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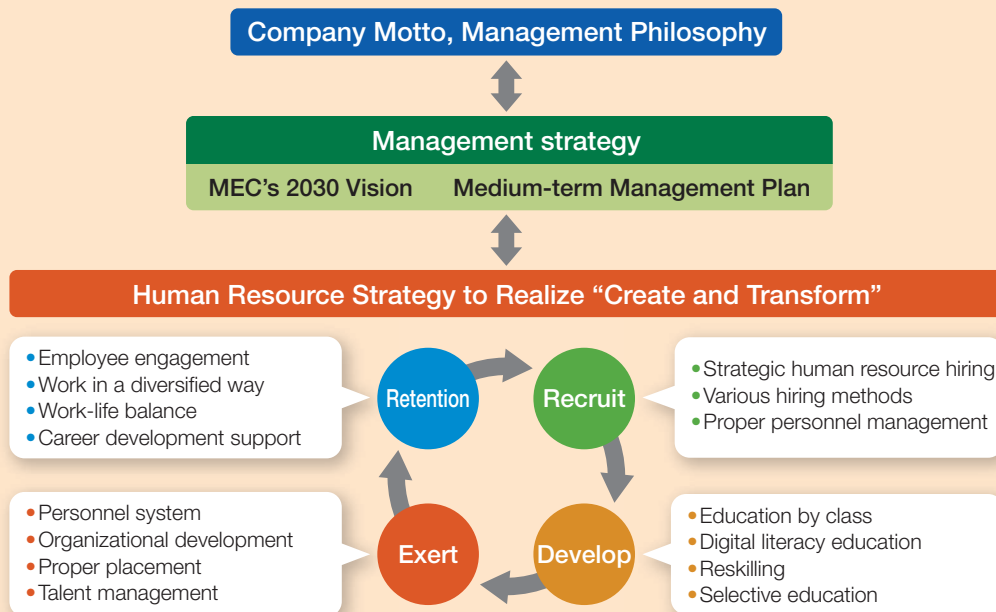
Report on sociality

Human Capital Strategy

Based on our corporate motto and management principle, the MEC Group has formulated and implemented a human resource strategy based on human capital management that is linked to our management strategy to realize the corporate image set forth in the Vision for 2030 and medium-term management plan.

Human resource development

The MEC Group regards employees as the most important human capital that supports the sustainable development of the Group. In order to enable human resources with diverse personalities and values to embody the ideal image of human resources is “autonomous driving and solidarity”, we are systematically developing human resources with the aim of creating human value from a short-, medium-, and long-term perspective.



Education system

To realize the development of human resources who are “autonomous driving and solidarity”, we provide various training programs for each purpose and employee category, and implement various measures. We have developed a training system by purpose and strive to improve employees’ abilities such as training by class customized for positions and roles, training to strengthen management skills for the purpose of developing management perspectives for managers who are selected to participate in such training, and training programs to improve language skills in response to global business development.

	Selective training	Roles and business skills						Career support	Specialized training					
Top management		Operating Officer training												
Manager	Senior management training	Selected language training	Management training	Training for mid-career employees	Evaluator training	Digital literacy training	Education on the handling of chemical substances in the workplace	Harassment prevention training	Compliance education (Web test)	Exchange with other companies (external seminars, etc.)	Life - plan seminar	Business skill training	Environmental law education (for practitioners, etc.)	Disaster response training
Regular employee		Digital skill training	New employee training											

In particular, with regard to training for all employees to have the digital literacy set forth in the medium-term management plan, we will conduct various DX training programs over the next fiscal year, starting with digital literacy training this year, after organizing the concept of DX in our Company based on the employee level surveys.

Special Feature

Human Capital Strategy

Personnel evaluation system

We use an absolute evaluation system for personnel evaluation to enhance transparency and persuasiveness of evaluation through feedback to evaluatees, while placing greater emphasis on the exchange of opinions between evaluators and evaluatees on the points of development.

In addition, in order to make the personnel evaluation system more effective, we will conduct evaluator training and evaluatee training this fiscal year for the purpose of ensuring a “correct understanding of the system” and “conducting appropriate evaluation”.

Diversity and inclusion

We are actively promoting diversity and inclusion to become a company where people of all ages, genders, races, nationalities and disabilities with a variety of personalities and values can play an active role in driving innovation and growth in the Company.

