

# Social Report on Sociality

# **Human Capital Management**

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.



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.

# ➡ Human Resource and Internal Environment Development Policy

As part of our efforts to develop human resources and improve the internal environment with the aim of creating human value from a short-, medium-, and long-term perspective, we have established the Human Resource and Internal Environment Development Policy as shown below.

Realizing a corporate culture that allows employees to take on challenges	We will foster a corporate culture in which human resources with diverse personalities and values can take on the challenge of "creation and transformation" through autonomous self- propulsion and solidarity.
Supporting career and skill development	We will provide the education and training opportunities necessary for the sustainable growth of each employee and support both career and skill development.
Promoting diversity	We will work to create a rewarding working environment by acquiring diverse human resources, building a personnel system that rewards individuals with fair evaluations, and enhancing our talent management system to realize effective human resource allocation.
Improving employee engagement	We will improve employee engagement by promoting the development of systems and changing attitudes to accommodate a diverse range of human resources, and by improving work-life balance.
Building a favorable internal environment	We will create a favorable internal environment in which all employees can maintain good physical and mental health and continue to work safely and energetically.

### Indicators and Targets

These are non-consolidated targets for the Company. No consolidated targets have been set.

continue to work safely and energetically.

Indicator	Ratio of women in management positions	Gender wage gap*	Percentage of men taking childcare leave
<b>Target</b> (2030)	<b>30</b> % or more	<b>90</b> % or more	<b>85</b> % or more

\*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.

# **Human Capital Management**

Human Resource Strategy to Enhance Corporate Value



# MEC's Human Resource Strategy to Enhance Corporate Value



We believe that our goal of human capital management means the promotion of organizational transformation through the development and allocation of the optimal human resources to embody our ideal vision for human resources set forth in our Vision for 2030.

Kenji Suzuki Operating Officer General Manager Administration Unit

### Formulation of guidelines for the promotion of human capital management

### What is MEC's approach to human capital management?

It is fair to say that the driving force behind our competitiveness and sustainable growth in corporate value is each and every one of our employees, who embody our philosophy. We have earned a reputation as a "global niche leader" as an R&D-oriented company, but this is not the result of our pursuit of corporate scale, but rather of our emphasis on creating new value in the market with "unique technology", as stated in our management principle, and the achievement of customer satisfaction with "reliable quality" and "meticulous service". We consider the aim of our human capital management to be the development of an internal environment that fosters human resources who embody the ideals of "human resources capable of self-reliance, self-discipline, and solidarity" and "human resources who are enthusiastic and continuously challenge oneself", as we set forth in our "Vision for 2030" medium- to long-term plan.

### What did you focus on for promoting the development of human resources and improvements to the internal environment?

In order to create human value, it is essential to ensure diversity and build and maintain career paths that facilitate a balance between the growth of the Company and self-realization. In the "Human Resource and Internal Environment Development Policy", which we formulated to promote the growth of each employee and to create an organization that continues to undergo transformation, we selected measures based on the following three themes.

- 1 Recruitment and development of "strategic human resources" necessary to achieve our "corporate vision" set forth in the Vision for 2030
- 2 Creation of an environment that produces "human resources capable of self-reliance and self-discipline" and an "organization that facilitates a balance between proper placement and the exercise of abilities", to realize "create and transform"
- 3 "Future-oriented personnel system" to support the sustainable growth of the Company and employees and proper allocation

### Accelerate the development of skills by investing in human resources

### What initiatives are you implementing in human resource development?

It is essential to balance the right person for the right job and the right job for the right person to ensure that the gears that drive the Company mesh perfectly and our speed increases, as one might say. We incorporate aptitude tests such as SPI, as well as talent management systems using external tools, and add our own analysis to perform mapping, which we then reflect in personnel management. This allows employees to visualize their own areas of expertise, and enables management to understand the job aptitude of their subordinates and train them.

### Opportunities have been established for skill development through training, education, etc. Is everyone given the chance to participate?

Apart from rank-specific and career training to foster a business mindset, the Company provides learning opportunities as support for those who have few opportunities to receive such training based on their rank. Additionally, during the COVID-19 pandemic, we were unable to conduct in-house face-to-face training, but in the future, we would like to focus the creation of employee networks and communication through face-to-face training, as well as the creation of an open culture when working on projects across the Company, etc.

### Did the disclosure of the "Human Resource and Internal Environment Development Policy" change the awareness of employees? Will you also be promoting this policy at your overseas locations?

We are promoting strategic human resource measures to achieve our Vision for 2030. Organizational changes, personnel transfers, and more active recruitment are part of our efforts to develop the internal environment, and our employees understand the future direction of the Company based on these changes. In this sense, we believe we are making progress in raising employee awareness.

