

# MHI Group's HR Strategy: Launching the Future

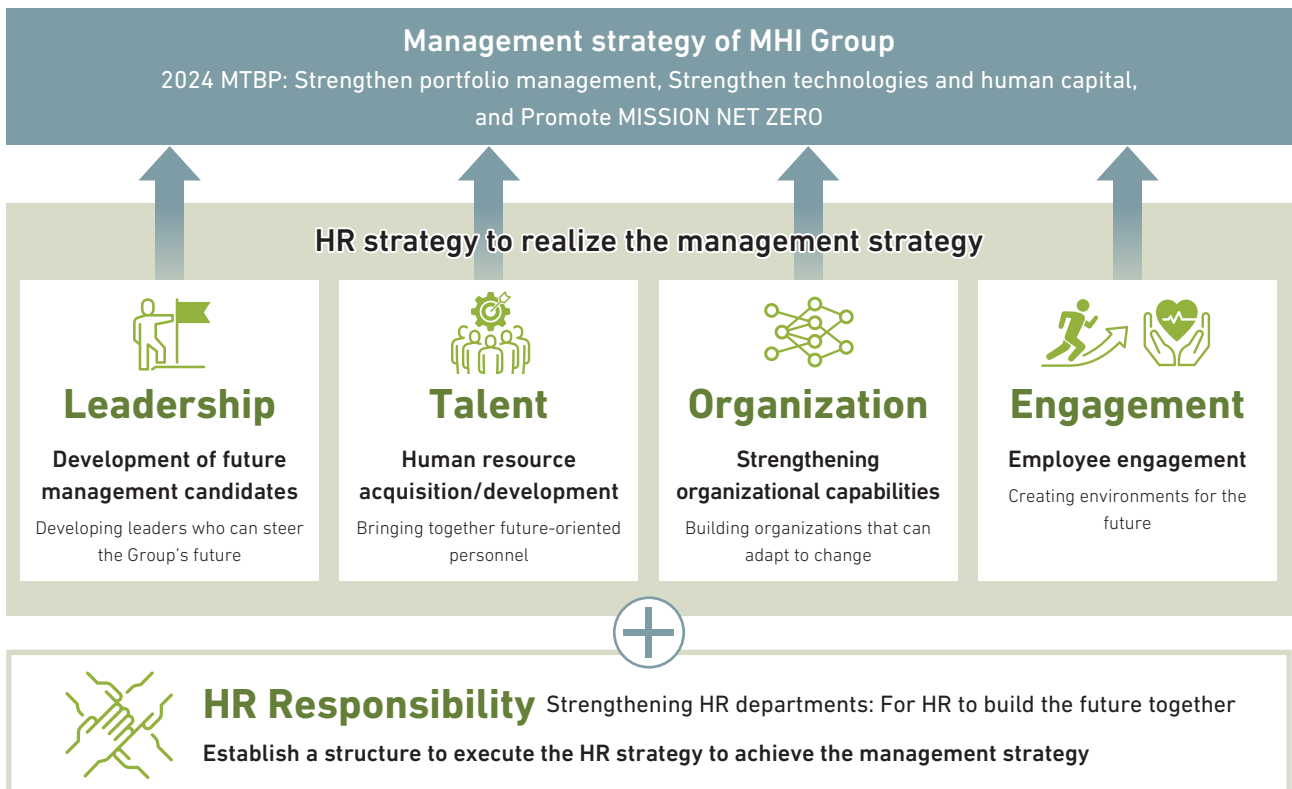


MHI Group will launch the future through a human resources strategy that maximizes the power of its people.

MHI Group has sought to combine cutting-edge technology with many years of expertise to provide solutions to the evolving challenges facing the world while enriching people's lives. In accordance with this Group mission, we strive to create a safe, secure, and sustainable world with the goals to Strengthen portfolio management, Strengthen technologies and human capital, and Promote MISSION NET ZERO in the 2024 Medium-Term Business Plan (MTBP).

To achieve these goals, we are required to have business strategies that embody value creation and close coordination among HR strategies to maximize human capabilities more than ever. Furthermore, it is the heart of each one of us that launches the future. We can build strong momentum if each and every employee, including management leaders, pictures the future to be achieved, envisions it along with the future goal for MHI Group, and establishes an organization where we can collaborate.

At MHI Group, with management, business departments, and HR departments functioning as one, we will promote initiatives to launch the future that we envision, along with all of our Group employees.