Acquisition of diverse human resources

Mid-career talented people	Hiring of mid-career workers with useful knowledge and experience
Global human resources	Hiring of global talented people including foreign nationals
Full-time employee system for senior members	Introduction of a system that allows employees to work as regular employees in a broad sense even after the retirement age of 60
Challenged employees	Active hiring of persons with disabilities (as of the end of June 2023: 2.88%)

Women's active engagement

Since our foundation, we have focused on fostering an organizational culture in which women can continuously demonstrate their abilities and play an active role in various life stages. We have been selected as a Nadeshiko Brand* twice in the past, in FY2015 and FY2016.

And since foundation, we have consistently promoted the recruitment of human resources free from gender distinction, and a single pay table is applied to all full-time employees as employees on the managerial career track. The gender pay gap is 87.9 for female employees if male employees are deemed to be 100. Female managers accounted for 25.5% of all managers in FY2022, and female supervisors are not uncommon.

We will continue to promote appointments regardless of gender based on ability and aptitude.

[Note] At the MEC Group, the wage structure is set by position. There is no gender pay gap, and the wages of men and women in the same position is the same. The differences that exist are attributable to differences in the gender composition ratio for each position.

*“Nadeshiko Brand”: A listed company selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange that excels in promoting women's participation as an attractive stock for investors who place importance on improving corporate value over the medium and long term.

Percentage of females in all managerial positions

FY2018	FY2019	FY2020	FY2021	FY2022
19.6%	20.0%	20.4%	19.6%	25.5%

Work-life balance

We have introduced various systems related to employment and are working to realize flexible work styles for employees.

Original system

- Flextime system (Core time is from 10 am to 3 pm)
- Telecommuting system
- Accumulated paid leave (Purpose of acquisition: Nursing care)
- Taking annual paid leave on a half-day basis
- Child-rearing leave (5 days per year (paid) for employees who have preschoolers)
- Reduced working hours for child-rearing of children up to the third grade
- Refresh leave (granted according to years of service)

Promotion of male employees taking child-rearing leave

We introduced the child-rearing leave system in FY1991. The first childcare a male employee took was in FY2008.

Since then, male employees have taken childcare leave as needed. Since FY2020, we have promoted the proactive participation of men in child-rearing, and by instilling an understanding of the need for a balance between work and child-rearing, the percentage of male employees who take childcare leave has greatly improved to 66.7% in FY2022.

We will build a more productive work environment by encouraging each employee to practice self-directed work styles.

Percentage of male employees who take child-rearing leave

FY2018	FY2019	FY2020	FY2021	FY2022
0%	0%	30.0%	25.0%	66.7%

Employee satisfaction survey

Nippon Omni-Management Association Research Institute (NOMA Research Institute) conducted an awareness survey of all employees (including temporary staff).

Response rate: 97.2%

(Goal / KPI)

Improvement of scores for “job satisfaction”

FY2021 **3.7** points → FY2022 **3.8** points
*On a scale of 1 to 5

“MEC’s strengths” pointed out by employees (Top 3 items and their percentages)

Product quality **55.8%** (49.2% last time)
Product development capability **33.5%** (38.3% last time)
Brand power **30.9%** (39.0% last time)

Regardless of the differences in attributes of the departments, the trend in response was generally the same.