On the other hand, we will also deploy this policy globally going forward. Currently, it only applies at our head office, and we must adjust it to suit local regions for our global subsidiaries. Accordingly, we would like to try it in Japan first, see how it goes, expand gradually, and eventually work toward human capital management throughout the entire MEC Group.

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# NTERVIEW

# MEC TAIWAN COMPANY LTD.

MEC TAIWAN, one of our global sites, has been in business for 34 years and has firm roots in Taiwan as a Japanese company for chemicals used in the manufacture of electronic substrates. Although it is a small organization with 46 employees (including five posted from the MEC head office), Japanese companies are popular and we have been able to secure excellent human resources every year. In recent years, it has become challenging. partly owing to the booming economy in the semiconductor industry, but we are working to raise the overall level by recruiting human resources from a wide range of fields and devising ways to improve the skills of each employee and motivate them to work, including utilizing external organizations to provide rank-based education.



Shohei Maruishi MEC TAIWAN President

In Taiwan, there is a faster sense of speed in getting things done than Japan. Rather than examining and reviewing plans as in Japan, it is more like correcting the trajectory while moving forward. They are very conscious of protecting their own roles and jobs, so they do a very good job when guided in a way that adds to or connects with their current work. In the future, in cooperation with the MEC head office, we intend to focus on strengthening the organizational structure and human resource development for the next generation, thereby contributing to the growth of the MEC Group as a whole.

# Number of Management Positions in Group Companies

(Definition of management positions: Section chief and above in Japan. Excluding presidents)

As of January 2024

ı			MI FINE CH (ZHUH)		PRODUCTS	SPECIALTY S (SUZHOU) NY LTD.	MEC T		MI EURO		MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.		
,	President/ Chief Executive Japanese			Japa	nese	Japa	nese	Non-Ja	panese	Japanese			
	Managem		w	3	8		9		4		5		
	ш	В	Japanese	Non- Japanese	Japanese	Non- Japanese	Japanese	Non- Japanese	Japanese	Non- Japanese	Japanese	Non- Japanese	
		Breakdown	2	6	2	6	3	6	0	4	2	3	
		dow	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
		Ď	7	1	4	4	8	1	3	1	3	2	

# Education System

In order to realize the development of human resources "capable of self-reliance, self-discipline, and solidarity", we are implementing various training programs and measures according to objectives and employee categories. Specifically, we have established training systems suited to our objectives and are endeavoring to improve the skills of employees, including training by rank in accordance with position and role, training to strengthen management skills to develop a management perspective for selected managers, and language skills improvement programs to meet the needs of global business development.

		electi rainin			Roles and business skills									reer port	Speci trai	ialized ning		
Top management				Training for Directors and Executive Officers							Education o			Exchange				
Manager	Senior management training	Digital skill training	Selected language	Management training	Training for mid-career employees	Business mindset training b	Evaluator training	Evaluatee training	Digital literacy training	Education on Information security	Education on the handling of chemical substances in	Harassment prevention training	Compliance education (Web test)	with other companies	Life - plan sen	Business skill training	Environmental law education (for practitioners, etc.)	Disaster response training
Regular employee		ining	e training	New employee training	nployees	by functional grade		ning		urity	nces in the workplace	ing	test)	(external seminars, etc.)	seminar	aining	for practitioners, etc.)	

In particular, with regard to training to ensure that all employees have digital literacy, as stated in our Medium-term Management Plan, we will formulate training content to fill the gap between our current situation and our goal, based on the results of periodic employee level surveys since last fiscal year, and implement it as part of rank-based education.

# Relationship with Employees

# 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 conducted evaluator training and evaluatee training last 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 Introduction of a system that allows employees to work as regular for senior members employees in a broad sense even after the retirement age of 60 Challenged employees Active hiring of persons with disabilities (FY2023 average: 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.

Since our 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 87.0 for female employees if male employees are deemed to be 100.

Female managers accounted for 30.0% of all managers in FY2023, 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 are 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

FY2019	FY2020	FY2021	FY2022	FY2023		
20.0%	20.4%	19.6%	25.5%	30.0%		

# Work-life Balance

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

Social

#### Original system

- Telecommuting system
- Nursing care)
- Taking annual paid leave on a half-day basis
- Child-rearing leave (5 days per year (paid) for employees who have preschoolers)
- Flextime system (Core time is from 10:00 to 15:00) Reduced working hours for child-rearing of children up to the third grade
- Accumulated paid leave (Purpose of acquisition:
   Refresh leave (granted according to years of service)
  - Nursing care support leave (five days/year with pay for nursing care for a family member within the first degree of kinship)

## 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, employees have taken this leave as needed. From FY2020 onward, the Company has continued to encourage men's proactive participation in child-rearing and promote an understanding of the need to balance work and childcare, resulting in a take-up rate of 44.4% in FY2023. 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

FY2019	FY2020	FY2021	FY2022	FY2023
0%	30.0%	25.0%	66.7%	44.4%

### Promotion of DX Education

We will establish and promote a DX education system as a foundation for improvements to various business processes, with the aim of ensuring that all employees have digital literacy and providing new value through the utilization of IT and digital technology.

