

## Special Feature

# Promotion of CSR Management



## Compilation of CSR Basic Policy as foundation for CSR initiatives aimed at “Creating value to share with society”

Corporate social responsibility (CSR) means taking responsibility for the impact that wide-ranging corporate activities have on society and the environment. In February 2020 the Mitsubishi Gas Chemical Group revised the MGC Corporate Behavior Guidelines and also compiled the CSR Basic Policy as a guideline for wide-ranging corporate behavior.

### CSR Basic Policy

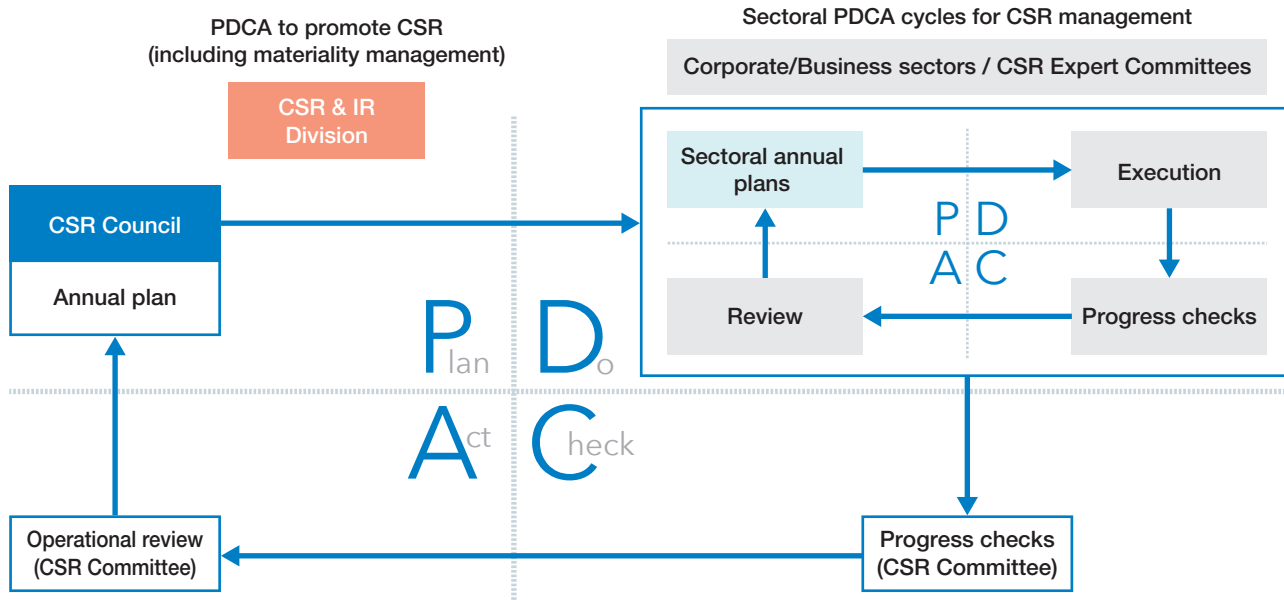
The MGC Group contributes to realizing a harmonious and sustainable society that keeps growing, in accordance with its vision of “Creating value to share with society.” The Group is deeply aware of its corporate responsibilities in the areas of the environment, society, and corporate governance and carries out its business activities in line with the MGC Corporate Behavior Guidelines.

## PDCA Cycle for the Promotion of CSR Management

MGC promotes continuous improvement in socially responsible management through a Company-wide PDCA cycle. Toward this end, MGC has established a CSR Council and CSR Committee. The former is composed of directors and chaired by the President. The latter, an advisory body to the CSR Council, comprises corporate sector heads. Its meetings are convened by the General Manager of the CSR & IR Division.

The CSR Council deliberates and makes decisions on fundamental matters pertaining to CSR management, such as future CSR activities and identification of Key Issues (materiality). It is also briefed on CSR initiatives' implementation status, among other matters. The CSR Committee promotes effective CSR activities by monitoring the status of segmental CSR activities and conducting periodic reviews. In addition, it establishes various CSR Expert Committees on an as-needed basis to address specific CSR requirements/priorities.

### CSR Promotion System



## Materiality Identification Process

In order to show clearly to stakeholders our stance of contributing to the development and harmony of sustainable societies over the medium to long term through the creation of wide-ranging value based on chemicals, prior to the formulation of the next Medium-term Management Plan, we have identified Key issues (materiality) that we should address in our management.

