

Human Resources Strategy

Basic Strategies

The Mitsui Chemicals Group sets out three basic strategies: (1) pursuing innovation, (2) accelerating global expansion, and (3) strengthening the competitiveness of existing businesses in our 2025 Long-Term Business Plan. Human resources will serve as one of our most valuable management resources in

the implementation of these strategies. The Group will continue working on enhancing our corporate value and achieving the Long-Term Business Plan targets through comprehensive management of recruiting, development and training, placement, and utilization of human resources.

Key Talent Management: Developing Future Leaders

It is a pressing task for the Group to recruit, develop, and train future leaders, as well as human resources who are capable of managing our overseas subsidiaries and affiliates, the number of which are increasing due to overseas development and M&As. To this end, the Group has introduced the Key Talent Management

system, which began operations in fiscal 2016.

We will further develop this system, in order to promote the development and training of employees who will ensure the continued growth for the Group.

Overview of Key Talent Management



(1) Key Talents and Management Candidates

Among the Group's worldwide human resources, those who consistently demonstrate a high level of performance and competence, potential, and enthusiasm are identified as key talents. Among such key talents, those who have the potential to become future leaders are selected as management candidates.

(2) Key Talent Management Committees

The Key Talent Management Committees have been established as a body to select key talents/management candidates, approve development plans, and review their results. The Committees review the work experience of selected human resources, and determine where they should be assigned based on five perspectives: managerial view point, business restructuring, new business development, Company-wide projects, and the operations of overseas subsidiaries and affiliates.

Progress in Fiscal 2018

- Held meetings of the Divisional Key Talent Management Committees in all divisions (both business and functional), selected key talents, and formulated individual development plans (placement and training).
- In the Company-wide Key Talent Management Committee which brings all management in one place, reviewed and confirmed the direction of individual development plans (placement and training) for those management candidates selected from over 150 General Managers and Directors at Mitsui Chemicals and its affiliates, as well as plans for those key talents selected from Supervisors at Mitsui Chemicals (and equivalent positions at affiliates).
- Revised succession plans for the 100 critical positions based on the business strategies for fiscal 2018.
- As part of our increasing diversity, shared and confirmed the individual development plans for female management candidates who had been selected as key talents.

Specific Plans Going Forward

- (1) Conduct follow-ups on individual development plans (placement and training) for those management candidates selected from among General Managers (including presidents at affiliates) and Directors at Mitsui Chemicals, and conduct individual discussions to support the development plan for those who have been newly selected.
- (2) Continually review the individual development plans for those key talents selected from Supervisors at Mitsui Chemicals (and equivalent positions at affiliates).
- (3) As in fiscal 2018, revise succession plans for the 100 critical positions based on our new strategies.
- (4) Strengthen the assessments of management candidates.

Example of Activity

Appointment of locally-hired employees at overseas affiliate

One example of implementing an individual development plan for management candidates through deliberations at the Key Talent Management Committee is the appointment of a locally-hired employee of an overseas affiliate to a top position in the company. This initiative has actually contributed to promoting localization. At Mitsui Chemicals India, one of our major affiliates, employees assigned from Japan had served in the position of the president since the company was established. At the same time, we had provided opportunities for Mr. Suraj Arya, who had consistently demonstrated outstanding performance and potential, to participate in several global training sessions in a planned manner, while simultaneously appointing him to the position of the vice president. This approach had provided him an opportunity to learn corporate management from a higher perspective. As a result, Mr. Arya assumed the position of the president of Mitsui Chemicals India in July 2018, and has been undertaking various challenges in order to accelerate business growth in India.



Suraj Arya
Mitsui Chemicals India Pvt. Ltd.
President

Human Resources Strategy

Launching the Global Human Resources Division and enhancing our global human resources management framework



Global Human Resources Strategies

Since the founding of Mitsui Chemicals in 1997, the Group’s consolidated companies have grown in number to a total of 155, and our consolidated employees (as of March 31, 2019, excluding contract employees) have increased to 17,743 persons. The overseas sales ratio has expanded to 45%. With the progress of business globalization, we have worked to build a framework on a global basis in the area of human resources management, including the operation of overseas bases, as well as post-merger integration (PMI) for cross-border M&As. In order to further accelerate these efforts, we established the Global Human Resources Division in April 2019 to expand from our conventional virtual HR organization to a permanent global HR organization. We will enhance our global business competitiveness by executing effective human resources management on a Group and global level, and enhancing our human

resources governance. Following the launch of the Division, we established functions for system development at the global headquarters, including talent management, human resources development and training, and compensation and evaluation. At the same time, we are using schemes from the HR Development Advisory Committee (HRDAC), a virtual project framework involving human resources at the regional headquarters, held continuously since 2014, in order to accelerate the planning of various globally-shared programs and expansion into local regions. We have redefined matters that should be unified globally, as well as matters that should be operated with a degree of freedom in each region or company. We operate the human resources organization that supports both effective human resources management on a Group and global level and the growth of each region and our businesses.

