (SDSs, etc.)

MCC has adopted comprehensive chemicals management systems (for example, K-Mates<sup>7</sup>), to support our expert staff in the proper provision of information to customers throughout supply chains in and outside Japan as well as management based on the most up-to-date information related to chemicals management.

The systems comprise databases of the chemical substances and components of products handled by MCC, their hazardous properties, relevant domestic and international laws and regulations, and other information. The systems are capable of performing the GHS<sup>8</sup> classification of chemical substances, determining the applicability of laws and regulations, and producing SDSs and labels in line with the laws and standards of a wide range of countries and regions, including Japan, Europe, the United States, and East Asian and ASEAN countries for review by expert staff. The system uses highly reliable data that is carefully reviewed by experts at Mitsubishi Chemical Research, an MCC Group company, to generate GHS classifications. Furthermore, we are implementing proactive product management using a function of the system that enables users to search chemical substances and products in the MCC database that may be subject to anticipated legal or regulatory amendments.

<sup>7</sup> K-Mates: KAITEKI-integrated System of Risk Management & Technical Information Supports on Chemicals

<sup>8</sup> Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A system for classifying chemicals by the type and degree of their hazardous properties based on globally harmonized rules and communicating this information using labeling and the provision of SDSs.

### In-House Chemicals Management Training

In addition to basic chemicals management education, MCC hosts the Chemicals Management Seminar (“PS Seminar”) on a monthly basis at MCC Group headquarters. This seminar serves to teach Group company employees about increasingly stringent regulations in and outside Japan and how to address them. In fiscal 2019, we used an online meeting system to enable remote participation, including for employees working from home, and a total of 691 employees participated. In particular, we conducted e-learning about the Poisonous and Deleterious Substances Control Law and laws related to pharmacological agents to prevent compliance violations due to inadequate understanding to the law, in which a total of 3,939 employees participated.

We also provided education to enhance understanding of the CSCL and Industrial Safety and Health Act and held liaison meetings on specific topics, such as food packaging material regulations and chemical product regulations in certain countries. Further, we provided basic training in relevant laws on 17 occasions at plants, our R&D center and Group companies, providing detailed, concrete guidance on working within laws.



In-house chemicals management training

# Quality Assurance

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## Basic Policy

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The Mitsubishi Chemical (MCC) Group believes that implementing thorough quality control (QC) is important to ensuring product safety and continuously improving quality so that MCC Group customers can use MCC Group products safely and with confidence.

As an integrated chemical company that provides a wide array of products and services to customers in a broad range of industries, it is MCC's duty to prevent quality and product liability issues while working to further increase customer satisfaction by offering safe, reliable products and services. We strive to fulfill this duty in line with the following basic policy.

- In order to realize KAITEKI for customers, we provide products and services that customers can use with confidence.
- We listen carefully to each customer's requests and respond rapidly and sincerely.
- In accordance with the basis of our responsible care activities, we strive to achieve continuous improvement in quality.

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## Quality Assurance Initiatives

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The MCC Group established new rules and policies at the time of the merger that formed the new MCC in April 2017 and has since been working to ensure awareness of the basic policy throughout the company. We are building appropriate quality management systems (based on ISO 9001,<sup>1</sup> GMP,<sup>2</sup> etc.) at our manufacturing sites and working to strengthen our quality assurance framework. Furthermore, we hold regular quality assurance meetings to share and effectively utilize information about quality within the Group as part of continuous efforts to improve quality. At the same time, we are focusing on quality assurance training. In fiscal 2019, we held lectures with outside instructors for executives (a total of 200 participants). Through such initiatives, we are working to increase awareness of quality and translate this awareness into practice. The training for managers that was scheduled for March 2020 was cancelled in accordance with measures to prevent the spread of COVID-19.

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## Product Information Disclosure

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Around the world, corporations are facing growing demands to exercise proper management of chemical substances in products throughout the entire product life cycle as well as to disclose information on such chemical substances. To accurately respond to these demands, MCC has established management standards for chemical substances in products and continues to contribute to the smooth operation of chemSHERPA<sup>3</sup> through the Joint Article Management Promotion-consortium (JAMP).<sup>4</sup> Furthermore, with regard to conflict minerals,<sup>5</sup> which present possible human rights issues, we have established a policy and strive to meet customer requests.

MCC is working with its business partners and customers to contribute to the creation of a social system capable of managing chemicals throughout the supply chain.

1 ISO 9001: An international standard for quality management published by the International Organization for Standardization.

2 Good Manufacturing Practice (GMP): Quality management standards for the production management of pharmaceuticals and related products.

3 chemSHERPA: A new private-public information communication scheme aimed at standardizing communications about the chemicals included in products.

4 JAMP: A cross-industry organization that works to promote the appropriate management, disclosure and communication of information on chemicals contained in "articles" (parts and final products) throughout the supply chain.

5 Conflict minerals: Tantalum (Ta), tin (Sn), gold (Au), tungsten (W) and other minerals extracted in the Democratic Republic of the Congo and neighboring countries that are used to fund armed groups.



## Quality Assurance

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### Handling Product Complaints

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Information about complaints related to products is compiled in a quality complaint database so that it can be effectively utilized. Business departments take the main role in quickly responding to customers as needed, striving to enhance customer satisfaction. Significant complaints are aggregated at the company-wide level and analyzed to prevent recurrences.

# Logistics

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## Basic Policy

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Mitsubishi Chemical (MCC) strives to put safety first and promote strict compliance, risk management, respect for human rights and communication with business partners in order to realize KAITEKI. Based on a product stewardship approach, we are promoting KAITEKI logistics to earn the trust of customers and society in logistics operations.

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## Hazardous Materials Transport Initiatives and System to Prevent External Harm in Case of an Accident

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MCC focuses considerable effort on ensuring the safe transport of hazardous materials.

MCC's business domains regularly hold responsible care meetings with logistics subsidiaries, maintaining close communication and implementing measures aimed at reducing problems, accidents and occupational injuries.

We work with logistics subsidiaries to ensure that all shipments are accompanied by yellow cards<sup>1</sup> and educate our business partners about the chemical properties of our products and safety. In these ways, we work to enhance understanding of the products being transported and sensitivity to safety.

In addition to initiatives aimed at preventing accidents, we also conduct regular disaster drills with logistics subsidiaries and are taking steps to address the risk of a serious road accident through a contract and drills with the Maritime Disaster Prevention Center. Furthermore, for products that present particularly high risk if stolen or lost, we have established our own management standards that we use in the transportation and storage of such products.

<sup>1</sup> Yellow card: A document that contains emergency safety procedures to be taken in the event of a transportation accident and contact information for MCC.

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## Participation in the Sustainable Logistics Movement

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Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry and Ministry of Agriculture, Forestry and Fisheries are calling on listed companies and key companies in each prefecture of Japan to participate in the Sustainable Logistics Movement.<sup>2</sup>

As this movement aligns well with MCC's existing KAITEKI logistics initiatives, the company is participating by expanding initiatives aimed at achieving sustainable logistics based on the following eight-point voluntary declaration of conduct.

- We will work with logistics subsidiaries to improve the efficiency and stability of logistics on an ongoing basis and sincerely discuss any suggested improvements or questions from logistics operators.
- We will implement lorry and truck reservation systems to reduce waiting times.
- We will promote the use of pallets to reduce cargo handling that truck drivers perform by hand.
- We will consolidate product storage spread across warehouses near plants to improve shipment collection efficiency.
- We will formulate transport plans in advance to ease shipping rushes around long holiday periods, such as Golden Week and New Year's.
- We will promote modal shifts of long-distance truck transport to railways and ships to improve logistics stability and per-unit energy consumption.
- We will prioritize compliance with relevant laws when selecting and hiring logistics operators.
- We will clearly indicate safe work procedures, take steps to secure safe routes and, as needed, form security transport agreements to prevent occupational injuries and accidents.