### Step 1 Identification of issues

Compiled list of over 600 terms related to societal issues/changes from various sources, including requirements in GRI and SASB standards, ISO 26000 and SDGs and trends among other companies.

### Step 2 Winnowing

Keywords related to social issues and social change were classified by theme and winnowed them down to 39 materiality.

### Step 3 Prioritization

Assessed the materiality's importance from the standpoint of both stakeholders and the MGC Group. The CSR Committee drafted a prioritized list of materiality and submitted it to the CSR Council.

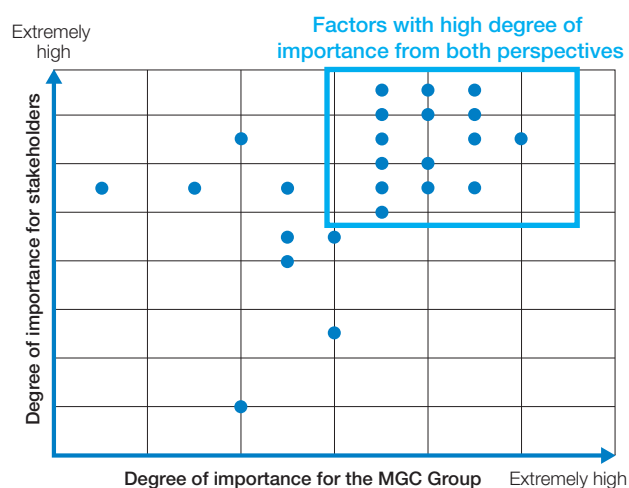
### Step 4 Management deliberation/approval

The materiality submitted by the CSR Committee was deliberated and determined by the CSR Council.

### Step 5 Updating of identified materiality

Materiality is subject to change in response to changes in societal imperatives and stakeholders' needs and preferences. Materiality will accordingly be updated as needed in response to changes in society and/or the MGC Group's business activities.

### Materiality Matrix



The MGC Group has arranged materiality in four categories, with “creating shared value” (CSV) being added to the environment, social, and governance (ESG) criteria. We have identified factors that are closely related to the Group’s vision and will lead to its realization as our materiality. We will include this materiality in our next Medium-term Management Plan, which is currently being compiled. By stipulating medium-term key performance indicators and managing progress, we will pursue the Group’s vision.

## Topics

### Signatory to the United Nations Global Compact

MGC has signed the United Nations Global Compact, which is advocated by the United Nations, and was registered as a participating company in April 2020. At the same time, we joined the Global Compact Network Japan, which comprises Japanese companies and other organizations that have signed the United Nations Global Compact.

By becoming a signatory to the United Nations Global Compact, we have clearly demonstrated our corporate stance of contributing to societal growth and harmony by creating a wide range of value through chemistry in accordance with our Group’s vision of “Creating value to share with society.”





























WE SUPPORT



## Special Feature Promotion of CSR Management

### Materiality and Main Initiatives — Pursuing Creation of Value to Share with Society

Materiality		Why it is material	
Category	Elements		
CSV Creating Shared Value	<b>Contribution through business operations</b> <ul style="list-style-type: none"> <li>• Contribute to development of ICT/mobility society</li> <li>• Solve energy and climate change problems</li> <li>• Solve medical and food problems</li> </ul>	Pursuing creation of value to share with society leads to improvement in corporate value from economic, social and environmental standpoints.	
	<b>Cultivating a corporate culture of job satisfaction</b>	An organizational culture that enables all employees to confidently give full play to their abilities over the long term while finding individualized meaning in their jobs is the foundation of corporate value creation.	
Social Foundation for shared-value creation	<b>Promotion of diversity and inclusion</b>	A culture of collaboration among individuals with diverse values is conducive to new ideas and technological innovation.	
	<b>Stakeholder engagement</b>	Corporate value creation is a result of stakeholders' contributions, including the resources they provide.	
	<b>Promotion of socially responsible sourcing</b>	Companies have a societal responsibility to upgrade CSR compliance throughout their supply chains with respect to the environment, working conditions, human rights, etc.	
	<b>Occupational safety and health / Process safety and disaster prevention</b>	Safety is the foundation of business activities. Companies have a societal duty to ensure safety.	
	<b>Highly energy- and resource-efficient production</b>	Companies have a duty to harmonize their operations with global environmental protection in accord with the principle of sustainable development.	
	<b>Chemical/product quality and safety assurance</b>	Quality assurance is the basis of stakeholders' trust. Companies have a duty to provide highly safe and reliable products and services.	
	<b>Promotion of innovative R&amp;D</b>	Developing valuable new products and technologies that help to move society forward and solve problems is the pursuit of creation of value to share with society.	
Environment Harmonization of shared-value creation with environmental protection	<b>Proactive response to environmental problems</b> <ul style="list-style-type: none"> <li>• Air quality control</li> <li>• Water and biodiversity conservation</li> <li>• Reduction of industrial waste</li> </ul>	Addressing environmental problems is imperative for all of humanity. Companies must proactively do so as a prerequisite for their existence and activities.	
Governance Value-creative discipline	<b>Strengthen systems</b> <ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance</li> <li>• Internal controls</li> <li>• Risk management</li> </ul>	Developing disciplined ways steadily execute strategies to bring business models to fruition and to sustainably grow corporate value.	