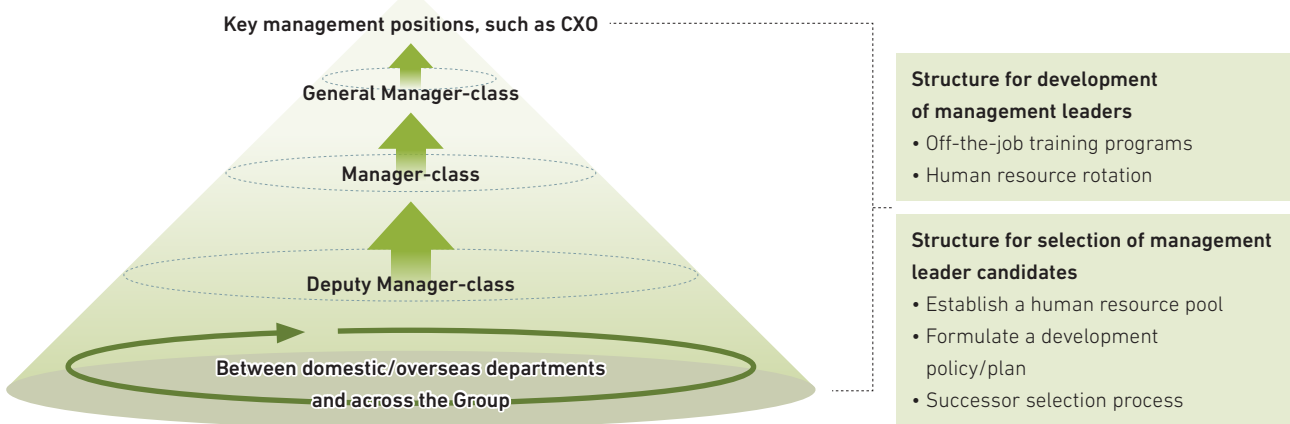
## Development of Top Management Human Resources: Developing Leaders Who Can Steer the Group's Future

Environments surrounding our businesses continuously change, including the shift to a decarbonized society, rapid development for digital transformation, and increased geopolitical risks. In light of such changes, the development of management leaders that can steer the overall Group is the most important theme for the entire Group. In addition to having a sense of pride in contributing to society, management leaders are required to embrace multifaceted perspectives that resonate globally, a sense of diversity to manage

varying human resources, and a sense of balance to simultaneously handle existing businesses and develop new ones.

MHI Group will build a management structure that can cope with changes in any environment by establishing a system that continues to create management leaders on a global scale. We strive to introduce to society leaders who can respond to various global social issues, envision a new future, and pave the way to its achievement as a result.

### Development of management leaders to shape personnel, businesses, and society



### Building Talent Pools for Management Positions

Potential candidates for management talent pools are selected on recommendations from departments in principle, but from FY2022, self-nomination is allowed for some talent pools. We aim to provide growth opportunities for as many employees as possible in order to promote the diversity of future management candidates and encourage employees to actively face challenges. To foster these talent pools, we hold human resource review meetings in each department to

discuss personnel development policies from a long-term perspective. For candidates in these pools, we provide the necessary managerial experience by implementing assessments, creating individual development plans, assigning employees to broaden their experience, and having them participate in management leadership development programs. We also seek to strengthen their management literacy and foster a leadership mindset.

### Development Programs for Management Candidates

For those selected for the management talent pools, we offer a variety of training programs. For example, we collaborate with business schools in Japan, the United States, the United Kingdom, and China to provide off-the-job training programs aimed at cultivating management

knowledge and skills and inspiring leadership ambition. In FY2023, more than 200 participants took part in these programs. We also assign candidates to roles that expand their range of experience as executive leaders based on their individual development plans.



Inter-Regional Talent Management Program

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**Talent** **Human Resource Acquisition/Development: Bringing Together Future-Oriented Personnel**

MHI Group promotes a wide range of businesses supporting current society and takes on challenges to create a future society in a multifaceted manner. This is precisely the reason we want to be a corporation that attracts people with the ambition and responsibility to proactively create and support society. We hope to support the challenges and growth of employees with such vision.