<sup>2</sup> Sustainable Logistics Movement: An initiative aimed at creating more worker-friendly working conditions in response to the increasingly serious shortage of truck drivers in Japan. Specifically, the movement aims to stably secure the necessary logistics operations for the livelihood of Japan's people and its industrial activity and thereby contribute to stable economic growth by improving trucking productivity and logistics efficiency and creating more worker-friendly working conditions, including those for women and drivers over the age of 60.



## Company Data (Environment and Safety)

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### Mitsubishi Chemical Group Companies Promoting Responsible Care Activities

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As of March 2020

#### ■ Petrochemicals Business Domain

Japan Polychem  
Japan Polypropylene  
Japan Polyethylene  
Mitsubishi Chemical Indonesia

#### ■ Carbon Business Domain

Kansai Coke and Chemicals

#### ■ MMA Business Domain

Mitsubishi Chemical Lucite Group  
Huizhou MMA  
Suzhou Sanyouli Chemicals  
Thai MMA  
Mitsubishi Chemical Polymer Nantong  
Suzhou MRC Opto-Device  
Ryoko  
Diapolyacrylate

#### ■ Advanced Polymers Business Domain

Mitsubishi Chemical Performance Polymers Europe  
Mitsubishi Chemical Performance Polymers  
Mitsubishi Chemical Performance Polymers (China)  
RHOMBIC

#### ■ High Performance Chemicals Business Domain

DIACHEM RESINS INDONESIA  
Toei Kasei  
Dianal America  
Japan Coating Resin  
ARKEMA Yoshitomi  
Mitsubishi-Chemical Foods  
MCC Unitec  
Onahama Distillation

#### ■ Information, Electronics & Display Business Domain

MC PET FILM INDONESIA  
Mitsubishi Polyester Film Suzhou  
Mitsubishi Chemical Converting Film Wuxi  
Tai Young High Tech  
Mitsubishi Chemical Infonics  
Cleanpart  
Shinryo  
Mitsubishi Chemical Media  
Taisei Kayaku  
Kansai Kagaku Kogyo

#### ■ High Performance Films Business Domain

J-Film  
Tai-Young Film  
DiaPlus Film  
Mitsubishi Polyester Film (U.S.A.)  
Mitsubishi Polyester Film (Germany)

### ■ Environment & Living Solutions Business Domain

Dalian Rayon Environmental Equipment  
Wuxi Rayon Membrane Technology  
Mitsubishi Chemical Aqua Solutions  
Mitsubishi Chemical Cleansui  
Resindion  
Tai Young Chemical  
Mitsubishi Chemical Agri Dream  
Mitsubishi Chemical Infracore  
Astro  
DIATEX

### ■ Advanced Moldings & Composites Business Domain

Mitsubishi Chemical Advanced Materials  
Toyama Filter Tow  
Tosen  
Ryoko Sizing  
Mitsubishi Chemical Carbon Fiber and Composites (U.S.A.)  
Challenge  
MCC Composite Products  
Aldila  
Wethje Carbon Composites  
Wethje Immobilien  
ALPOLIC  
Mitsubishi Chemical Composites America  
Ryobi Techno  
Shanghai Baoling Plastics  
MCC Advanced Moldings

### ■ New Energy Business Domain

MC Ionic Solutions UK  
MC Ionic Solutions US  
Qingdao Anode Kasei

### ■ Corporate Domain

Mitsubishi Chemical Logistics  
Mitsubishi Chemical Engineering Corporation  
Ryouei  
Ryoko Tekunika  
Hokuryo Mold  
Mitsubishi Chemical High-Technica



## Company Data (Environment and Safety)

## Safety Data

Data for years prior to and including fiscal 2016 are the sums of the figures for the previous Mitsubishi Chemical, Mitsubishi Plastics, Mitsubishi Rayon and their respective domestic group companies before the formation of the current Mitsubishi Chemical.

## Mitsubishi Chemical Group Process Safety Incidents in Japan

Classification	FY2015	FY2016	FY2017	FY2018	FY2019
Incidents	12	16	21	33	31
Serious incidents	0	0	0	0	0

## Mitsubishi Chemical Group Occupational Accidents in Japan

Classification	FY2015	FY2016	FY2017	FY2018	FY2019
Non-lost-time accidents	45	50	61	63	64
Lost-time accidents	7	5	0	3	6
Serious accidents	20	11	12	8	11

## Mitsubishi Chemical Group Lost-Time Accidents by Classification

Classification	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Cuts	1	6	1			8
Being caught and entangled in equipment	10	9	14	5	3	41
Falls on level surfaces	10	9	8	1	4	32
Contact with hazardous substances	3	6	2		1	12
Contact with high/low temperatures	3	2			1	6
Reaction to motion/improper motion	1			2	3	6
Collisions	3		5			8
Falls from high places	3	4	8	2	1	18
Struck by flying/falling objects	3	1		1		5
Others	2	2	4		4	12

## Environmental Data

Data for years prior to and including fiscal 2016 are the sums of the figures for the previous Mitsubishi Chemical, Mitsubishi Plastics, Mitsubishi Rayon and their respective domestic group companies before the formation of the current Mitsubishi Chemical.

### Mitsubishi Chemical Group Emissions of Pollutants into the Atmosphere and Water Systems (t)

Pollutant	FY2015	FY2016	FY2017	FY2018	FY2019
NO <sub>x</sub>	8,000	8,200	7,300	6,700	6,600
SO <sub>x</sub>	3,100	2,900	2,900	2,700	2,600
Dust	200	180	170	160	150
VOCs <sup>1</sup>	4,800	4,300	4,900	4,400	3,900
BOD	100	100	250	160	160
COD	1,700	1,700	1,700	1,600	1,500
Total phosphorus	50	60	50	50	50
Total nitrogen	5,500	5,700	5,800	5,400	5,500

1 Includes PRTR-regulated substances.

### Mitsubishi Chemical Group Water Intake and Discharge Volumes (km<sup>3</sup>)

Type		FY2015	FY2016	FY2017	FY2018	FY2019
Intake	Tap water	28,400	31,300	1,400	1,300	1,300
	Surface water	—	—	47,800	48,300	52,900
	Groundwater	22,300	23,200	25,500	25,900	26,000
	Industrial water	102,000	97,800	82,900	77,000	74,100
	Seawater	457,800	463,100	461,300	493,500	486,500
Discharge	Oceans	493,900	495,100	488,800	552,000	555,000
	Streams and wetlands	51,200	48,300	52,400	52,000	49,500
	Sewage	3,500	3,600	3,300	3,800	4,000

### ISO 14001 Certified Mitsubishi Chemical Manufacturing Sites

Manufacturing Site	Certification body	Registration date	Manufacturing Site	Certification body	Registration date
Ibaraki Plant	JCQA <sup>1</sup>	March 2001	Tsukuba Plant	JCQA	February 2000
Toyama Plant	LRQA <sup>2</sup>	July 2016	Tsurumi Plant	LRQA	October 2016
Aichi Plant	LRQA	July 2016	Hiratsuka Plant	JQA	March 2000
Mie Plant	JCQA	July 1999	Ueda Plant	JCQA	October 2003
Shiga Plant	JQA <sup>3</sup>	December 1999	Ogaki Plant	SGS <sup>4</sup>	July 2001
Okayama Plant	JCQA	March 2000	Kumamoto Plant	SGS	July 2001
Hiroshima Plant	LRQA	March 2016			
Kagawa Plant	LRQA	December 2000			
Fukuoka Plant	JQA	July 2000			
Onahama Plant	JCQA	March 2003			

As of March 31, 2020

- 1 JCQA: Japan Chemical Quality Assurance Ltd.  
 2 LRQA: Lloyd's Register Quality Assurance Limited  
 3 JQA: Japan Quality Assurance Organization  
 4 SGS: SGS Japan Inc.

