

Human Resources: Moving Forward

Basic Strategies

In the 2025 Long-Term Business Plan (LTBP), the Group set out three basic strategies: (1) pursue innovation, (2) accelerate global expansion, and (3) strengthen the competitiveness of existing businesses. In implementing these strategies, human resources strategy and human resources management will play a critical role in the success of LTBP implementation.

Mitsui Chemicals Group will continue working towards improving corporate value and achieve its LTBP targets through comprehensive talent acquisition management, people development, placement, and utilization of human resources.

Key Issues

① While Mitsui Chemicals Group continue its effort in realizing LTBP, the effort in talent management for attracting, retaining, developing and deploying talents also running in parallel to support the businesses

Aside from the traditional annual recruitment intake of fresh graduates from the tertiary educational institutions, the Group ramped up its efforts to hire mid-career experienced professionals. In fiscal 2017, we hired 92 experienced professionals and 77 new graduates. Around half of the experienced hires were to fill positions in R&D and process engineering. This is a concerted effort to further strengthen our competitiveness and development capabilities geared toward future growth.

In addition, we are also professionals with expertise in the areas that we are focusing on, with the aim to develop businesses and make offers that are more aligned with customer needs, and at the same time, incorporating and enhancing the Company's internal knowledge.

Going forward, we will continue to create new values by actively recruiting professionals and talents with new knowledge and ideas that are not currently in the Company, enabling us to approach challenges from a variety of perspectives.

New/Experienced Hires



② Recruiting and developing Future Leaders

The Group is faced with the urgent need to ensure continuous supply and readiness of future leaders. As the business growing, the number of affiliates networks also expanded, it is important to ensure there are sufficient capable leaders readily available for the assignment. The Group has started the Key Talent Management (KTM) system (detail following) from fiscal 2016.

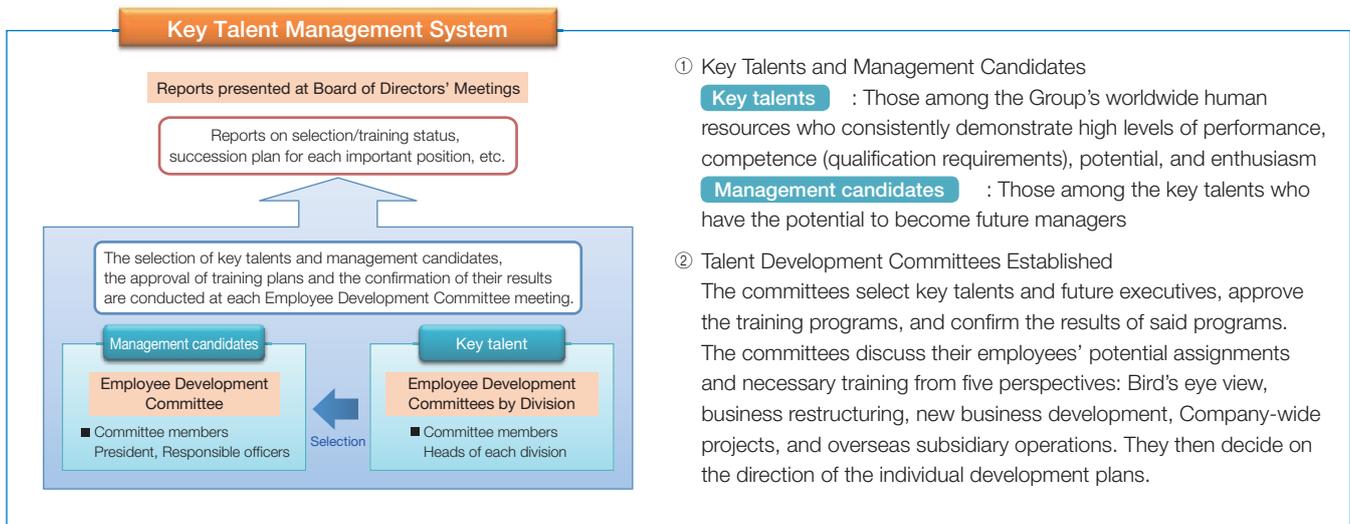
Going forward, we will further enhance the KTM system to enlarge the pool of talents and continue groom talents and professionals who can support the growth of the Group.

Key Talent Management Progress in Fiscal 2017

100 critical positions were selected and reviewed on the individual development plans. This is to ensure the right amount of developmental trainings are put in place for the future executive candidates, including affiliates' employees.

Specific Plans Moving Forward

- Hold follow-up discussions regarding their individual development plans (i.e., placement, training) with future executives selected from division managers and group leaders at Mitsui Chemicals, Inc. and its affiliates, as well as separate discussions with newly selected individuals.
- Continually review the individual development plans of key talents selected from team leaders at Mitsui Chemicals (and equivalent positions at affiliates).
- Following 2017 efforts, continue to formulate succession plans for the 100 critical positions.
- Strengthen the assessments of future executives.