MGC's main initiatives	Related SDGs (targets)
Helping to move society forward and solve problems through business operations, including by contributing to development of an ICT/mobility society with polycarbonates, polyacetal, super-pure hydrogen peroxide, electronic chemicals, optical polymers and semiconductor packaging materials (BT resin); solving energy and climate change problems with geothermal and LNG-fired power penetration projects and functional monomers; and solving medical and food problems with life science products (e.g., antibody drugs, fermented foods), oxygen absorbers and MX-Nylon	 3.6 3.8  4.4  7.2 7.3  8.1  9.4  11.4  12.2 12.3  17.3 17.16
Promoting work-life balance; offering generous child/family care systems, creating dynamic workplace environments	
Providing more opportunities to women; supporting career advancement and work/life balance; promoting employment of individuals with disabilities	
Disclosing information in compliance with laws and securities exchanges' regulations; fairly and transparently disclosing information online and via news media	 3.8 3.9  4.2 4.4  5.1 5.5  6.3  7.3  8.2 8.7  9.4 9.5  10.2
Building safe, legally compliant and environmentally friendly supply chains	
Continuing to conduct occupational safety and health risk assessments, daily safety activities and safety education/training in the aim of zero occupational injuries	 12.2 12.4 12.6  16.2 16.10
Minimizing environmental impacts in sourcing resources; efficiently using resources (energy, raw materials, water, etc.)	
Promoting Company-wide quality assurance activities (Q-MGC) throughout supply chains	
Developing/adopting new processes that maximally leverage core technologies cultivated over many years; founding and developing new businesses	
<ul style="list-style-type: none"> <li>Formulating medium-term and annual RC* plans and endeavoring to achieve their targets *RC: Responsible Care</li> <li>Reducing GHG emissions while supporting the Task Force on Climate-related Financial Disclosures</li> </ul>	 3.9  6.3  12.2 12.4 12.5  13.2  14.1 14.3  15.1
Building effective internal control systems based on appropriate corporate governance, ensuring the soundness of business activities through compliance, risk management, etc.	 5.1 5.5  8.7  10.2  16.2 16.5 16.10

# Examples of Initiatives | Eco-Friendly Products

Through its business, the MGC Group contributes to reducing the burden placed on the environment and developing a sustainable society. Products that contribute to such a reduction of environmental burden are recognized at MGC as “MGC Group Eco-Friendly Products.” There are various other eco-friendly products, so please have a look at our website below.

Eco-Friendly Products Web Site: <https://www.mgc.co.jp/eng/csr/eco-friendly/>

## Meta-xylenediamine (MXDA)

A component in people- and environment-friendly paints

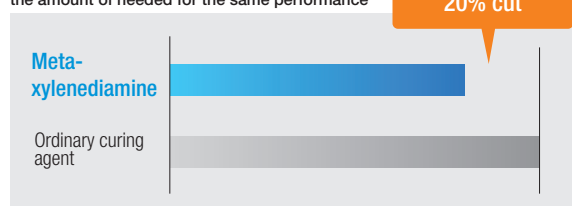
Benefits  
for the  
environment

### Organic solvents reduced to virtually zero!

MGC's meta-xylenediamine (MXDA) epoxy coating is comparatively friendlier to human health and the environment than conventional products because it is water-based and contains no organic solvents, which are a cause atmospheric pollution. Compared with ordinary curing agents, about 20% less volume of MXDA is needed to get the same hardening performance, which ultimately contributes to conserving oil resources.