## Basic Policy

The Mitsubishi Chemical Holdings Group identifies its stakeholders as its customers, shareholders, investors, communities, employees, business partners and everyone else who supports its corporate activities, as well as society at large and the foundation upon which it is built, the Earth. Based on this understanding, Mitsubishi Chemical works to earn the trust of its stakeholders by valuing and respecting stakeholders, engaging in dialogue and proper disclosure, and reflecting the fruits of such efforts in all its corporate activities.

# Together with Customers

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## Basic Policy

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In line with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, Mitsubishi Chemical (MCC) constantly strives to achieve customer satisfaction by keeping the promises made in contracts with them, ensuring the safety and quality of all the products and services it supplies, engaging in close customer communications and advancing R&D.

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## Making Product Information Available

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Over 900 product information entries (approximately 400 in Japanese, 300 in English and 230 in Chinese), including information on the products of Group companies, are available on MCC's website. In addition, Safety Data Sheets (SDSs) and GPS Safety Summaries (GSSs) can also be accessed through the website (available in Japanese only).

For product information, please contact the department or Group company that handles the product in question. Lists of MCC's departments and Group companies with information on the products they handle are available on MCC's website.

<https://www.m-chemical.co.jp/en/products/departments/mcc/index.html>

If you are unsure which department to contact, please contact the call center for guidance.

Inquiries via the call center are directed to the relevant departments and logged in a database that is available to management.

Call center (+81) 3-6748-7300 9:00–12:00, 13:00–17:45 (Closed Saturdays, Sundays and national holidays)
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## Enhancing Customer Satisfaction

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The Mitsubishi Chemical Holdings (MCHC) Group believes that close customer communication is essential to achieving accurate insight into social issues and the challenges that customers face and to finding solutions together. Accordingly, the Group has been conducting customer satisfaction surveys since fiscal 2012. Specifically, we survey customers in and outside Japan about products handled by our core businesses, covering such topics as quality, supply systems, sales promotion and technical support, as well as the attitudes and reliability of individual operating companies. By analyzing the results of these surveys and implementing a PDCA cycle, MCC aims to provide even better customer service and improve customer satisfaction.

**Thinking about Creating a Better Future with Customers: KAITEKI SQUARE**

KAITEKI SQUARE was established in October 2012 in our Tokyo headquarters as a showroom for the MCHC Group. It is an important platform for communication with our customers and clients, a place where we can interact and exchange ideas about a better future.

This facility comprises two areas, namely, (1) an exhibition area showcasing the wide-ranging technologies the MCHC Group has developed to date and its forward-looking business initiatives and (2) the KAITEKI Theater, which shows a video on the theme of what we can do now for the children of the future. The displays in the exhibition area are focused mainly on products and provide visitors with hands-on experience with MCHC Group technologies.

In addition to the KAITEKI SQUARE showroom at the Tokyo headquarters, the MCHC Group operates KAITEKI SQUARE Yokohama at the Science & Innovation Center (Kanagawa Prefecture), KAITEKI SQUARE Yokkaichi at the Mie Plant, KAITEKI SQUARE Aichi at the Aichi Plant and KAITEKI SQUARE Sakaide at the Kagawa Plant. We use all of these facilities as places for communication with customers. In particular, KAITEKI SQUARE Yokkaichi not only features a showroom displaying Group technologies and products, but collaborates with the Customer Laboratory, a facility established to facilitate collaboration with customers, with the aim of fostering innovation.

A reservation through an MCHC Group employee is required to visit KAITEKI SQUARE facilities.



KAITEKI SQUARE at the Tokyo headquarters

# Together with Business Partners

Aiming to realize KAITEKI, an original concept created by the Mitsubishi Chemical Holdings Group, Mitsubishi Chemical (MCC) works with business partners to promote purchasing and procurement that take into account CSR-related considerations based on the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior.

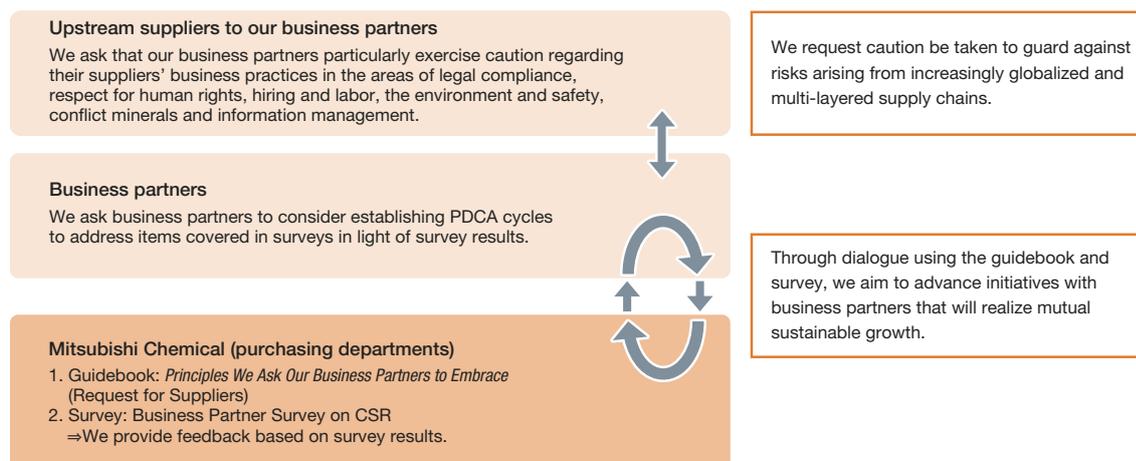
## Promoting Communication

We facilitate communication with raw materials and packaging materials suppliers using a guidebook and survey to ensure suppliers share our understanding of CSR issues and to confirm the status of related initiatives.

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 that enable mutual growth and improvement.

In fiscal 2019, we provided feedback based on the results of a survey of our key business partners conducted in fiscal 2018. We believe that the survey, covering such topics as the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior and responses to recent external trends, helps us to more accurately express our commitments and priorities, and improve the quality of communications with business partners.

### Mitsubishi Chemical's CSR Procurement



## Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. (the "Subcontract Act")

To maintain sound relationships with its business partners, MCC has clarified a system for ensuring compliance with the Subcontract Act and established internal rules, including the 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 of related departments.

## Together with Employees

Mitsubishi Chemical (MCC) is implementing a range of initiatives aimed at enabling employees—upon whom realizing KAITEKI depends—to exercise their abilities to the fullest as well as at achieving sustainable corporate development based on a relationship of trust between employees and management.

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### Basic Policy

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“Utilizing people’s capabilities” is one of the fundamental management policies of the MCC Group. We practice health and productivity management and carry out management with the aim of empowering all Group members to work with enthusiasm, motivation and initiative, allowing each individual to exercise their abilities to the fullest while promoting diversity and viewing the diversity of human resources as a strength.

#### **The Human Resources and Organization We Aspire to Be**

We, as individuals, aspire to:

- Think deeply about, take action according to, and take responsibility for our own duties and roles.
- Proactively embrace differences, respect one another and broadly connect with others.
- Look beyond the status quo and take new action to continuously and ambitiously seek to create value.

We, as an organization, aspire to:

- Share common goals and a common direction and create an organization where we can all thrive.
- Anticipate change and work together to take action quickly.
- Leverage diverse individuality and ways of thinking to continually seek value creation that is greater than the sum of our individual contributions ( $1 + 1 > 2$ ).

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## Personnel Strategy for Sustainable Corporate Development

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MCC is mainly implementing initiatives related to the following issues with the aim of utilizing people's capabilities.