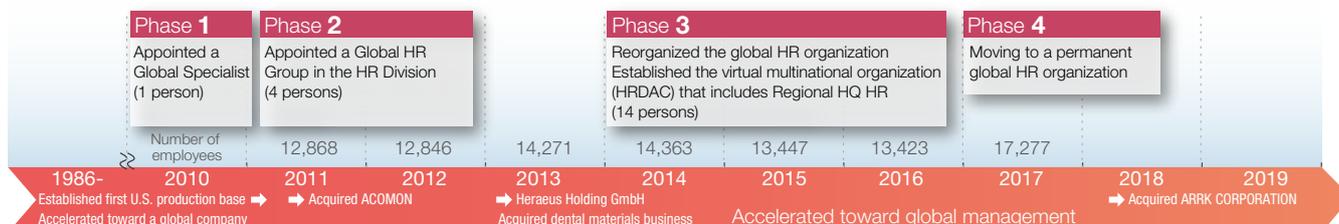
③ Global HR Management in Line with Accelerating Global Business

Since the founding of Mitsui Chemicals in 1997, the Group's overseas affiliates have grown to 106, the ratio of its employees working overseas has increased to 43%, and the ratio of overseas sales has expanded to 44%. With the progression of globalization, the establishment of a seamless global system has become a major challenge in the field of HR management. That would include system integration for overseas bases arising from post-merger integration (PMI) for cross-border M&A.

HR Challenges

- Establish a unified HR tools and policy to universally implement KTM across each site around the world and overcome regional differences. This entails a universal approach across each global base in terms of skills and knowledge competencies, HR record databases, job levels, employee global mobility, affiliates' executive compensation and benefits guidelines, and other aspects.
- Build a holistic communication network or platform that enables all our employees from every country to connect globally beyond their region or nation.
- Secure outstanding pool of talents with a range of different backgrounds who can work effectively on a global stage.

Group Globalization and Global HR Transition



The Virtual Global HR Organization

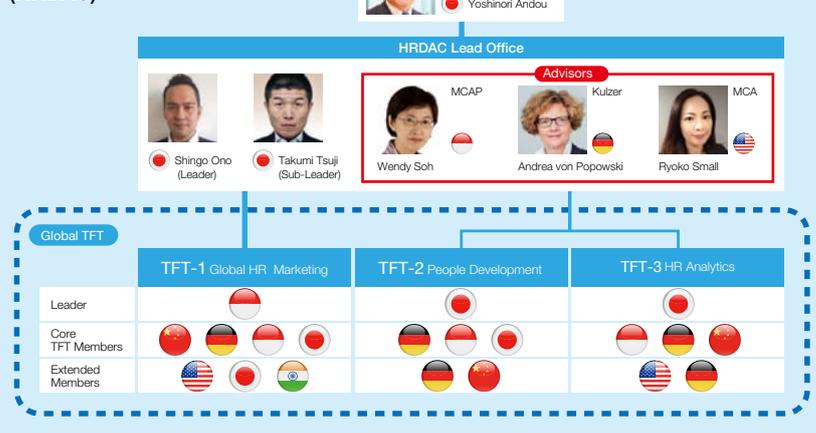
The HR Development Advisory Committee (HRDAC) is a virtual global HR organization comprising members from the Tokyo Head Office, Regional Head Quarters, and companies specified by the Head Office. The committee promotes global HR measures virtually and has official management rules, meetings, and a budget.

HRDAC Key Targets

1. Key Talent Management
2. Localization
3. HR Business Partner
4. HR Governance, Reporting Line
5. Global Employee Engagement Survey
6. Global HR Analytics (KPI)

Global HR Development

Advisory Committee (HRDAC)



From Asia Pacific to the World

Mitsui Chemicals Asia Pacific, Ltd. (MCAP) has started its shared services model since 2006 for its affiliates in Singapore covering HR, Finance & Accounting, IT and Legal & risk compliance. These four functional services are grouped under MCAP Corporate Service Center. In recent years, HR, IT & Legal & risk compliance has extended its services to support affiliates in Asia Pacific region.

MCAP HR has been actively involved with Mitsui Chemicals HR in spearheading several global HR projects. Some of the MCAP HR staff are the HRDAC Task force leaders or members. The virtual HRDAC structure has been a very practical, efficient and instrumental to allow Mitsui Chemicals HR to tap on overseas HR capability from Singapore, Germany, China and US in driving global HRM initiatives.

To achieve the HRDAC key targets, Task Force Team (TFT) were formed to work on the challenges. We took a wide range of measures, including implementing the Global Leadership Program

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Director,
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Mitsui Chemicals Asia Pacific, Ltd.



(GLP) in partnership with an acclaimed German academic institution (Mannheim Business School), establishing a KTM program, and introducing global job assessments. In recent years, because of the efforts of HRDAC, much synergy between the HR divisions from various countries has been observed. The diverse One Team operations (which transcend nationalities and represent one of our core values) have been gaining momentum.

Going forward, we will continue with various enhancement projects and shape the current virtual organization into a full-fledged global organization, in line with the increasing speed of business globalization.

Looking to the Future

With more than 17,000 people to organize, the Group is facing urgent needs in enhancing HR management around the globe as business areas continue to expand. The Key Talent Management system will be the center of this. It was launched to intentionally and strategically develop and acquire talents who can strategically and efficiently lead global business and people, and can develop the business in line with the unique characteristics of each region. We will take on the aforementioned challenges by tapping into the various capabilities of diverse talents to help achieve more accomplishments that will shape the future.

Yoshinori Andou
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