Comparing MXDA and an ordinary curing agent by the amount of needed for the same performance



## Foamed plastic\*

Resin contributes to lighter vehicles and improved fuel efficiency

Benefits  
for the  
environment

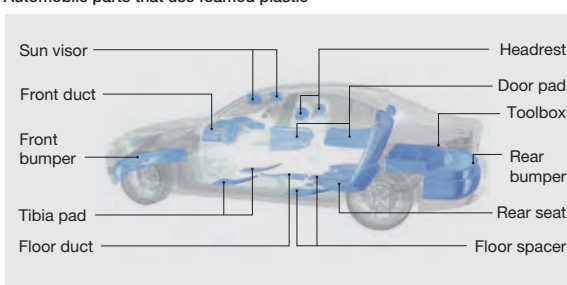
### Enables the weight of a car's rear seat to be reduced by 20 – 30% compared with previous products

Widely used in automotive components, foamed plastic is a very lightweight and rigid material that contributes to improving the fuel efficiency of vehicles and reducing CO<sub>2</sub> emissions. Foamed plastic is also an environmentally friendly material that can be recycled.

MGC Group's global share (as foamed PP) **60%**



Automobile parts that use foamed plastic



\*Products of JSP, a member of the MGC Group.

## Geothermal power

A renewable and clean source of energy

Benefits  
for the  
environment

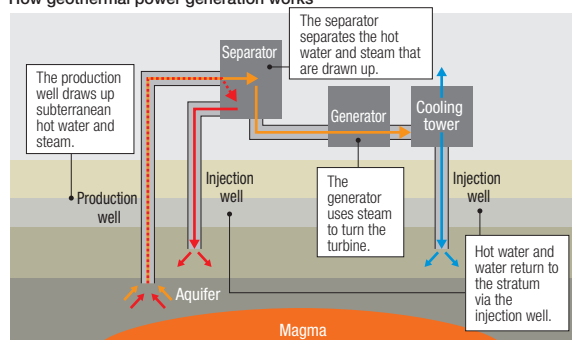
### CO<sub>2</sub> emissions over the lifecycle of a geothermal power\* are less than 2% of a coal-fired power plant

\*Refers to CO<sub>2</sub> emission over the lifecycle of a power plant, from construction to operation and dismantling

Geothermal power is generated by using steam from the Earth's core to produce steam. It is a renewable source of energy that can stably generate power without being affected by seasonal weather changes. In addition, geothermal power plants emit very little CO<sub>2</sub>, and contribute to preventing global warming.



How geothermal power generation works





## Hydrogen peroxide

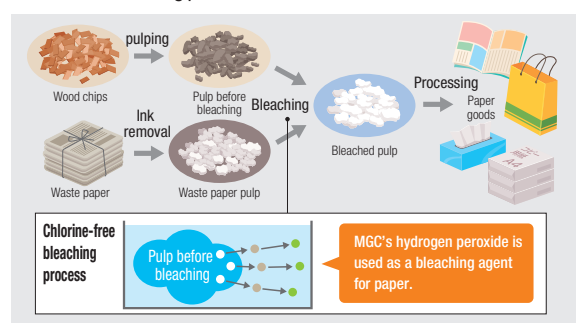
An environment-friendly bleaching agent

Benefits for the environment

**Hydrogen peroxide is used as a bleaching agent that does not harm marine ecosystems because it decomposes into water and oxygen**

Hydrogen peroxide is a chemical compound that has been used as a bleaching agent and an oxidizer for many years. It produces no harmful by-products since it decomposes into water and oxygen. Consequently, hydrogen peroxide is in demand for various applications as an environmentally friendly chemical.

Chlorine-free bleaching process



## Dimethyl ether (DME)

A clean fuel derived from methanol

Benefits for the environment

**Emits comparatively low amounts of NOx and no SOx and PM during combustion**

MGC produces dimethyl ether as well as methanol from natural gas produced as a by-product of oil drilling, thereby making effective use of resources from an environmental perspective. Dimethyl ether is also being promoted as a clean fuel because it emits no sulfur oxide (SOx) and particulate matter (PM), which are emitted when burning diesel oil or kerosene.



As an alternative to chlorofluorocarbons (CFCs), MGC's dimethyl ether is used in aerosol spray cans as a propellant.

MGC is aiming to commercialize dimethyl ether as a greenhouse boiler fuel that facilitates cultivation since it emits CO<sub>2</sub> needed for the growth of plants and produce while also providing heating.

MGC's dimethyl ether can be used as a clean diesel fuel for trucks.