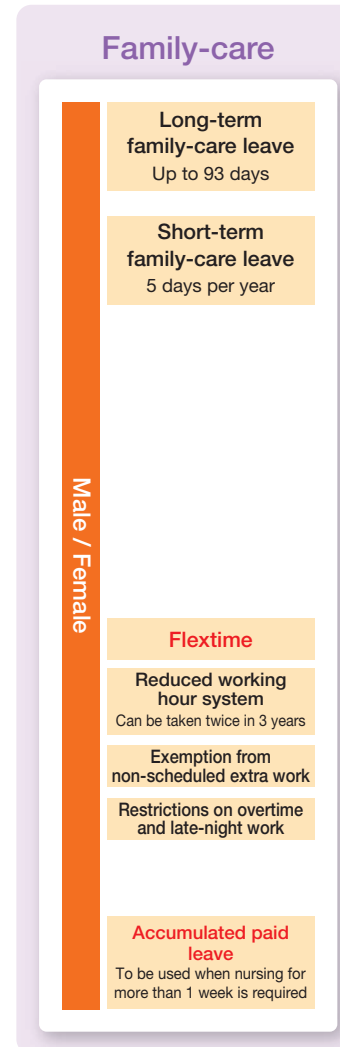
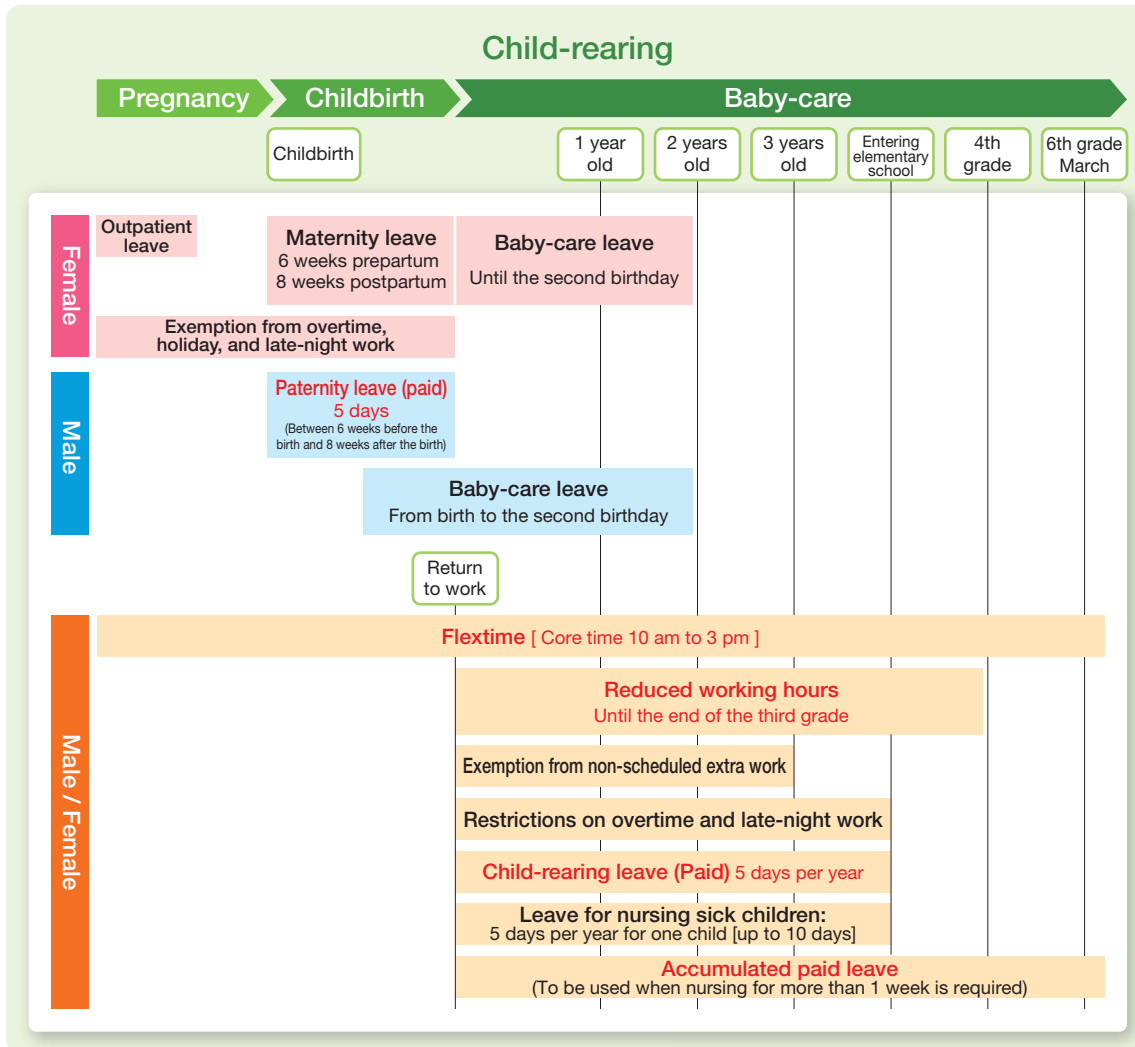
Review of NOMA Research Institute, Inc.

A very high level of engagement has been established with the Company, the workplace, and the assigned duty, which is good compared to the level of other companies.

To address issues pointed out, we will take measures to achieve a better working environment.