People are the core that supports businesses, and the collective efforts of individuals become our organizational capabilities. To enhance our personnel capabilities, we will

provide various opportunities for challenges and growth in accordance with “Ownership, collaboration, and challenge” presented in the “MHI Group Talent Development Guidelines.” The premise for this initiative is the awareness of each and every employee to consider their own career. We will provide support for our employees to discover social values that they can promote through their own lives, incorporate these values into organizational goals, and achieve such efforts within the Group.



**Career design**

Support a career design that incorporates personal and organizational goals



**Human resource acquisition**

Be a corporate group that attracts diverse people with the ambition and responsibility to proactively create and support society



**Human resource development**

Provide opportunities to support challenges and growth



**Efforts to Strengthen Recruitment**

In our recruitment activities, we focus on showcasing MHI Group’s appeal and enhancing its image in the talent market through strategic recruitment branding. This approach aims to improve perceptions of the Group and attract top talent.

With respect to new-graduate recruitment efforts in Japan, we offer over 400 diverse internship programs to science and engineering students at the undergraduate and graduate levels. This helps them experience the appeal and excitement of working for MHI Group while deepening their understanding of it. We also tailor our recruitment activities to applicant needs in various ways. For mid-career recruitment, we have introduced a variety of methods, including the use of direct recruiting and “welcome back” hiring, and have established

a system that allows us to flexibly hire talented people with diverse experience and skills. Welcome back hiring enhances our initiative for rehiring employees (alumni) who previously left the Company. We also provide information to alumni through a dedicated website and have a system in place for them to consult with a professional coordinator to address any concerns they might have about rejoining the company.

In the U.S. and Europe, we utilize a unified recruitment platform to conduct hiring activities under the Group’s brand. We also leverage social media to attract talent with the skills we require.

## Digital Innovation (DI) Education

MHI Group has set “Transform society through AI and digitalization” as one of its Material Issues and is working with customers to co-create new value chains utilizing digital technology and solutions to smartly connect complex mechanical systems. In promoting digital innovation (DI) as a Group, we are actively developing the human resources who will play a central role in this effort.

In promoting digital human resource development, we are putting in place a unified standard for digital human resource models, tasks, and skills that comply with every standard and guideline. We are developing training programs according to these standards based on an accurate understanding of the human resources needed to carry out our business. As a specific example, we have completed the rollout of digital literacy education for employees based in Japan to enhance the overall digital

innovation capabilities of the Group. We are now extending this initiative to employees working globally.

Furthermore, we are committed to cultivating talent globally who can lead new business development and advancement of existing operations, while leveraging digital technologies to improve the efficiency and sophistication of internal processes. Through introductory and foundational education, specialized technical training, and practical application methods, we aim to equip individuals with not only knowledge but also the ability to act autonomously. In a new initiative, we are accelerating the use of digital technologies by developing talent capable of effectively utilizing tools, such as generative AI and cloud computing, in business operations. Through these digital HR development programs, we aim to develop more than 20,000 digital innovators by 2030.

## System to Support New Challenges for Employees

### ● Group Self-Nomination System

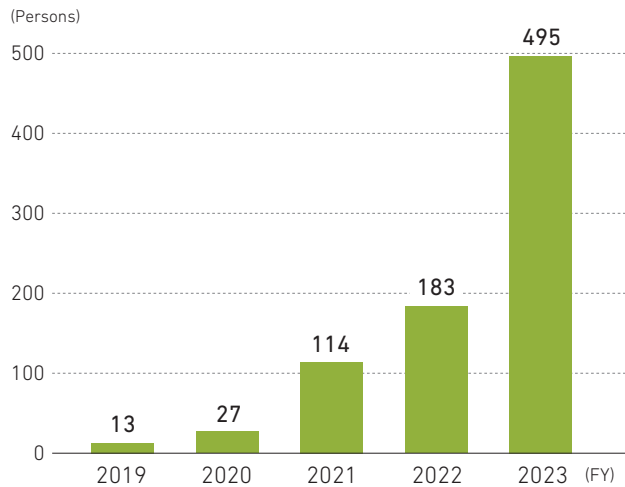
To support individual employees in managing their own careers and encourage them to pursue continuous growth and challenges, we operate an internal job application system that allows employees to proactively choose their own development opportunities. This system enables employees to transfer based on their own initiative and move to a new department if they pass the selection process for their desired position. From 2019 to March 2024, around 800 employees transferred to new roles and embarked on fresh challenges under the system. Our talented individuals, with diverse knowledge, experiences, and backgrounds, actively engage with one another across job functions, regions, and product areas. This has helped revitalize their workplace and drive innovation.