- KAITEKI Health and Productivity Management
- Respect for human rights and promoting diversity
- Effective placement and human resource development

In implementing initiatives related to the first of these, KAITEKI Health and Productivity Management, we are focusing on both health support and workstyle reforms, aiming to improve health at the individual and workplace levels. That is, we are working to realize workstyles that facilitate health and job satisfaction for every employee as well as workplace environments that allow each individual to thrive and utilize their abilities to the fullest. MCC is working strategically—investing and building frameworks—to make this happen. We are encouraging every employee to proactively examine their own health, work and workplace, ask what they can do to enhance their own health and vigor at work, and take action accordingly. We believe that this approach will help each employee achieve a greater sense of satisfaction and achievement both at work and in their everyday lives. Furthermore, individuals and organizations backed up by health exert a positive influence in their families and communities. In this way, we are confident that we can contribute to society through our businesses and thus contribute to realizing KAITEKI.

As for the second issue, respect for human rights and promoting diversity, we want the MCC Group to be an organization in which all employees respect one other's diverse individuality and values, including nationality, race, religion, age, gender, gender identity, sexual orientation and disability or lack thereof, and together fulfill the Group's corporate social responsibility while enabling every individual in the Group to exercise their abilities to the fullest. Aiming to lay the foundations and create support to enable diverse human resources to thrive, we are further developing our existing initiatives related to respect for human rights, hiring people with disabilities, enabling women to succeed, and providing support for child care and nursing care. At the same time, we are working to create environments that are accommodating of all employees, regardless of nationality, and to foster understanding and provide support for LGBT individuals and other sexual minorities.

The third issue is effective placement and human resource development, an area in which we aim to enable every employee to work with enthusiasm, motivation and initiative and to exercise their abilities to the fullest. Specifically, we are engaging in personnel placement on a Group-wide basis to meet the demands created by globalization. We have also adopted a career development program—a system for medium- to long-term strategic personnel placement and development with the aim of encouraging employees to pursue self-directed growth. Going forward, based on this program, while clearly delineating the roles of the Group in Japan and the regional headquarters, we will advance effective placement and human resource development across the MCC Group as a whole.

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## Aiming for “Sustainable Engagement”: The MCC & me Survey

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In fiscal 2019, MCC Group launched the MCC & me Survey, an engagement survey replacing the Employee Perception Surveys implemented in years past, on a global basis. Approximately 34,000 Group employees answered the survey, for a response rate of 79%.

We aim to use the survey to understand the state of “sustainable engagement”—a term we use to refer to the intensity of employees' connection to their organization, marked by committed effort to achieve goals (being engaged) in environments that support productivity (being enabled) and maintain personal well-being (feeling energized). We believe that understanding and bolstering sustainable engagement will help enhance employee performance and thereby improve customer satisfaction and business performance.

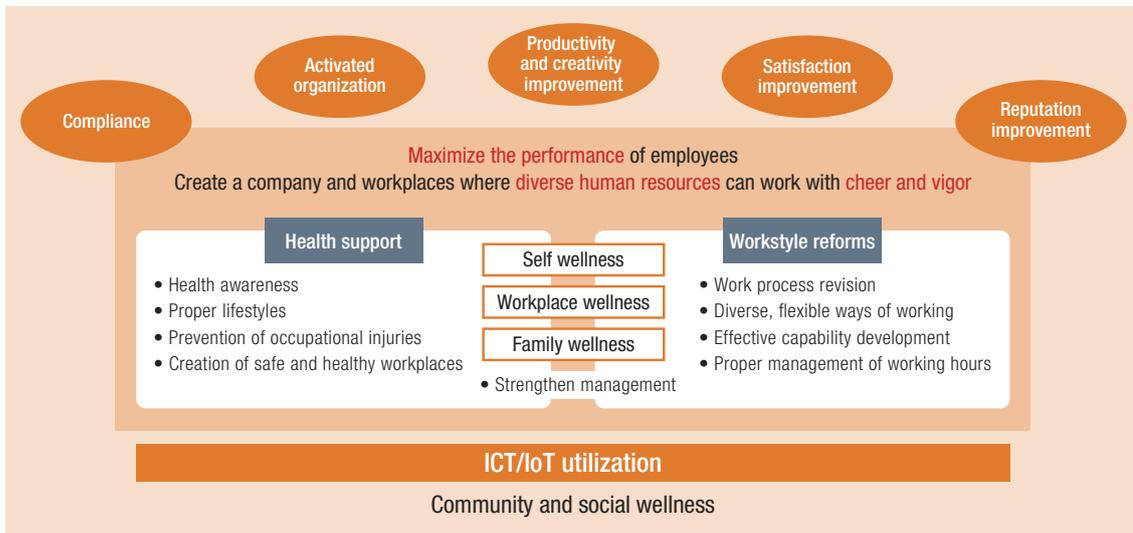


# KAITEKI Health and Productivity Management

## Basic Policy

Mitsubishi Chemical (MCC) is implementing KAITEKI Health and Productivity Management, aiming to ensure that every employee can thrive and find purpose and satisfaction in their job while leading a rich life, striking a good balance between work and private life. We have defined what KAITEKI Health and Productivity Management is and set out initiatives and goals in this area under a name that incorporates our ideal of KAITEKI—KAITEKI Health and Productivity Management. Accordingly, we are strategically investing management resources in order to maximize the performance of one of the greatest assets of any company—the people who work there—from the perspective of health.

### KAITEKI Health and Productivity Management



We are advancing KAITEKI Health and Productivity Management, based on health support and workstyle reforms, by carrying out specific initiatives and measures based on the three perspectives shown below.

#### Self Wellness

##### Being Healthy Ourselves

In line with the principle that the primary responsibility for one’s health lies with oneself and to ensure that we can work effectively, we will each take the initiative to manage our own well-being.

#### Workplace Wellness

##### Creating Healthy Workplaces

We will respect the individuality of the people we work with and support one another in order to build vibrant, creative workplaces by improving workplace environments and work processes.

#### Social Wellness

##### Building Healthy Families and Nurturing Our Ties to the Community

By enhancing self wellness and workplace wellness, we will aim to broadly contribute to society as members of our respective families and communities.

We have established a vitality index, workstyle index, and health index as key performance indicators (KPIs) of the progress and results of the initiatives and measures based on the above three perspectives. We use these KPIs to implement PDCA cycles.

We are also working with our health insurance union and labor unions while promoting information sharing and coordination with Group companies.

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## Health Support

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### ■ Health Support Measures to Realize KAITEKI Health and Productivity Management

MCC positions all health support measures, including those required by law, as KAITEKI Health and Productivity Management initiatives. We are implementing a variety of measures to realize self wellness, workplace wellness and social wellness. Specifically, we maintain a health and safety management system and provide health check-ups and stress check tests in compliance with relevant laws and regulations. While duly respecting our employees' privacy, we actively support the maintenance and improvement of their physical and mental health. Going forward, we will coordinate and collaborate with the health insurance union to more accurately grasp challenges to employee and workplace wellness and promote more effective and efficient measures in line with such challenges as we aim to realize KAITEKI from the perspective of health.

### ■ Raising Health Awareness and Improving Lifestyle Habits

#### Collaborative Health Initiatives

MCC proactively coordinates and collaborates with its health insurance union, working to raise the health awareness of employees and their families and carry out effective, efficient health promotion efforts based on the clear division of roles and good workplace environments. Going forward, we will use special health guidance to help prevent lifestyle-related disease, provide follow-up guidance by sharing health check-up data that is available to both employees and the company, and encourage at-risk employees to receive consultations at medical institutions.

### ■ Creation of Safe and Healthy Workplaces

#### Second-Hand Smoke Countermeasures

To reduce second-hand smoke in work environments as much as possible and create workplaces where all employees can work in good health and with peace of mind, we banned smoking by employees at all company workplaces, including the head office and branches, effective April 1, 2020. At the same time, in consideration of the health of individuals from outside the company, local residents and employees' families, we have banned smoking during work hours even when employees are working outside company premises. In addition, we continue to provide support services for employees aiming to quit smoking, which we introduced before the ban on smoking during work hours, and have in place an antismoking support system.

### ■ Occupational Accident Countermeasures Focusing on Human Factors

#### KAITEKI Exercises and Safety Fitness Tests

In Japan and within the company, falls are one of the most frequently occurring causes of injury. We have made company-wide efforts to prevent such falls, including improving facilities, revising work practices and implementing various forms of training, but these initiatives have not reduced the number of injuries caused by falls.