Relationship with employees

Systems to support balancing work with childcare and family-care



■ Responses to COVID-19 and new ways of working

In response to the global pandemic of COVID-19, the MEC Group has sought to maintain its business activities, prevent the spread of the disease, and manage both infection control and business operations while taking appropriate measures to meet the needs of each country and region. In order to find ways of working suited to the situation of the pandemic, we actively introduced a web conferencing system for PCS that had been implemented between business offices so far. In March 2020, during the phase of the spread of the virus, we urgently introduced teleworking on a trial basis, and worked to enhance the work style according to each employee's situation. As a result of these efforts, teleworking has spread rapidly, and based on the pros and cons of each work style, we are currently combining teleworking with working at the office. We will continue to study ways of working and systems to maximize the performance of each employee while taking advantage of the benefits of working from home and working at the office.

■ Improving the health of our employees

Since COVID-19, we have become increasingly concerned about the physical and mental health of our employees. In addition to conducting various medical checkups and stress checks, we are now actively reminding people about whom some irregularities were found to re-examine and get full treatment. And more, the general affairs department held a walking event using a smartphone app to encourage employees to have a good time and improve their health at the same time. We will promote initiatives that focus on improving the mental and physical health of our employees.

Relationship with employees

Safe working environment

Occupational safety and health

We build and operate a management system, in order to create a safe and hygienic workplace environment through efforts to discover and tackle such problems as dangerous work and places and hygiene issues.

Industrial accidents

Occupational accidents involving lost time

•2022 target: 0 case **Result: 0 case**

Number of occupational accidents not involving lost time

4 cases

We will continue to improve our working environment.

Frequency rate, severity rate, and average number of working days lost per causality

The frequency rate was **0.0**

The severity rate was **0.0**

Average number of working days lost per causality was **0 day**

*Calculated based on 253 employees (non-consolidated) as of the end of fiscal 2022, and occupational accidents involving lost time was 0 case

According to the situation of industrial accidents by industry (announced by the Ministry of Health, Labour and Welfare in 2023), the frequency rate in the manufacturing industry is 1.25, the severity rate is 0.08, and the average number of work days lost per causality is 59.9.

The working environment in our Company is highly controlled in terms of safety and health.

Measures to address new chemical substance regulations

In order to prevent industrial accidents caused by chemical substances, the government has revised occupational health and safety regulations and other regulations, focusing on strengthening the control system for chemical substances. We performed risk assessment for chemical substances that were not covered by the regulations until now, and took measures to prevent exposure based on the results. We also take necessary training for the appointment of chemical substance managers. As more proactive initiatives are required, the Safety and Health Committees of the respective business office is taking the lead in implementing necessary measures.

Preventing Harassment and Discrimination

We distribute the “Labor and Ethics Guidelines” prepared based on the RBA Code of Conduct to all officers and employees to raise awareness of the need for harassment prevention. At the same time, we are working to prevent harassment by posting the guidelines in our in-house database, disseminating specific cases of harassment, and providing training. The guidelines also state that we will not discriminate in terms of employment, promotion, or salary increases based on nationality, place of origin, gender, sexual minority (LGBTQ+), etc.

Communication with shareholders / investors

Communication with shareholders

In order to deepen understanding of the Company, we hold company briefing sessions after the General Meeting of Shareholders and issue a shareholder newsletter (twice a year). We will carry out a shareholder questionnaire in the shareholder newsletter, and utilize the feedback we receive when we disseminate information, create a magazine, and conduct business activities.

In March 2023, for the first time in four years, we were able to hold a briefing session at the Tokyo venue, which had been postponed due to the COVID-19 pandemic. President Maeda gave an explanation focusing on “financial results”, “business overview”, and “future outlook”, followed by a lively exchange of views during the Q&A session.



Shareholder communication

Investor Relations → <https://www.mec-co.com/en/ir/>

Financial results briefing session, seminar for investors and analysts (Briefing session)

We hold financial results briefing sessions for institutional investors and analysts, have technical seminars, and hold meetings with domestic and overseas institutional investors and analysts. We also hold company briefing sessions for shareholders, have seminars for individual investors, and exhibit at exhibitions. Thus, we are working to enhance the environment for communicating with shareholders and investors. The opinions and questions obtained through these forms of communication are reported to the management as appropriate. In FY2022, we utilized the Web conferencing system and telephone conferences to hold financial results briefing sessions (4 times) and meetings (about 230 times in total) as appropriate to continue communication.

