

Sustainability

Sustainability Management | Key Issues (Materiality) | Materiality KPI

Sustainability Management

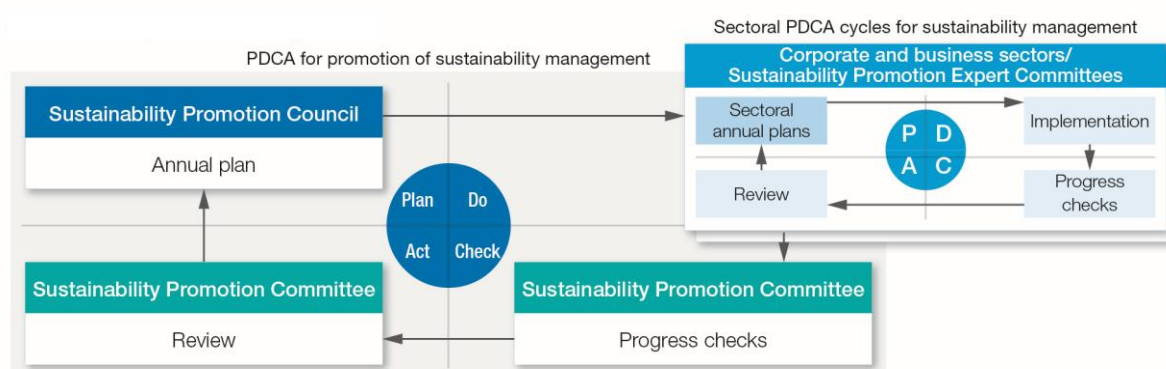
Sustainability Promotion Principle

The MGC Group contributes to realizing a harmonious and sustainable society that keeps growing, in accordance with its Mission 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.

MGC Corporate Behavior Principles

1. MGC will drive innovation to provide high-quality products and services that meet society's needs in order to gain consumer satisfaction and trust and help customers resolve their problems and achieve sustainable growth
2. MGC will voluntarily and proactively address environmental issues and work to resolve them through all its business activities
3. MGC will comply with laws, regulations, and rules, and will conduct fair, transparent and open business activities, including appropriate transactions and responsible procurement
4. MGC will endeavor to ensure broad-ranging communication with society through its proactive, effective and fair disclosure of information
5. MGC will engage in business activities that are useful for society, and actively contribute to the development of society as a responsible corporate citizen
6. MGC will help its employees improve their competence and provide them with safe, healthful and rewarding working conditions to ensure that they may lead comfortable and productive lives
7. By closely monitoring changes in the environment of its corporate activities, MGC will continually review diversifying risks and develop ways to respond

Sustainability Promotion System



Sustainability Promotion Council

Chair	President (convener/approver)
Deputy Chair	Director in charge of the CSR & IR Division
Participants	Executive officers, Corporate Sector heads and others designated by the President. Auditors participate as observers.
Secretariat	Corporate Planning Division, CSR & IR Division
Meetings	Held at least annually
Objectives	(1) Deliberate and determine Company-wide policy (2) Deliberate and determine materiality and establish KPIs (3) Assess and finalize annual Sustainability promotion plan (4) Verify progress in Sustainability management (5) Build and put in place a Sustainability promotion system (6) Deliberate and determine policies involving individual projects (7) Issue recommendations for corrective actions (8) Information sharing

Sustainability Promotion Committee






Participating Divisions	The Corporate Planning, Administrative & Personnel, Finance & Accounting, Information Systems, CSR & IR, Research & Development, Intellectual Infrastructure Center, Purchasing & Logistics, Environment Safety & Quality Assurance, Production Technology, Internal Audit divisions, and Business Administrative and others as designated by the Secretariat
Secretariat	CSR & IR Division
Meetings	Held as needed depending on the agenda
Objectives	(1) Deliberate agenda items for submission to the Sustainability Promotion Council <ul style="list-style-type: none"> • Company-wide policy, materiality, annual Sustainability promotion plan, verification of progress with Sustainability promotion system, operational reviews, etc. (2) Establish expert committees








Key Issues (Materiality)