To address this problem, in addition to existing measures, we have begun focusing on human factors, namely physical strength and dexterity. Specifically, we are advancing fall-prevention physical training as part of KAITEKI exercises and carrying out safety fitness tests to assess employees' fall risk. Beginning in fiscal 2017, we steadily began such initiatives across the company. Medical interviews over the ensuing three years through fiscal 2019 found that the number of times employees reported having fallen in the past year had declined, and approximately 65% of employees showed improvement in their fitness test results. In fiscal 2020, we have been working on exercise-related tools, such as videos, for the global Group and diverse employees to accelerate the expansion of initiatives at Group companies in and outside Japan. Through such measures, we are working to help employees of all ages, throughout the MCC Group, develop the physical strength and skills to prevent falls.

# KAITEKI Health and Productivity Management

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## Workstyle Reforms

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### ■ Work Reform

By achieving radical innovations at the workplace level under the leadership of on-site managers, we are eliminating inefficiencies and freeing up time. By doing so, we aim to pursue more value-creating work and improve work-life balance. The corporate function domains, such as human resources and administration, publish guidelines for running meetings and preparing documents and e-mails. At the same time, we are supporting such work reforms by providing enhanced IT communication tools. We are advancing work reforms in coordination with the UPI20 company-wide productivity improvement initiative.

### ■ Proper Management of Working Hours

As part of workstyle reforms under KAITEKI Health and Productivity Management and to prevent excessive working hours and ensure compliance, MCC is working to appropriately manage working hours.

#### Eliminating Excessive Working Hours and Increasing the Paid Vacation Usage Rate

To accurately track actual working hours, our attendance system records when employees log on and off the computers they use. This helps prevent discrepancies between actual and reported working hours.

We are also implementing awareness-raising activities, such as presentations for managers about the proper management of working hours, aimed at reducing overtime through self-directed work improvement in each department.

Furthermore, we are working to make it easier for employees to take time off using such programs as the refresh leave system<sup>1</sup> and by setting planned annual days off.<sup>2</sup> Furthermore, to support employees' self-directed social contribution efforts, we have established a volunteer leave system (up to five days per year) and donor leave system (as many days as needed).

<sup>1</sup> Employees who take two or more consecutive annual paid vacation days can receive one additional day off on the following business day once a year (up to three days a year for employees who are 30, 35, 40, 45, 50, or 55 years old as of April 1 of said year).

<sup>2</sup> A system that makes it easier for daytime employees to use their annual paid vacation by designating certain days for everyone in the company to take off at once. Up to three days per year.

#### Between-Shift Intervals

To help ensure that employees get adequate rest and do not begin a new day before recovering from the fatigue of the previous, and to avoid health risks stemming from overwork as a result of long working hours, we have established the Between-Shift Interval Guidelines. These guidelines recommend that employees try to secure an interval of at least 11 hours between the time they finish work one day and begin work the next. We have also made it easy to check if employees have secured this interval on their attendance charts.

## ■ Promoting Flexible Workstyles

### Remote Work System

As part of efforts to enable employees to work more productively, we have introduced a remote work system. Eligibility for this system is not limited to employees engaged in child care or nursing care; all daytime employees can use the system. Previously, use of this system was capped at two days a week, but we removed this limit in October 2020 for greater flexibility. In addition to their regular workplaces or homes, employees can use satellite office spaces contracted by the company.

### Overview of Leave Systems

MCC has established the following leave systems to enable employees to balance their work and private lives.

#### **Main Leave Systems (Besides Child Care and Nursing Care Leave)**

Leave to accompany a spouse on overseas assignment; volunteer leave with the Japan Overseas Cooperation Volunteers; fertility treatment leave

#### **Livelihood Support Leave**

Employees can accumulate up to 40 expired annual paid vacation days (which are valid for two years after being granted) as days they can use under the livelihood support leave system. These days can be used by employees if they are ill or injured, pregnant, engaged in nursing or child care, undergoing fertility treatment, victims of a natural disaster or volunteering.

#### **Principal Special Types of Time Off**

Bereavement/memorial service leave; marriage leave; menstrual leave; leave for employees directly affected by or unable to get to work due to a natural disaster; volunteer leave; donor leave; workplace transfer leave; home visit leave; refresh leave; jury duty leave; public service leave; maternity leave; paternity leave; nursing care leave

# Respect for Human Rights and the Development of Diversity

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## Basic Policy

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Mitsubishi Chemical (MCC) regards respect for human rights as the basis of its management and the development of diversity as part of its management strategy. MCC has established its Basic Policy on Respect for Human Rights and the Development of Diversity to focus efforts on these issues.

### **Basic Policy on Respect for Human Rights and the Development of Diversity**

Within the MCC Group, all employees shall respect one another's diverse individuality and values, including nationality, race, religious beliefs, age, gender, gender identity, sexual orientation and disability or lack thereof. In this way, we aim to enable every individual to develop their abilities to the fullest and to achieve sustainable growth by creating new value for society.

#### **Respect for Human Rights**

In line with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, we shall respect the dignity and rights of all people and shall not unfairly discriminate under any circumstances. Furthermore, each employee shall endeavor to correctly understand human rights and related issues and help create workplaces that realize KAITEKI and are free of discrimination and harassment.

#### **Developing Diversity**

In line with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, we shall build organizations that take strength from diversity, in which each individual is aware of their role, strives to enhance their abilities as needed, and utilizes said abilities to the fullest to contribute to the creation of KAITEKI value. Furthermore, we shall endeavor to balance our work and personal lives and, by deepening dialogue and mutual understanding, create a workplace culture that is rich in drive and energy and that realizes KAITEKI.

To promote respect for human rights and diversity on a company-wide basis, we have established the Human Rights and Diversity Development Committee, chaired by the President and comprising the chief operating officer of each business domain and corporate function domains. The members of this committee regularly monitor performance and discuss new initiatives as they implement PDCA cycles.

## Respect for Human Rights

The Mitsubishi Chemical Holdings Group has established the Mitsubishi Chemical Holdings Group Global Policy on Respecting Human Rights, Employment and Labor. In light of the Universal Declaration of Human Rights and United Nations Global Compact, MCC has adopted this policy as its action guidelines.

In addition to implementing the necessary employee education to ensure respect for individual dignity and rights, MCC forbids child labor and forced labor and strives to maintain proper working conditions. Through these efforts, MCC seeks to fulfill its corporate social responsibility to ensure that the rights of all its stakeholders are respected. We have also begun to create a human rights due diligence system based on the United Nations Guiding Principles on Business and Human Rights. Currently, we are preparing to publish an MCC Group human rights policy.

Within the company, we maintain systems for dealing with human rights issues appropriately. Specifically, we are implementing a variety of educational and other initiatives, including rank-specific training and e-learning, aimed at deepening awareness and knowledge of human rights. In addition, we are promulgating a clear message of zero tolerance for harassment while working to improve awareness and mindsets. At each plant, we have appointed harassment counselors, to whom employees can go to seek help or guidance related to harassment or human rights issues.

In fiscal 2019, as part of initiatives to deepen understanding of gender diversity in particular, we implemented e-learning for all MCC employees. We also began applying benefit and support systems to employees with same-sex partners on an equal basis to those with legally recognized spouses.

### ■ Fiscal 2019 Human-Rights Related Training

	In-house training		Human rights slogans <sup>1</sup>
	Sessions	Participants	Slogans submitted
Mitsubishi Chemical	76	3,882	3,408
Group companies	246	6,891	7,493
Total	322	10,773	10,901

<sup>1</sup> To promote employee awareness of human rights, every summer we ask employees and their families to submit human rights-related slogans.

# Respect for Human Rights and the Development of Diversity

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## Enabling Women to Succeed

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MCC is working to develop female managers, provide career development support for female employees, implement workstyle reforms and develop its workplace culture through a range of initiatives.