We also hold an online briefing for individual investors, and a summary of the briefing is posted on our website.

IR Library → <https://www.mec-co.com/en/ir/library/>

Financial results briefing sessions	Meetings
4 times	About 230 times in total



Together with every stakeholder involved with MEC COMPANY

Adherence and penetration of RBA Code of Conduct

We strive to promote business activities in accordance with the Responsible Business Alliance (RBA) Code of Conduct in order to promote socially responsible activities and achieve continuous growth with all stakeholders involved in our Company.

About Human Rights

The premise of our Company is respect for human rights, and we clearly state that treatment that ignores human rights, such as child labor and forced labor, is strictly prohibited. When hiring people, we check their age with official documents and make strict rules to ensure there is no dishonesty.

Initiatives for improving customer satisfaction

We carry out a satisfaction survey once a year on major customers. This allows us to directly know their requests and dissatisfaction, utilize them for future product sharing, technical support, and in-house new product development, and strive to further satisfy them. We respond to requests and dissatisfaction in order from the ones that can be resolved.

Survey items

- Product / technical support
- Order support / counter support / after-sales service / price
- Delivery dates / packing status
- Environmental support

The average overall evaluation



Building appropriate relationships with logistics companies [Responding to the 2024 Problem in the logistics industry]

In 2024, the Work Style Reform Laws will come into effect, imposing a cap on overtime work hours for people involved in logistics, resulting in a reduction in the total transport volume and other problems. We support White Logistics, a social movement that aims to improve the productivity of truck transportation and improve the efficiency of logistics, as well as to realize a "better working environment (in Japanese, it is called a "white" working environment)". As an advocate of White Logistics, we hold discussions with logistics companies in advance, review contracts with mutual agreement, and work to secure legal and appropriate transport volumes.

Appropriate response toward Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

We are subject to the so-called Subcontract Law, which requires stricter treatment of suppliers with capital below a certain level. In FY2022, we stopped payment by notes with a long redemption period and introduced payment by cash transfer. We will continue our efforts in line with the purpose of the Subcontract Law.

Response to conflict minerals

Because minerals illegally mined in some conflict areas in Africa are providing sources of funds for armed groups and other people, the international community avoids using minerals produced in these conflict areas. The Responsible Minerals Initiative, which calls for non-use of conflict minerals in products, is also an important theme. To prevent the target minerals from being used in our products, we have built an internal system, carry out traceability surveys, and thoroughly monitor them from the stage of purchasing raw materials. In recent years, cobalt and mica has also been required to be treated as a conflict mineral.

Execution of ESG investment

We invested in and supported social bonds issued by the Japan Student Services Organization and the Hyogo Prefecture SDGs (Green Bonds). Social bonds will be used as the source for loan scholarships, and SDGs bonds will be used for projects such as the construction of a sewage sludge treatment plant.

Contributing to society through donations

Donations are made through the Japanese Red Cross Society and other organizations to support disaster areas in the event of a large-scale disaster. Most recently, we donated to earthquake relief funds through the Japanese Red Cross Society and others in response to the devastating Turkey-Syria earthquake.

Together with Local Communities

The Amagasaki Plant is designed to minimize damage from possible earthquakes, tsunamis, etc., based on hazard maps published by local governments. In addition, we provide more food, beverages, and other items to prepare for emergencies than necessary. For this reason, we provide guidance to neighboring municipalities so that they can be used as temporary evacuation centers in the event of a natural disaster.

MEC's activities related to forests

As a manufacturer of chemicals for electronic substrates, we use large quantities of water in our business activities. In the belief that we could make a contribution to the local community and environment, we grow forests to create water sources which will help to prevent global warming. We are growing forests in Nagaoka City, Niigata Prefecture, where our Nagaoka Factory is located, and also in Amagasaki City, Hyogo Prefecture, where our headquarters is located. Employees and their families participate in these activities under the guidance of local governments. In November 2022, we resumed activities in Amagasaki MEC Forest. In May 2023, at Nagaoka MEC Forest, we cleared fallen trees and restored waterways buried in the soil. We will continue to contribute to the creation of forests with biodiversity in mind.

 **MEC's Forest Building** <https://www.mec-co.com/en/special/forest/>



Amagasaki MEC Forest



Nagaoka MEC Forest