Materiality Identification Process

Step 1	Identify “importance to the Company”	To implement management strategies with a grasp of our corporate philosophy, company policies, and long-term changes in the business environment, we identified 36 issues that need to be examined by making reference to the requirements of standards, such as the GRI Content Index, ISO 26000 and SASB, the Sustainable Development Goals (SDGs), survey items from international SRI/ESG institutions, and trends among other companies.
Step 2	Survey “importance to the economy, the environment, and society”	We conducted a survey among institutional investors, customers, business partners, employees, and general monitors regarding the Group's business activities and their impact on the economy, the environment, and society. We confirmed the importance of the 36 issues identified in Step 1 from the perspectives of stakeholders.
Step 3	Evaluate importance	We evaluated the survey results in Step 2, created a materiality map using the two axes of “importance to the Company” and “importance to the economy, the environment, and society,” and determined the materiality that management should address.
Step 4	Confirm appropriateness by management	Materiality identified in Step 3 was deliberated by the Sustainability Promotion Council (composition: directors, outside directors, Audit & Supervisory Board members, outside Audit & Supervisory Board members) to confirm its appropriateness. Finally, the materiality obtained approval through resolution of the Board of Directors.
Step 5	Revise 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.

11 Materiality Issues

Materiality		Why it is material	Action plan
Category	Elements		
CSV	Contribution to solving social issues through business	Through business and products that balance economic and social value, we will realize our aim of “creating value to share with society.”	<ul style="list-style-type: none"> • Transform business portfolio • Commercialize products that balance social and economic value • Create new businesses that contribute to solving social issues
	Promotion of innovative R&D	<ul style="list-style-type: none"> • Achieve a more resilient business portfolio • Create new businesses for achieving carbon neutrality • Promote R&D through use of DX technology 	<ul style="list-style-type: none"> • Allocate management resources to differentiating businesses and new/next-generation businesses • Set solving climate change issues as a strategic research area • Develop DX human resources into MGC Group research personnel
	Related SDGs (targets) <div>      </div> <div> 3.9 7.2 8.2 9.4 12.3 7.3 9.5 </div>		

E	Proactive response to environmental problems	Addressing environmental problems is imperative for all of humanity. Companies must proactively do so as a prerequisite for their existence and activities.	<ul style="list-style-type: none"> • Reduce GHG emissions in the manufacturing process • Develop and introduce new technologies to help reduce GHG emissions • Reduce supply chain GHG emissions
	Highly energy- and resource-efficient production	Companies have a responsibility to take countermeasures for environmental issues, and must engage proactively in such activities as they also contribute to increasing the competitiveness of their products.	<ul style="list-style-type: none"> • Stabilize equipment through improvement of control • Prevent accidents and issues
	Related SDGs (targets) <div> <div>  <p>3.9</p> </div> <div>  <p>6.3</p> </div> <div>  <p>7.2 7.3</p> </div> <div>  <p>11.6</p> </div> <div>  <p>12.2 12.5</p> </div> <div>  <p>13.3</p> </div> <div>  <p>14.1 14.3</p> </div> </div>		
S	Cultivating a corporate culture of job satisfaction	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.	<ul style="list-style-type: none"> • Cultivate and visualize a culture in which the Company values the human resources that it has developed • Examine various personnel systems (including welfare) and design systems suitable for an era of contributing to increased engagement
	Promotion of diversity and inclusion	Establishing a corporate culture through collaboration incorporating diverse values fosters a foundation for generating new ideas and technological innovation and creating corporate value.	<ul style="list-style-type: none"> • Diversify hiring formats (methods, human resources) • Conduct awareness-raising activities ingroup training • Create opportunities for interaction between different departments and offices through internal events, training, etc. (including use of MGC Commons)
	Respect for human rights	As entities conducting business activities, companies have a responsibility to avoid infringing on the human rights of others and rectifying any negative impact they have on human rights.	<ul style="list-style-type: none"> • Formulate human rights policy and fully accept responsibility for respecting human rights • Establish a human rights consultation desk to conduct appropriate remedial measures