### ● Cross-Border Learning

We have integrated “Cross-Border Learning” into our education system to encourage employees to step outside their own organization, rediscover their own and the Company’s strengths, gain a broader perspective through collaboration, and develop the ability to take initiative and think independently to overcome the status quo.

We help employees take on new challenges by offering

## Personnel Transfers due to Open Recruitment



various opportunities, such as “Cross-Border Challenge,” where they temporarily transfer to other departments within the Group. We also have the “MHI Global Training” program, which provides training at overseas locations, and the “Yokohama Hardtech Hub (YHH) Talent Development Program,” which fosters entrepreneurship through co-creation activities with the venture ecosystem, as well as various external programs.

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Promoting Diversity and Inclusion

MHI Group consists of around 80,000 employees with diverse work experiences, nationalities, and cultures, making a corporate culture where everyone is respected as an essential condition for the measures mentioned so far. We believe that the diversity of our employees is an important foundation for allowing the Group to contribute to solving social issues through its business activities and find growth while continuing to innovate.

Against this backdrop, we have set as a company-wide goal to project new value through the participation of diverse human resources as part of our Material Issues. We continue to provide guidance and training to achieve one of our KPIs to increase the ratio of female executives to 30% and double the ratio of women in management positions by 2030 (compared with FY2021). In addition, we are working outside the Company to expand the base of female engineers in Japan as a whole. One such initiative is the “JEES/MHI Mirai Scholarship Program,” which provides support for female graduate students in the sciences.

To ensure that all employees, regardless of gender, can

continue their careers, we are expanding our systems for supporting childcare, elder care, and other personal needs. We are also working to create an inclusive workplace by establishing a dedicated diversity consultation office, implementing guidelines related to LGBTQ issues, and expanding job opportunities for employees with disabilities. Through these efforts, we aim to create a more comfortable and supportive work environment for employees from diverse backgrounds. Furthermore, we provide ongoing education to help employees maintain a high level of awareness about the importance of respecting diversity.



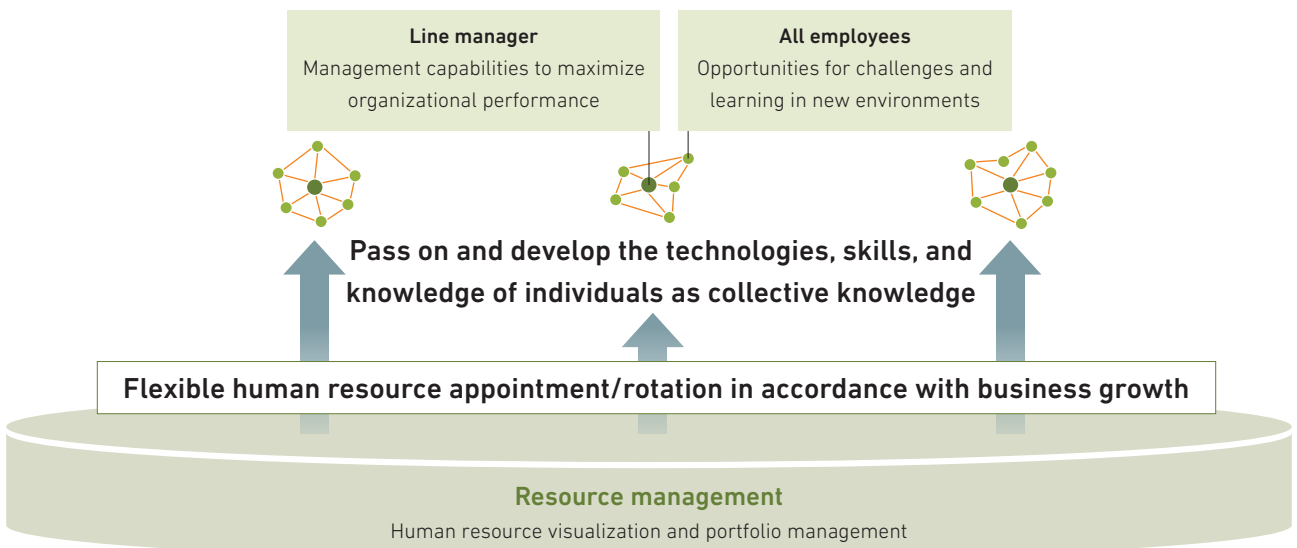
Global HR conference

**Organization** Strengthening Organizational Capabilities: Building Organizations That Can Adapt to Change

We are required to promote organizational management that can respond to the ever-changing business environment in a flexible and speedy manner. To do so, it is important to shift our resources into business areas with

expected growth in a timely manner and appropriately manage the human resource portfolio utilizing the strengths of the Group that promotes a wide range of businesses. However, simply aggregating resources will not be enough.