### Employee Satisfaction Survey

We have been conducting awareness surveys for many years to measure satisfaction levels among employees (including temporary staff) and utilize the results in our labor policies and other measures. As a result of surveys conducted by a specialist external organization for FY2021 and FY2022, we found that a high level of satisfaction had been maintained. Accordingly, in order to conduct a multifaceted analysis, we conducted a survey using existing internal systems for FY2023.

Response rate about **94**%

(Goal / KPI) Improvement of scores for "job satisfaction"

\*As we cannot compare these results with external surveys, we have compared

"Corporate culture to be cherished" by employees (Top three items)

1 Challenge

Creativity

(2022: International sense)

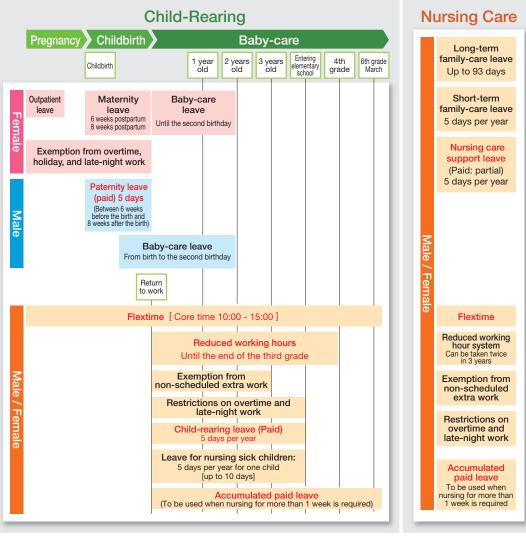
3 Flexibility (2022: Creativity)

The results showed that satisfaction levels remained high. We will continue to conduct awareness surveys as appropriate to ascertain employee satisfaction.

Governance

# Relationship with Employees

Systems to Support Balancing work with Childcare and Family-care





#### Feedback from Employees (male) who took Child-rearing leave

The Company recommends that men take child-rearing leave, in order to ensure sharing of the burdens of childcare and housework, which tend to fall disproportionately on women, and to promote understanding of the balance between work and family life. We gathered feedback from three employees who have most recently taken child-rearing leave.

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Questions	30s production department	30s research department	30s management department						
Was child-rearing leave easy to take?	They proceeded with the child-rearing leave program when I reported the due date of my child. It was easy to take leave because I was able to discuss various things in advance.	It was very easy to take child-rearing leave. The birth was two weeks earlier than our due date, but the Company agreeably moved forward with the procedures.	Everyone in my department readily agreed. Colleagues also tracked my work during child-rearing leave, resulting in an environment where it was easy to take this leave. A member of staff responsible for personnel even showed me how to use the system in a good way.						
Do you have any requests for the system itself?	None.	There are no specific requests. It was easy to use, with all the necessary documents in one place.	I think there are some companies where it is difficult to apply for days off to visit a temple or shrine to pray for safe childbirth or to accompany the mother for medical checkups about once a month, so I think it would be interesting if these aspects could be incorporated into the system.						
Other impressions,etc. (Family feedback, etc.)	Since this was our second child, we were able to share child-rearing and household chores, which helped a lot. Others shared and took care of my work, for which I am very grateful.	Many of the male employees around me have also taken child-rearing leave, and there is an environment with an atmosphere in which "it is normal for men to also take child-rearing leave when a child is born".	None in particular.						



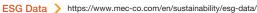
# Improving the Health of our Employees (Feedback from the Manager of General Affairs Group)

As in the previous year, in addition to conducting various medical checkups, stress checks, etc.. we actively reminded people about whom some irregularities were found to re-examine and get full treatment, which led to an increase in the number of reports of re-examinations.

In addition, the number of items to be checked in the stress check was increased from 48 to 60, enabling us to gain a better understanding of the current situation. In the future, we will consider what measures are necessary based on the results of this initiative, and we hope to start focusing on areas where we can improve the environment as the general affairs department.