The Mitsubishi Chemical Women's Council, launched in 2018, is a company-wide project sponsored by the president and aimed at promoting the success of women. The Council works to provide career development support to women by holding career workshops for specific job types, providing opportunities for participants to network and consider their careers as well as their own development. In addition, the Council has held dialogues with top management as part of efforts to understand the challenges faced by female employees. Furthermore, we send employees to training programs organized by external organizations and offer training on various specific themes that is open to all. Through such initiatives, we are providing opportunities for employees to expand their perspectives and enhance their skills.

MCC is providing support to enable its female employees to achieve greater success as part of efforts to utilize its people's capabilities in line with its basic policy on promoting diversity. At the same time, we are building a foundation to ensure that women and all employees can succeed in their own ways by providing accurate evaluations and increasing awareness of flexible workstyles.

We have formulated the action plan below based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

### **MCC's Action Plan**

We have established the following action plan to support the development and success of female employees.

#### **1. Plan Duration**

April 1, 2017–March 31, 2021 (four years)

#### **2. Numerical Target**

Double the percentage of management positions (line manager or equivalent and above) held by women from the 2017 level

#### **3. Initiatives**

- (1) Implement systematic career development support for female employees
- (2) Develop female managers
- (3) Enhance educational opportunities for motivated employees
- (4) Implement workstyle reforms and develop workplace culture

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## Balancing Work and Home Lives

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Enabling every employee to utilize their abilities and balance their work and home lives is essential to promoting diversity. MCC supports its employees with numerous systems designed to meet the needs attendant to a range of life stages.

### ■ Initiatives Related to Child Care

We have created an environment that supports employees with children from a long-term perspective to make it easier to work while raising children. To help avoid difficulties related to taking and returning from child care leave, we have made pre-child care leave (or for women, pre-maternity leave) meetings between employees and their line managers mandatory and, to facilitate an earlier return from child care leave, set up a “concierge service” to assist parents in finding and securing spots in daycare facilities. Furthermore, to alleviate concerns about difficulties securing such a spot, ineligibility for certain support systems after children begin their fourth grade school year, or finding a place to care for children during long school breaks, we have partnered with external daycare facilities to secure a number of places for the company. Through such measures, we have created an environment that helps employees return to work with confidence.

To facilitate fathers’ active participation in child care, we have extended the period during which they can take paternity leave and allowed the use of expired annual paid vacation days for child care. We are also working to foster a corporate culture that encourages the use of child care leave by such means as providing awareness-raising videos that expecting fathers and their supervisors can watch together and distributing handbooks on balancing work and child care.

In fiscal 2019, for Family Day at the head office and nearby sites, we held workplace tours and other events, helping to boost employee motivation and understanding at workplaces of employee’s home circumstances.

We have formulated the action plan below based on the Act for the Promotion of Measures to Support the Nurturing of the Next Generation.

#### **MCC’s Action Plan**

To facilitate balanced work and personal lives for employees and enable all employees to exercise their abilities by creating accommodating work environments, we have established the following action plan.

##### **1. Plan Duration**

April 1, 2017–March 31, 2021 (four years)

##### **2. Targets and Initiatives**

Target 1: Create environments that facilitate the success of employees engaged in child care

- Monitor the usage of systems to support employees in balancing their work and personal lives as well as the results of related initiatives and share findings broadly with employees
- Provide support to help employees continue working and return to work smoothly and promptly after child care leave

Target 2: Develop a workplace culture that is supportive of employees balancing work and home responsibilities

- Foster increased understanding of company systems
- Respect employees’ diverse values and workstyles while creating a workplace culture in which each employee recognizes their role and can exercise their abilities to the fullest
- Reduce working hours
- Encourage the use of paid leave

Target 3: Carry out other initiatives to support the development of the next generation

- Provide opportunities for children to come into contact with workplaces, such as plant tours
- Foster understanding of the meaning of work among young people and provide work experience opportunities

# Respect for Human Rights and the Development of Diversity

## ■ Initiatives Related to Nursing Care

Aiming to eliminate retirement due to the need to provide nursing care for a family member, MCC works to raise awareness of the importance of advance preparation for providing nursing care by offering handbooks about nursing care and holding seminars. At the same time, we are creating environments that allow employees to work with confidence by promoting awareness of available work support, allowances and subsidies and providing individual consultations with experts.

We also support networking among employees facing the need to provide nursing care by providing the Nursing Care Cafe as a place for dialogue.

From fiscal 2020, we are working to make the information employees need readily available and accessible whenever they need it by, for example, publishing a video on measures employees should take when the need to provide nursing care arises and creating an electronic version of the nursing care handbook. We are also reinforcing the internal consultation system, centered on advisors specializing in measures to prevent the need for retirement to provide nursing care, and working to raise the quality of nursing care support services.



Handbook on balancing work and nursing care (24 pages)



The "Tomonin" mark, created by the Ministry of Health, Labour and Welfare, can be used by companies that strive to ensure workplace environments that enable employees to balance work and nursing care. MCC has been certified to use this mark.

## ■ Main Systems to Support Employees in Balancing Their Work and Personal Lives

- Temporary retirement for child care: Until the April 30 after the child's third birthday
- Reduced work hours for child care: Until the end of the child's third grade school year
- Injury/illness nursing care leave: Up to 10 days per year (can be used in half-day units)
- Temporary retirement for family care: One year per qualifying family member
- Reduced working hours for nursing care: Maximum two-hour reduction in working hours per day (as long as necessary)
- Reduced work days for nursing care: Maximum five-day reduction in working days per month (as long as necessary)
- Nursing care leave: Up to 20 days per year (can be used in half-day units)
- Livelihood support leave (system for accumulating expired annual paid leave): Can be used for recovery from illness or injury, child care, nursing care, etc.
- Declaration of desired place of work: Allows employees to specify their desired place of work to accommodate family circumstances
- Temporary retirement for spouse's overseas service: Allows employees to take leave of up to three years to accompany their spouse on an overseas work assignment
- Menstrual leave: Allows employees to take leave of up to a total of one year for advanced fertility treatment that meets certain standards
- Telework system for employees whose work is suitable for telecommuting
- Day care cost allowance
- Day care information service
- Partnerships with nursing care facilities
- Nursing care subsidies and allowances
- Home care worker allowance
- Establishment of external nursing care consultation points

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## Hiring People with Disabilities

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MCC's basic policy is to ensure that the individuality of every employee, disabled or not, is respected and that all employees can thrive. In accordance with this policy, MCC is advancing initiatives to promote the hiring of people with disabilities and enable them to exercise their abilities. Each business site partners with special-needs schools and institutions to proactively provide work experience opportunities. We also strive to develop working environments that are accommodating to employees with disabilities and seek to retain such employees. As of June 2020, 2.28% of MCC employees were people with disabilities.

In 1993, we established the special subsidiary Kasei Frontier Service, Inc., which mainly provides PC data entry and printing services, to help people with disabilities achieve growth by taking on work responsibilities and thus contribute to society. As of June 2020, said company had 78 employees with disabilities (of 108 total employees).

In April 2020, MCC signed on to The Valuable 500, an international initiative aimed at promoting disability inclusion. The entire Group, including Kasei Frontier Service, will continue to promote the employment of people with disabilities as it strives to meet the expectations and requirements of today's increasingly diverse society.



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### Sharing the Dignity and Fulfillment of Work while Contributing to Society

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Kasei Frontier Service has many employees with disabilities of varying types and degrees, as well as employees without. We are truly a company where diverse human resources are able to work with vigor. Based on our corporate philosophy of "Brighten the world at your corner," we focus on carrying out our work with care and sincerity at all our workplaces. In addition to developing diversity, we strive to create an inclusive corporate culture of mutual assistance, trust and respect.

