

Fostering “CHANTO,” the capability to deliver the highest performance

Our concept of "CHANTO" refers to the capability to continuously create and deliver innovation to people, while transforming our organization in flexible ways to adapt to changes in the world. By simultaneously pursuing digital innovation, organizational and operational reform, and fostering a corporate culture and talent that drive innovation, we are building a flexible and efficient organizational foundation in which CHANTO is instilled.

Challenges

Goal-oriented

Collaborate

Courage

Self-disciplined,
independent

Diligence

Integrity



Q What is the origin of Project CHANTO?

Mid-term Business Plan 2022 calls for building a flexible and efficient organizational foundation in which CHANTO is instilled. This is aimed at continuously creating and delivering innovation to people, transforming our organization to adapt to changes in the world, and continually growing our business.

To deliver the highest performance, it is important for every employee to set goals and think about how best to achieve them. Goals cannot be achieved alone. Employees need to coordinate with others in the organization and determine what action to take in order to contribute. Taking on challenges is another important concept. Just doing the same things over and over will not lead to success. One can become proficient in their work and achieve a certain measure of success, but growth will stop if complacency sets in. Aiming higher and continually taking on challenges is key. This thinking led to our developing and instilling throughout the company the CHANTO concept, which refers to the aspects that the company wants every employee to model in order to deliver the highest performance in solidarity as professionals.

Unfortunately, there has been inconsistencies among organizations and individuals with regard to how CHANTO has been interpreted, resulting in situations that

have not led to changes in behavior. This prompted us to launch Project CHANTO in February 2020 in an effort to define and articulate CHANTO, educate employees about it, and instill its philosophy in the organization.

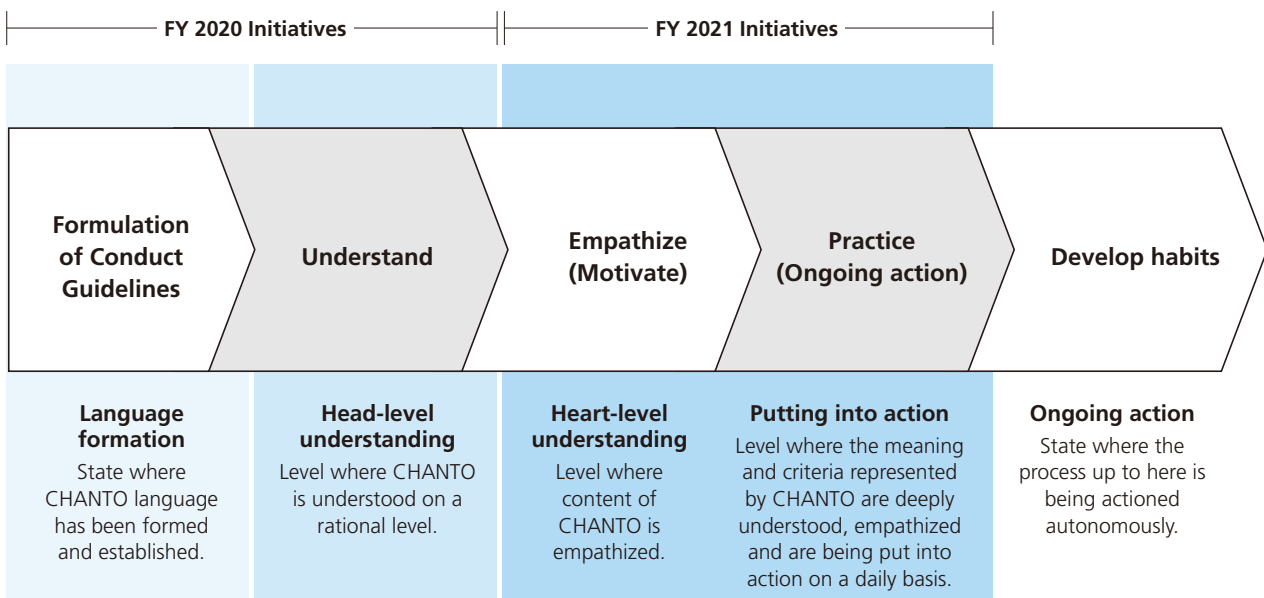
With Project CHANTO, we seek to effect a change of behavior in every employee and foster individual and organizational successes by establishing and instilling throughout the company Conduct Guidelines (=CHANTO) for realizing the Company's vision.