Become an organization that can continue responding to changes in a flexible and speedy manner



We must bring out the capabilities of individuals and maximize our performance as an organization. The key will be the people-management capabilities of the line managers in each organization. We also need to build a robust business foundation for the future by passing on the technologies, skills, and knowledge of individuals while developing

### Strengthening Our Middle Managers

We have clearly defined the skills and behaviors expected of middle managers regarding the key principles outlined in our Talent Development Guidelines (ownership, collaboration, and challenge), and we share such information across the entire Group. This approach enables our middle managers to regularly reflect on their own actions, while also receiving feedback from 360-degree evaluations. It allows them to

### Promoting Data-Driven HR Management

To effectively implement our business and HR strategies, we must utilize accumulated and collected HR data in decision-making processes at both the management and individual business levels. To this end, we have built a global HR database covering more than 170 domestic and overseas consolidated companies. In Japan, we have also established a unified HR core system on a single platform, laying the

### Strengthening and Passing on Our Manufacturing Expertise

A key mission of MHI Group is to consistently provide unwavering, high-quality manufacturing even in constantly changing business conditions. To cultivate talent with true manufacturing expertise—equipped with skills and knowledge and the wisdom to apply them—the Group has established three training centers in Japan. These centers provide foundational education focused on skill development for new employees assigned to the front lines, with training lasting one to 1.5 years. In addition, we encourage young technicians to improve their skills and raise their expertise level by competing in external competitions, including the “World Skills Competition,” with the aim of developing them into core personnel who will support future manufacturing

successors. Development of such organizational management can lead to opportunities where employees can learn new skills and adaptability. This will strengthen the learning capabilities that allow us to continue responding to environmental changes.

objectively recognize areas for improvement, providing a foundation for further self-driven growth.

In the future, through rank-specific education and OJT, we will try to raise the strength of organizational management by strengthening our training programs to ensure they acquire these capabilities and behavior traits, while also linking them to requirements necessary for promotion to manager.

foundation for data-driven management. In the next phase, we will use the collected HR data to set up a dashboard to support specific decision-making scenarios and further advance data visualization. Through this approach, we will entrench a process of setting and verifying hypotheses based on real-time data analysis and forging ahead in each phase of strategy formulation and execution.

sites. For mid-level employees earmarked to become future frontline leaders, we provide “Core Skill Training.” This program equips them with the knowledge, broad perspectives, and leadership skills needed to adapt flexibly to various changes brought about by advancements in and the increasing sophistication of manufacturing technologies, thereby preparing them to lead on front lines. By offering various education and training programs to maintain and improve the skill level of these employees according to their rank and position and enhance their management skills on the front lines, we ensure that the Group’s trusted manufacturing capabilities are strengthened and passed on.