## AGELESS™, oxygen absorbers

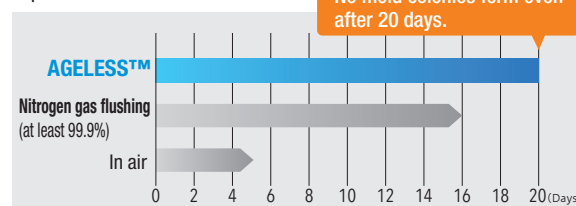
Preserves the freshness and taste of food for longer periods

Benefits for the environment

**Reducing food waste loss**

AGELESS™ can keep food tasting delicious and fresh for relatively long times, which leads to less food being thrown away due to mold, discoloration, or loss of flavor. That also helps reduce the amount of times food needs to be produced and delivered, which ultimately means less CO<sub>2</sub> emissions.

Testing the ability of AGELESS™ to prevent mold



Under experimental conditions, observations were made of blue mold colorization on castella sponge cake, in packaging containing an AGELESS™ sachet, in nitrogen-flushed packaging, and when exposed to the air.



# Examples of Initiatives | Promoting Diversity

MGC promotes diversity and is striving to establish an invigorated corporate culture that embodies mutual respect and enables all of our employees, themselves diverse individuals, to play active roles in a workplace environment that encourages personal growth and diverse values, which will allow new paths to emerge and technological innovation to take place.

## Reinforcing Systems for Promoting Diversity

We established the Diversity Promotion Office in August 2019 to develop a corporate culture of respect for diversity that values differences and further promote MGC's management concept of creating a place where there is job satisfaction and a dynamic group in which motivations and abilities are respected. An inter-departmental committee and other organizations were established, proposals are being made to address various issues, and we are working to make improvements.



### Work Style Reforms

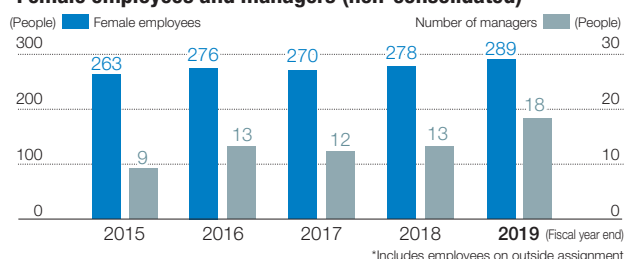
Work style reforms that make possible work styles that do not rely on long work hours as well as diverse and flexible work styles are essential for diverse human resources to work with vitality, play active roles, and create innovations. Based on this belief, we are reviewing work flows, reducing meeting times, and taking other measures to shorten work hours and create environments where employees can choose their work hours and sites. Workplace environments have changed drastically including an increase in working from home as a result of measures implemented to counter the spread of novel coronavirus, and we will continue to implement work style reforms without turning back.

### Promoting More Active Roles for Women

In promoting a more active role for women, we have prepared an action plan ending in 2021 that targets a four-fold increase in the percentage of female managers over fiscal 2015. Under the action plan, we are implementing measures to support career development and enhance programs that assist in balancing work and family life.

In fiscal 2019, we started conducting training to support the return to work by employees who took childcare leave in order to expand and enhance support for balancing work and childcare. We also conducted training for all managers on methods of communicating with diverse employees including women.

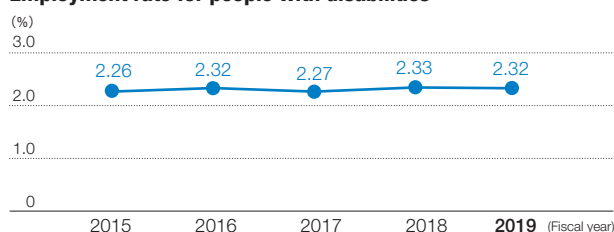
#### Female employees and managers (non-consolidated)



### Employment of People with Disabilities

MGC also continues working to create a workplace environment that allows employees with various disabilities to fully demonstrate their capabilities. MGC's rate of employment for people with disabilities in fiscal 2019 was 2.32%, above the legally mandated rate of 2.20%. Through both a culture and systems being putting in place, we are creating a workplace that provides a sense of purpose.

#### Employment rate for people with disabilities



### Employment and Exchanges of Foreign Human Resources

We encourage hiring of foreign employees to develop business at overseas sites, promote improvements in work processes from diverse perspectives, and support R&D. We accepted interns under the government-sponsored African Business Education Initiative for Youth and are working to encourage exchanges and build networks with foreign human resources.

#### Employees and managers who are foreign nationals (non-consolidated)