In fiscal 2020, executives defined CHANTO at a workshop and established five Conduct Guidelines to serve as guideposts for employees when they lose their way or hit a wall.

Five Conduct Guidelines

1. Goal-oriented, take as one's own issues, and follow through
2. Show courage to meet challenges
3. Self-disciplined, independent and exert individual abilities
4. Respect each other and collaborate with peers
5. Continue to cherish diligence and integrity

The Process of Instilling CHANTO



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Q What have you done to instill CHANTO in employees?

To instill the CHANTO Conduct Guidelines throughout the organization, we have taken steps to facilitate workplace-led initiatives aimed at employees gaining a better understanding of CHANTO. More specifically, we have held sessions to provide navigators* chosen from each workplace with opportunities to understand the importance of the Company's principles and CHANTO. These navigators have then led efforts to familiarize team members with CHANTO, resulting in an environment where CHANTO is understood. Although there are top-down methods for instilling CHANTO or other such principles in an organization, we have emphasized a bottom-up approach led by navigators, thereby making the implementation of CHANTO fun and making CHANTO something that employees take ownership of.

In fiscal 2021, we moved from understanding CHANTO to putting it into practice. This involved navigators directing their organizations in identifying guidelines requiring improvement from the five CHANTO Conduct Guidelines at their workplaces, and then formulating and executing action plans to make those improvements. We also conducted surveys to gauge how our employees'

perception of CHANTO changed by executing their action plans. As a result of comparing surveys at the start of the action plan and six months later, some positive signs were observed. This suggests that employees feeling more strongly that they themselves must change is the result of Project CHANTO.

*Employees selected with the criteria that they are non-managerial staff, exhibit leadership, and seem able to draw in their colleagues in a fun way.

Main CHANTO instillment initiatives

- Provided video messages from seven Executive Officers serving as CHANTO ambassadors
- Held "Group CHANTO Sessions" and "CHANTO Parties" for navigators chosen from each workplace
- Held "CHANTO Cafe" meetings at all worksites to understand CHANTO and put it into practice
- Held "CHANTO Session for Management"
- Produced a movie to foster a closeness with team members practicing CHANTO
- Put up the key graphic, posters, etc. at business sites
- Made "Stories of CHANTO in Practice" available on the Company intranet

Changes and Results in the Workplace from Implementing CHANTO

Product Marketing Department Initiatives of a diabetes area member

We have built a consensus among all team members on the meanings of "having fun," "making effective proposals," and "practicing CHANTO so as to serve as a model for the company," and the last 10 months have seen us refine our action plan while taking an agile approach to work. These efforts have led to more independent thinking as employees made their own proposals, reviewed their usual activities in the short-term, and made a habit of doing the job right. Many of the initiatives proposed have been actualized, with some becoming success stories to share with the entire Sales & Marketing Division.

The months ahead will see us build a structure and accumulate the expertise needed to communicate healthcare information appropriately and efficiently, and deliver results.

Research Division Initiatives of Chemistry Research Unit Group 3

To establish the foundation for a culture capable of consistently innovating, we have created an action plan focused on "respecting each other and collaborating with peers," revitalized briefings, visualized strengths, provided opportunities to share knowledge, and improved communication during group work and other situations aimed at better understanding one another. Through this process, workplace communication has improved and cooperation has led to a redefining of work, while employees have taken ownership of and become much more capable of addressing the issues their organizations face.

Using these changes as a headwind, we will pursue innovation that will bring successes to our organizations.

Q What's in store for the future?

The goal of Project CHANTO is to establish and instill throughout the company Conduct Guidelines (=CHANTO) for realizing the Company's vision, connect it to a change of behavior in every employee, and link it to individual and organizational results. Ultimately, employees will become able to articulate in their own words what CHANTO means to them — what they should do as individuals and as an organization based on an understanding of the Company's vision and what the Company expects of its employees.

Our aim in instilling CHANTO is to get every workplace to work towards ambitious goals and deliver results, but there is too much variation among individuals with respect to what "ambitious goal" means. To improve this situation, every workplace will imagine the external environment roughly 10 years in the future and discuss where they want to be by then, taking ownership of getting there. Meanwhile, we will get all employees on the same page and foster a culture focused on delivering the highest performance.



Hopes for CHANTO as expressed by a navigator on the Company's intranet