Going forward, while sharing the value and fulfillment of work with everyone at Kasei Frontier Service, we will meet the needs of the MCC Group and a wide range of customers as we strive to contribute to the good of people and society.



**Kouichi Ishida**  
Managing Director  
Kasei Frontier Service, Inc.

# Effective Placement and Human Resource Development

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## Basic Policy

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At Mitsubishi Chemical (MCC), we aim to achieve our vision—realizing KAITEKI. To that end, we strive to secure, retain and effectively place human resources who are understanding of diverse values, identify issues on their own, and involve those around them as they continually take on new challenges.

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## Hiring

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MCC does not hire individuals younger than 18 years old and practices fair, non-discriminatory hiring.

Specifically, we take thoroughgoing measures to enforce a stance of respecting human rights such that matters unrelated to the applicant's suitability and capabilities are neither asked about nor investigated in the course of the hiring process, including in interviews, and that such matters do not factor into hiring decisions. Unrelated matters include nationality, religion, gender, gender identity, sexual orientation, disability and pregnancy.

We strive to ensure fairness in hiring new graduates, regardless of where the applicant lives or when they graduate, by such means as holding hiring orientations and interviews online and hiring in both the spring and autumn. Furthermore, by offering scholarship programs and internships for which students can receive college credit, we provide work experience opportunities and support the development and research activities of the next generation.

Furthermore, to secure human resources with experience at other companies and specialized knowledge, we also focus efforts on mid-career hiring. By hiring human resources with varying backgrounds and values, we aim to further bolster diversity and our businesses.

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## Effective Placement and Human Resource Development

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We aim to realize optimal personnel placement and human resource development on a Group-wide basis to meet the demands created by changes in the business environment and globalization while encouraging employees to pursue self-directed growth.

“Utilizing people’s capabilities” is a component of MCC’s fundamental management policies. We carry out management with the aim of empowering every Group member to work with enthusiasm, motivation and initiative, allowing each individual to exercise their abilities to the fullest while promoting diversity and viewing the diversity of human resources as a strength. With employees thinking ever more autonomously about their own careers and working lives lengthening, we are working to proactively provide career development support so that every individual is able to flexibly adapt to changes in their environment and find professional fulfillment in their work.

As a part of career development support measures, we conduct career design interviews. Such interviews involve an employee and their supervisor discussing the employee’s current situation and how said employee plans to grow over the medium to long term. This approach is designed to help employees take the initiative and grow. Each employee works to identify their own strengths and consider for themselves how they can hone and utilize those strengths to, ultimately, contribute to society. At the same time, the company systematically examines ways to utilize and enhance each individual’s strengths in order to achieve corporate growth.

In recognition of these initiatives, MCC received the Innovation Prize in the Ministry of Health, Labour and Welfare’s Good Career Company Awards 2019.



Across the entire MCC Group, including overseas sites, we are working to effectively place and develop promising human resources in each region<sup>1</sup> and the next generation of executive management candidates for the MCC Group.

With regard to promising human resources in each region, the regional headquarters established in April 2017 implement systematic human resource development and placement within their respective regions. At the same time, regarding the next generation of executive management candidates, we are working with the regional headquarters to implement unified global management, identifying key positions and preparing succession plans for them as well as monitoring the placement of management candidates who are expected to fill such positions in the future. The company-wide HR Committee convenes on a regular basis to manage such efforts. Furthermore, we are applying these initiatives across the entire MCC Group, including overseas companies, working to implement more systematic and effective human resource development and placement.

<sup>1</sup> Refers to the four regions that the MCC Group has designated as its units for global business development, namely the Americas; Europe, the Middle East and Africa; the ASEAN region, India and Australia; and China and Hong Kong.



# Effective Placement and Human Resource Development

## Human Resource Development System

MCC believes that on-the-job training—learning through actual, on-site work experience—is the foundation of employee growth. We expect on-the-job training to lead employees to grow autonomously through the process of identifying issues in the course of their ordinary work and solving said issues with support from those around them.

To support and reinforce this process, we have introduced measures that enable employees to proactively design their own careers. We also maintain an off-the-job training program that enables employees to learn how to fulfill their expected roles.

Furthermore, we support both human resource development and organizational development. In doing so, we aim to help strengthen individuals and the organization, by both supporting the individual efforts of employees to develop their abilities by, for example, acquiring the skills needed to carry out their duties, and by increasing engagement. In this way, we seek to build win-win relationships that empower each employee to autonomously learn and work with vigor.

In addition to the human resource development initiatives implemented by the Human Resources Department, each business department implements measures tailored to its unique characteristics. For example, technical departments carry out uniform education and training through internal projects, aiming to develop engineers with the abilities to work in a wide range of fields and advanced professional safety skills. Such initiatives at the business department level are a tremendously important part of company-wide human resource development.

Positional Manager	Interview Skill Training								
	New Positional Manager Training								Survey/ Training
Manager	Management Practice Training I & II								
	New Manager Training								
Mid-Level Staff	Management Basic Training I & II								
	Mentor Training								
Younger Staff	Third Year Employee Training								
	Second Year Employee Training								
	New Employee Training								
Categories of Training	Hierarchical/Basic	Digital/IT	Global	Support Learning	Career Design	Diversity/Contact	Organization Development		
Enhancement of Individuals					Enhancement of Organization/Improvement of Engagement				

At the same time, Mitsubishi Chemical Holdings (MCHC) holds such programs as Group New Executive Training. The MCC Group actively sends its employees to participate in these programs, which offer opportunities for them to develop themselves through friendly competition within the MCHC Group.

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## Global Executive Development

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The MCC Group is forcefully globalizing its management structure. To encourage the development of the human resources needed to handle global management, we are carrying out a range of training and other programs in and outside Japan.

The development of globally oriented management personnel requires the cultivation of global mindsets and amassing of global experience. To this end, we offer programs to develop global mindsets in Japan as well as overseas dispatch programs, including Short-Term Overseas Training, in which participants work to solve problems in a multicultural environment. By providing opportunities to gain global experience tailored to the specific level of each individual, we are working to develop globally oriented management personnel.

Furthermore, in April 2019, we launched “Experience JAPAN,” a program through which non-Japanese employees of Group companies at overseas sites can come to work in Japan for about a year. By providing work experience in Japan, this program enables such employees to learn about Japanese culture, the particular characteristics of Japanese companies and Mitsubishi Chemical while promoting mutual understanding between such employees and those based in Japan, fostering a sense of unity across the MCC Group.



## Labor-Management Relations

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### Labor-Management Relations Based on Mutual Trust

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In line with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, Mitsubishi Chemical (MCC) respects employees' rights, including freedom of association and the right to collective bargaining, and strives to build sound relations with employees through close dialogue.

Mitsubishi Chemical is working to build labor-management relations based on mutual trust with its employees' labor union through such means as maintaining close ongoing dialogue and holding regular biannual management meetings (in spring and autumn) with the labor union in line with a labor agreement to exchange opinions.

# Together with Communities and Society

## Basic Policy

In line with the Mitsubishi Chemical Holdings Group Corporate Citizenship Activities Policy, the Mitsubishi Chemical (MCC) Group conducts corporate citizenship activities in such areas as creating an inclusive society, fostering the development of the next generation, protecting the global environment, communicating with local communities and disaster support. Since fiscal 2019, we also focus efforts on initiatives to address ocean plastic issues.

### ■ Mitsubishi Chemical Holdings Group Corporate Citizenship Activities Policy

The Mitsubishi Chemical Holdings (MCHC) Group strives to deepen its understanding of the culture and customs of the communities and countries where it operates and to contribute to society through its businesses. Furthermore, as a good corporate citizen, the MCHC Group works to meet the demands and expectations of society and communities and realize KAITEKI.

#### Approach

- Conduct corporate citizenship activities in communities and countries where we operate from a viewpoint of sustainability (Green), health, and comfort.
- Deepen our understanding of social needs through communication with various stakeholders and other organizations.
- Conduct activities together with employees and encourage their positive participation.
- Support employees in their volunteer activities.