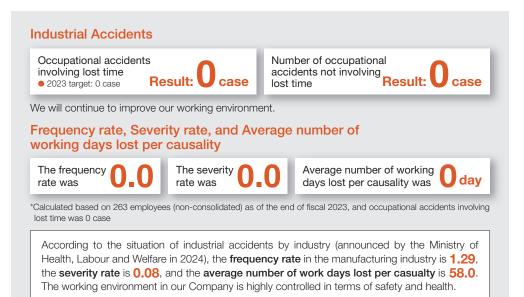


Red letters: Based on our regulations

# Relationship with Employees

# Safe Working Environment

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.



### 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.

### Establishment of Health and Safety Policy

We have published our Health and Safety Policy to ensure that all employees participate in occupational health and safety activities with the utmost care, and we will work to eliminate occupational accidents, in order to achieve "a fun workplace where people pay attention to health and safety", as stated in our company rules.

### **MEC Health and Safety Policy**

# Company-wide policy: Put health and safety first

### Safety Declaration

Based on the spirit of respect for human life, we will conduct occupational safety and health activities with the full care and participation of all employees, as part of efforts to achieve our company rule, "Let's make a fun workplace where people pay attention to health and safety". We position health and safety as one of the most important foundations of our corporate activities and allocate management resources appropriately.

#### MEC Action Guidelines

- 1. We will comply with occupational health and safety laws and regulations as well as internal rules and regulations, and endeavor to continuously improve the health and safety management system and enhance the level of management, recognizing the health and safety risks associated with the activities of the Company.
- 2. We will protect the safety and health of all workers

  - 1) Achieve zero accidents and zero injuries 2) Ensure and promote physical and mental health
  - Identify, assess, eliminate, and reduce hazardous areas
  - Structure countermeasures
  - Prevent chemical spray accidents
  - Foster a sound safety culture
- Prevent overwork Maintain and manage mental health
- Create an environment where it is easy to work

3. This Health and Safety Policy applies to all employees working together in the MEC Group, both in Japan and as subsidiaries overseas.

As a chemical manufacturer, we endeavor to provide our customers and other stakeholders with information regarding safety and security.

#### 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.



Labor and Ethics Guidelines Ver.7

# Together with Every Stakeholder involved with MEC COMPANY.

### 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 2023, we resumed face-to-face company briefing sessions for shareholders (Tokyo venue), which we had suspended owing to the COVID-19 pandemic. In November, we also held an office tour for shareholders, where they toured the plant, research, and office areas at the head office and Amagasaki Headquarters. Officers of the Company attended the Q&A session after the tour.



Shareholder communication



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





Business site tour

### 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 FY2023, the Company continued communication through briefings on financial results, meetings, etc., via web conferencing systems, telephone conferences, and face-to-face meetings, as appropriate. We also participated in events for individual investors.

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



Meetings times in tota

### 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.

In January 2024, the Code of Conduct was updated to Ver. 8.0. The results of our internal survey showed that we have been able to address all of the newly added items.

# 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.



## 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.

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# Together with Every Stakeholder involved with MEC COMPANY.

# 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 FY2023, we provided training related to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors to personnel working in sales and procurement departments, who serve as liaisons with suppliers. We will continue our efforts in line with the spirit of the Act against Delay in Payment of Subcontract Proceeds. etc. to Subcontractors.

# Response to Conflict Minerals

In terms of our response to conflict minerals, for raw materials containing applicable minerals, we conduct surveys of manufacturers using the CMRT survey and endeavor to engage in responsible resource procurement. In addition, although we do not use raw materials containing cobalt or mica, we are gathering information by attending external training sessions on responsible mineral procurement, etc.

#### Execution of ESG Investment

We invested in "Sustainability Bonds" issued by Kitakyushu City.

"Sustainability Bonds" are bonds for which the funds raised will be used to improve the environment (a green aspect) and to contribute to solving social issues (a social aspect).

We continue to invest in and support social bonds (Japan Student Services Organization) and SDGs bonds (Hyogo Prefecture) as reported in last year's report.

### 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 made a donation to the Noto Peninsula Earthquake Evacuee Fund in response to the 2024 Noto Peninsula Earthquake, which caused extensive damage to the region.

## 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.

# Cleanup of Archaeological Sites by MEC SPECIALTY CHEMICAL (THAILAND)

The Ayutthaya district of Thailand, where MEC SPECIALTY CHEMICAL (THAILAND) is located, is home to many valuable archaeological sites that have been designated as World Heritage sites. In order to contribute as much as possible to the environmental improvement of these archaeological sites, we recruited volunteers to participate in cleanup activities.







Activities at the World Heritage Lokkayasutha Temple

### ■ 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.

Although we suspended these activities as a result of the COVID-19 pandemic, in 2023, we conducted thinning and other maintenance activities in both MEC forests as part of our endeavor to ensure the healthy growth of the forests.

We will continue to contribute to the creation of biodiversityfriendly forests.



Amagasaki MEC Forest



Nagaoka MEC Forest



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