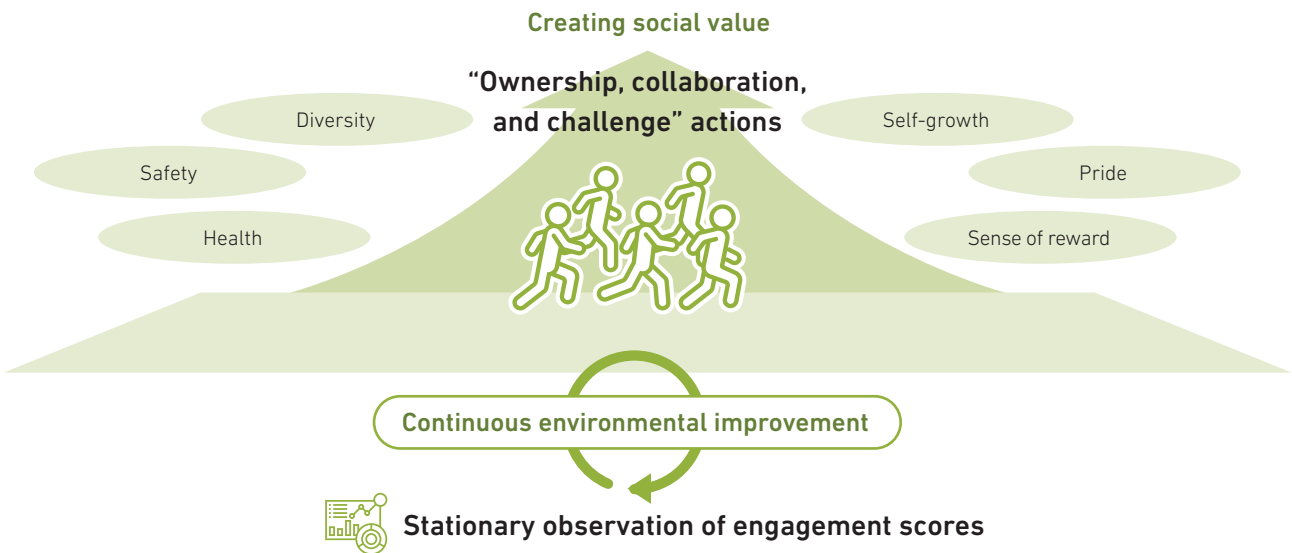
Skills training at our Skills Training Center

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**Engagement** Employee Engagement:  
Creating Environments for the Future

To develop future social value, it is important for each and every employee to feel a sense of reward from working driven by intrinsic motivation. Our goal is for all employees of the Group to be able to work with a sense of pride while feeling the significance of their own job, be able to experience their own growth through their daily work, be able to choose their work-style in accordance with their life plan and life stage, and be able to work with a sense of security in a safe

and healthy environment. We believe that all of these aspects together can lead to the realization of happiness for each employee through work and even promote autonomous actions to create social value. To achieve this, we will always comprehend employees’ conditions and continuously create environments with a good balance between working comfort and a sense of reward from working.



**Improving Engagement**

Since fiscal 2017, we have conducted periodical employee awareness surveys of all Group employees to measure employee engagement and develop future strategies. Based on past survey results, we identified strategy and direction, leadership, and growth opportunities as key company-wide priorities. In response, we took various initiatives, including

talent exchanges both within and outside the Group, investments to improve the work environment, and leadership reinforcement efforts. As a result, our most recent survey, conducted in 2023, showed significant improvements in the scores for these categories. We plan to conduct another survey in fiscal 2024.

**CEO Town Hall Meeting**

MHI Group places great importance on dialogue between top management and frontline employees. With is in mind, we have held town hall meetings at various locations globally, where the President and employees engaged in direct dialogue. These meetings saw participation from many employees. At the meetings, the President conveyed messages of pride in contributing to society and the importance of maintaining quality, and employees offered



Town hall meeting at Mitsubishi Heavy Industries America, Inc. (April 2024)

### Results of Initiatives to Address Company-Wide Priority Issues



Note: Indexed using the 2020 survey score as 100

a variety of opinions and ideas. By providing these opportunities for dialogue, we are fostering a sense of unity

#### Health and Safety

A workplace environment where employees do not have anxiety about their safety or health is a prerequisite for improving employee engagement. MHI Group’s basic policy on occupational health and safety is “At MHI Group, safety is the No. 1 priority. We will do everything in our power to protect lives.” We have established MHI Group Health and Safety Policies reflecting the code of conduct for employees to realize this policy.

To realize environments in which work can be conducted safely and with peace of mind in business sites spanning the entire world, we will create an environment in which all employees have Stop Work Authority (SWA): the authority, regardless of position or affiliation, to stop work and correct a situation when machinery or behavior is unsafe. By creating an environment where all employees can exercise this authority, we are making efforts to foster a safety work culture that prioritizes safety.

Under the President’s health declaration—We will engage in health management that highlights the importance of ensuring that employees feel mentally

between management and the front lines, which has helped boost employee morale and enhance overall engagement.

and physically healthy and their work is rewarding—we collaborated with the MHI Health Insurance Association to establish “MHI Group Wellness Action 24–26,” a health management plan and are pursuing Group-wide activities accordingly. In recognition of these efforts, the Company was certified as a Health and Productivity Management Organization in 2024 for the second consecutive year. By promoting health management, we will continue striving to develop human resources who are healthy and full of vitality and who can contribute to society.