## Corporate Citizenship Activities

### ■ Creating an Inclusive Society

In April 2017, MCC signed an agreement to become an official partner of the Japanese Para-Sports Association (JPSA), as it agrees with JPSA's mission of creating a vibrant, inclusive society.

At JPSA sporting events, employees volunteer (operating reception, setting up facilities, etc.) in addition to watching and cheering the matches. We also hold internal Boccia competitions and provide an opportunity for employee's family members to experience the sport on Family Day, when we invite them to our workplaces. Through such efforts, we actively promote understanding of parasports among employees. By helping to further spread and develop such sports, MCC seeks to contribute to the realization of an inclusive society that is healthy, both physically and mentally, and where each person's individuality is respected.



▲ Employees at the JPSA's Japan Para Championships in July 2019



▶ A guest trying Boccia on Family Day in July 2019 (head office)

### ■ Fostering the Development of the Next Generation

The MCC Group holds chemistry experiment workshops at various locations, aiming to spark an interest in chemistry and science among children, who represent the next generation. Furthermore, we perform chemistry experiment shows for children at events held by the Yume Kagaku-21 Committee. (The Yume Kagaku-21 Committee comprises the Chemical Society of Japan; Society of Chemical Engineers, Japan; Japan Association for Chemical Innovation; and Japan Chemical Industry Association.)

## Together with Communities and Society

### ■ Protecting the Global Environment and Communicating with Local Communities

MCC works to protect the global environment by engaging in woodland conservation and clean-up activities of local areas and waterfronts near its operating sites. We also proactively work to maintain communication with local communities.

#### Woodland Conservation Activities

At the Okayama Plant, to protect and nurture the Takahashi River system, from which the plant draws water for industrial use, we work with an NPO to implement woodland conservation activities in an upstream area known as Takahashi Utsukushii Mori (“Beautiful Forest of the Takahashi District”). Similarly, in Tokyo, we participate in Tokyo Greenship Action, under which the Tokyo Metropolitan Government, NPOs and companies work together. Through such efforts, we carry out woodland conservation activities in the areas where the MCC Group operates.

#### Communicating with Local Communities

We implement regular clean-up activities in the areas around our operating sites. Furthermore, we participate in local events, invite local residents to events at plants, and open our sports fields and athletic facilities to the public. We also host tours for students as part of ongoing efforts to communicate with local communities.



April 2019 woodland conservation activities at Takahashi Utsukushii Mori (Okayama Plant)



November 2019 workplace experience event for students of a nearby junior high school (Shiga Plant)

## ■ Disaster Support

In and outside Japan, MCC provides monetary and material donations to areas affected by natural disasters. Within Japan, we also actively provide human support to affected areas, including through employee volunteering.

After typhoons Faxai and Hagibis in 2019, we made monetary donations, and Mitsubishi Chemical Cleansui provided Cleansui Pure Water bottled water.

As part of efforts to support recovery in Japan's Tohoku region, since 2013, the MCHC Group has held an annual market featuring local specialty products from Iwate, Miyagi and Fukushima prefectures. We also carry out a project in which high school students directly sell products they develop and manufacture themselves using locally produced goods at these markets. Going forward, we will continue to support recovery directly and the recovery initiatives of Tohoku residents.

### **Addressing Ocean Plastic Issues: Beach and Other Clean-Up Activities Near All Domestic Sites**

In line with its vision of realizing KAITEKI—the sustainable well-being of people, society and our planet Earth—MCC has long contributed to solving social issues through its businesses, for example, through the provision of the biodegradable biomass plastic BioPBS™.

At the same time, in light of growing calls for responsible consumption and production, as set forth in the SDGs, we believe that, in addition to contributing through our businesses, every employee must take action as part of corporate citizenship activities. As such, the entire company is promoting clean-up activities in coastal and other areas. In fiscal 2019, all of MCC's domestic locations implemented clean-up activities along coasts, rivers, lakes and other areas, helping to reduce plastic waste that is washed out to sea.

In fiscal 2019, a total of 1,160 people took part in these activities (including employees' families).



Clean-up activities at Waita Beach (Fukuoka Plant)



Nasa Beach, Toshijima (Mie Plant)



# Company Data (Social)

## Employee Composition

### Employees Working at Mitsubishi Chemical

By gender		By employment type		By age group	
Male	12,574	Open ended	13,683	29 or younger	2,311
Female	2,014	Fixed term (rehired retirees, contractors)	825	30 to 39	3,344
		Other (part-time, etc.)	80	40 to 49	4,407
				50 to 59	3,774
				60 to 69	744
				70 to 79	2
Total: 14,588					

As of April 2020

### Employees Employed by Mitsubishi Chemical

By gender		By employer		Average age
Male	15,637	Mitsubishi Chemical	14,382	43.3
Female	2,641	Group companies	3,896	
		Auxiliary organizations		
Total: 18,278				

As of April 2020

### Managers Employed by Mitsubishi Chemical

Male	4,847 (93.3%)
Female	349 (6.7%)
Total	5,196

As of April 2020

### Total Working Hours

Average total annual working hours	2,008
Average monthly overtime pay	¥51,055

Year ended March 31, 2020

### New Hires to Mitsubishi Chemical New Graduate Hires

	Professional career group	Career group
Male	176 (92.6%)	188 (84.7%)
Female	14 (7.4%)	34 (15.3%)
Total	190	222

### Paid Time Off Usage

Paid time off usage rate	72.6%	
Employees who used maternity leave	75	
Employees who used child care leave	Male	52
	Female	145

Year ended March 31, 2020 (except for the paid time off usage rate, which is for the year ended December 31, 2019)

### Mid-Career Hires

	Professional career group	Career group Management positions
Male	148 (75.5%)	99 (80.5%)
Female	48 (24.5%)	24 (19.5%)
Total	196	123

Individuals hired from April 2, 2019 to April 1, 2020

### Employee Union Membership Rate

68.1% (As of March 31, 2020)

### Employment of People with Disabilities

Full-time positions held by employees with disabilities	426
Total number of employees used to calculate the percentage of employees with disabilities	18,711.5
Percentage of employees with disabilities	2.28%

As of June 1, 2020



# About Mitsubishi Chemical

## Company Overviews

The current Mitsubishi Chemical Corporation was formed on April 1, 2017 through a merger with Mitsubishi Plastics, Inc. and Mitsubishi Rayon Co., Ltd. As of March 2020, Mitsubishi Chemical Corporation and its 314 Group companies operate in business areas that include performance products and industrial materials.

Company Name	Mitsubishi Chemical Corporation
Address	Palace Bldg., 1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8251, Japan
Founded	August 31, 1933
Established	April 1, 2017
Paid-in capital	¥53,229 million
Businesses	Performance products, industrial materials and others.
Sales revenue (consolidated)	¥2,338.0 billion (fiscal 2019)
Employees (consolidated)	40,776 (as of March 31, 2020)

As of April 1, 2020

## Business Domains

By providing solutions to issues related to people, society and the Earth, Mitsubishi Chemical is accelerating the growth of its businesses. As challenges in such areas as the intensification of climate change, uneven distribution of water resources, growing and graying populations, and food and agriculture continue to emerge and evolve, the company's business domains related to each will work together to create new value and provide comprehensive solutions.

### Environmental and Social Issues Mitsubishi Chemical Is Addressing

- Efficient use of resources and energy
- Climate change (reducing CO<sub>2</sub>)
- Securing clean water resources
- Food and agriculture problems
- Health maintenance and disease treatment
- Developing a smart society

### Business Domains

- Carbon Chemicals
- Carbon
- MMA
- Advanced Polymers
- High Performance Chemicals
- Electronics & Displays
- High Performance Films
- Environment & Living Solutions
- Advanced Moldings & Composites
- New Energy



# MITSUBISHI CHEMICAL CORPORATION

<https://www.m-chemical.co.jp/en>