	Ensuring occupational safety and health / Process safety and disaster prevention	Safety is the foundation of business activities. Companies have a societal duty to ensure safety.	<ul style="list-style-type: none"> • Share examples of accidents and disasters, and utilize this information for process risk assessment • Eliminate dangers and hazards by conducting occupational health and safety risk assessments and build comfortable workplaces
	Chemical/product quality and safety assurance	Chemical/product quality and safety assurance is required by stakeholders, and the Company is responsible for providing products and services with a high degree of safety and reliability.	<ul style="list-style-type: none"> • Share information through the activities of the Environment and Safety Council and provide education and support to associates from our company • Promote Q-MGC Conducted companywide and throughout the Group
	Promotion of socially responsible sourcing	Companies have a societal responsibility to upgrade CSR compliance throughout their supply chains with respect to the environment, working conditions, human rights, etc.	<ul style="list-style-type: none"> • Inform suppliers of the Company's basic approach to raw material procurement activities and its CSR procurement guidelines, and conduct regular questionnaires • Conduct evaluations based on questionnaires and multiple dialogues
	Related SDGs (targets) <div> <div>3 GOOD HEALTH AND WELL-BEING 3.9</div> <div>4 QUALITY EDUCATION 4.4 4.7</div> <div>5 GENDER EQUALITY 5.1 5.4 5.5</div> <div>8 DECENT WORK AND ECONOMIC GROWTH 8.5 8.7</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 9.4 9.5</div> <div>10 REDUCED INEQUALITIES 10.2 10.3</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES 11.6</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.2 12.4</div> <div>13 CLIMATE ACTION 13.3</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS 16.2 16.3 16.10</div> </div>		
G	Strengthening governance and internal control/risk management/compliance	It is a system for developing disciplined ways to steadily execute strategies in order to bring business models to fruition and sustainably grow corporate value.	<ul style="list-style-type: none"> • Conduct compliance education and awareness-raising activities • Identify risk of compliance infringement and conduct risk assessment • Improve awareness compliance throughout the entire MGC Group
	Related SDGs (targets) <div> <div>8 DECENT WORK AND ECONOMIC GROWTH 8.7</div> <div>10 REDUCED INEQUALITIES 10.2 10.3</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS 16.2 16.3 16.5 16.10</div> </div>		

Materiality KPI

CSV

KPIs	Reporting boundary	Fiscal 2024 Results	Fiscal 2026 Targets	Fiscal 2030 Targets
Sales of MGC Group eco-friendly products	Mitsubishi Gas Chemical Group	¥214.3billion	¥270.0billion	¥500.0billion
Percentage of R&D cost contributing to increased resilience of business portfolio*1		69%	60% or higher	60% or higher
Percentage of research personnel contributing to solving climate change issues		33%	25% or higher	25% or higher
Percentage of DX human resources among research personnel (those who have taken DX fundamentals courses)		79%	75%	80%

*1 Percentage of total value of R&D expenditure in the differentiating business and new/next-generation business categories

E

KPIs	Reporting boundary	Fiscal 2024 Result	Fiscal 2026 Targets	Fiscal 2030 Targets
Reduction in GHG emissions (compared to fiscal 2013)	Mitsubishi Gas Chemical Group	31% (assumption)	33%	39%
Zero waste emission rate*2	Non-consolidated Domestic consolidated	1.1%	1.2%	1.0%
Energy usage reduction rate*3 (compared to fiscal 2023)	Mitsubishi Gas Chemical Group	▲2.8 (assumption)	-3.0%	-7.0%

*2 Amount of final disposal/total amount of industrial waste generated

*3 Reduction in energy usage resulting from energy-saving improvements (based on 100% capacity utilization)/average annual energy usage for fiscal 2021 to fiscal 2023

S

KPIs	Reporting boundary	Fiscal 2024 Result	Fiscal 2026 Targets	Fiscal 2030 Targets
Percentage of employees that feel satisfied at work	Non-consolidated	82%*4	70%	75%
Number of female managerial personnel	Non-consolidated	44	60	90
Respect for human rights	Mitsubishi Gas Chemical Group	-*5	Human rights due diligence conducted 100%	Establish human rights management and ensure support for human rights policy by all stakeholders
Serious occupational accidents*6	Mitsubishi Gas Chemical Group	4	0	0
Serious accidents*7		0	0	0
Product liability incidents, serious*8 legal and regulatory violations, serious*8 quality issues	Mitsubishi Gas Chemical Group	1 (Non-consolidated + Domestic consolidated companies)	0 (Non-consolidated + Domestic consolidated companies)	0 (Mitsubishi Gas Chemical Group)

Percentage of suppliers in agreement with Company's basic approach to raw material procurement activities and its CSR procurement guidelines	Non-consolidated	81 (preliminary figures)	80%	100%
Percentage of consolidated subsidiaries required to conduct CSR procurement activities	Mitsubishi Gas Chemical Group	-	60% (Domestic consolidated)	100% (Domestic and overseas consolidated)

*4 Positive Respondents ÷ (Positive Respondents + Negative Respondents)

*5 Progressing in a planned manner in accordance with the Human Rights Due Diligence Action Plan

*6 Accidents resulting in lost work days eligible for disability compensation, including death and permanent disability, or potential disability, and those with four or more lost work days

*7 Accidents that threaten third parties, including those resulting in environmental pollution involving the community or that cause damage to local residents, and other accidents involving serious damage

*8 Losses over ¥1.0 billion or more

G

KPIs	Reporting boundary	Fiscal 2024 Result	Fiscal 2026 Targets	Fiscal 2030 Targets
Number of serious compliance violations	Mitsubishi Gas Chemical Group	0	0	0