Status of Initiatives for HR Challenges

Key HR challenges	Items	2018 progress and outstanding issues
Establishing globally-unified HR tools and policies across each business site around the world by overcoming regional differences.	Common competencies (qualification requirements)	Requirements drafted and rolled out to some regions
	HR database	Compilation completed with the exception of some subsidiaries
	Grading system	Expanding in a phased manner
	Secondment system, compensation system, etc.	Policy revisions planned
Building a holistic communication network that enables all HRs from every country to connect globally beyond their region or nation.	Communication platform	Considering launch of new shared system
Securing, developing, and training an outstanding pool of talents with a range of different backgrounds who can work effectively on a global stage.	Talent management	Increased identification and ongoing development of talent

Example of Activity Starting HR meetings in Europe



The Group holds HR meetings for each region, in order to implement our global HR measures. The history of holding the meetings is longest in Asia, with the 13th meeting held in fiscal 2019.

The ARRK Group, which joined our Group in 2018 through transfer of shares, has approximately 2,000 employees in Europe. We now have over 3,000 employees in Europe, including Mitsui Chemicals Europe, Kulzer Group, and ACOMON, making Europe our largest area outside of Japan. Accordingly, as a new undertaking, we held HR meetings with all HRs in the European region gathered in one place at Kulzer (Hanau) in fiscal 2018 and ARRK Engineering (Munich) in fiscal 2019, in order to explore matters on which we can cooperate.



Global Employee Engagement Survey

Background and Overview of the Survey

In preparation for implementing our 2025 Long-Term Business Plan, we consider Group employee engagement to be extremely important. We, therefore, conducted an online survey in June 2018 to measure individual engagement levels and investigate the underlying factors for all employees of the Mitsui Chemicals Group. This was the first survey to cover all Group employees, and 87% of the employees responded. Their opinions provided us with many suggestions that improved our understanding of the Group-wide HR challenges. The results of the survey have been shared with our management, and we are currently working on an action plan on a Group-wide basis. Characteristics of the Group revealed through this survey include an incredibly strong

culture of safety and an emphasis on autonomy and delegation of authority. Two points also raised and expected to help contribute to higher engagement going forward are: dialogue with management and skill development and careers. The results of this survey can be analyzed by the unit of Head Office division, affiliate, or subsidiary. Therefore, leaders and HR division in each organization have worked together to formulate improvement action plans that are suitable for individual departments, and are working on the specific measures to improve the level of engagement. In order to further raise the engagement level in the entire Group, this survey will continue to be conducted every two to three years.

Engagement Factor Score

Mitsui Chemicals Group top factors = three areas in which we are strong

Safety
47%

Brand as an employer
39%

Delegation of authority/
Autonomy
38%

Mitsui Chemicals Group bottom factors = three areas in which we face challenges

Learning and
self-development
22%

Career opportunities
18%

Human resources utilization
and assignment
15%

MESSAGE

Our global human resources strategies



Shingo Ono
Deputy General Manager,
Global Human Resources Division

Our global workforce is now approaching a total of 20,000 persons owing to the steady progress of our 2025 Long-Term Business Plan.

With the recent progress in M&As and the creation of new businesses, a new business with a service model featuring customer-driven innovation has been added to our business portfolio, thereby enhancing its diversity.

Chemical manufacturers have highly diverse technologies and human resources, and accelerated collaboration between them creates greater customer value. I believe that the enhancement of our individual identities and communication with people inside and outside the Group will serve as the driving force behind the creation of new value in the age of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity), and the driving force behind that is our employees.

For that reason, our Global Human Resources Division will work together with Mitsui Chemicals Group leaders to understand all of our employees around the world through the Key Talent Management system and global employee engagement surveys, and accelerate the necessary support to allow individual employees to demonstrate high engagement and a commitment to business growth.

We, as a business partner, will work on solving issues globally beyond regional boundaries, under our motto of contributing to value by understanding business strategies and providing a global platform that contributes to their implementation.