MOVE THE WORLD FORWARD

MITSUBISHI HEAVY INDUSTRIES GROUP

SUSTAINABILITY DATABOOK 2025

For the Year Ended March 31, 2025

MITSUBISHI HEAVY INDUSTRIES

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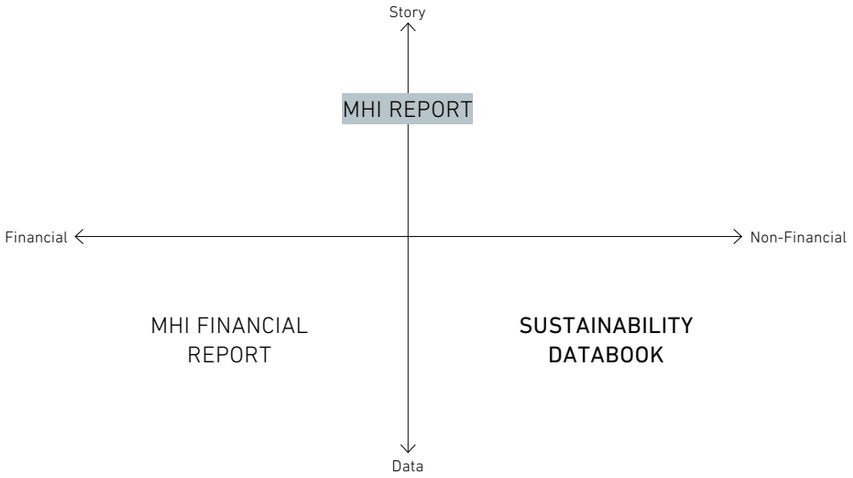
Editorial Policy

■ Reason for Publishing and Positioning of This Report (SUSTAINABILITY DATABOOK)

Based on the Group Statement, which sums up the Group's management principles, MHI Group aims to continue its development alongside the changing world by responding to the present and future issues and needs of society with a variety of technologies and services. To enhance the understanding of our philosophy among all our stakeholders, we have integrated financial information, including management strategy and operating performance, with nonfinancial information related to the Group's environmental and social activities into the MHI REPORT (MHI Group Integrated Report). Furthermore, we compiled non-financial information including detailed performance data in this SUSTAINABILITY DATABOOK, to introduce MHI Group's sustainability initiatives.

Structure of Information Disclosure



■ Coverage

Target organization: In principle, the scope of reporting includes MHI and its consolidated subsidiaries.
The scope of some information is for MHI on a non-consolidated basis, in which case it is identified as such.
Target period: From April 1, 2024, to March 31, 2025 (includes information on some activities after March 31, 2025)
Reporting cycle: Annual
Date published: November 2025

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■ Third-party Assurance

To enhance the reliability of data, we have received third-party assurance. Third-party Assurance ▶ P.145

(Note) Environmental and Social data subject to third-party assurance is indicated with ✓.

- Assurance Statement on Materiality Disclosure
- Assurance Statement on Environmental and Social Data

■ Reference Guidelines

- International Financial Reporting Standards (IFRS) Foundation "International Integrated Reporting Framework"
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
  (Reference) GRI Guidelines Comparison Tables
  https://www.mhi.com/sustainability/management/report_gri.html
- International Financial Reporting Standards (IFRS) Foundation "IFRS Sustainability Disclosure Standard"
- Ministry of the Environment of Japan Environmental Reporting Guidelines (2018 version)
- National Standards Bodies Guidance on social responsibility ISO26000
- Task Force on Climate-related Financial Disclosures (TCFD)

■ Forward-Looking Statements

Forecasts regarding future performance presented in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. As such, these projections involve risks and uncertainty. For this reason, investors are recommended not to depend solely on these projections for making investment decisions.

It is possible that actual results may change significantly from these projections for a number of factors.

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CEO MESSAGE

Delivering a sustainable future using MHI Group's technologies and products

The global transition to a sustainable society is creating both unprecedented challenges and extraordinary opportunities. At MHI Group, as stated in Our Principles, we are committed to delivering reliable and innovative solutions that make a lasting difference to customers and communities worldwide. We incorporate cutting-edge technology into the expertise built up over our history and will continue to drive our strategic decisions as we strive to shape a more sustainable future for all.

The MHI Group consolidates shared foundations—such as accumulated expertise, technologies, and IT systems—to deliver a wide range of products and services to diverse customers. This unique combination of technological breadth and operational excellence presents MHI as a globally rare company, with significant potential for further growth.

To fully leverage this unique potential, we have set as a target a virtuous cycle of "high profitability and growth investments", achieved through the creation of new value.

To achieve this management goal, I have proposed a methodology called Innovative Total Optimization (ITO), which consists of two key pillars. The first pillar, "total optimization," focuses on optimizing the entire value chain within the business from a vertical perspective, as well as fostering collaboration across different business units from a horizontal perspective. By optimizing both dimensions internally, we aim to enhance productivity and strengthen profitability.

The second pillar, "domain expansion," accelerates our global impact by providing new value at an unprecedented speed to an exponentially greater number of markets and customers. Through ITO, we generate powerful synergies that strengthen the growth and stability of the Group's businesses and management, contributing to the sustainability of society.

We are committed to embracing the challenges we face as we advance to meet societal expectations and to realizing a sustainable future through MHI Group's technologies and products over an extended period of 50 to 100 years.

This SUSTAINABILITY DATABOOK is presented to ensure that all stakeholders can easily understand MHI Group's initiative this year. I hope it provides clear insights into our strategic progress, performance metrics, and commitments as we advance our mission.

Eisaku Ito
President & CEO

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Sustainability Framework

Sustainability and CSR Policy Policy

In accordance with the Three Corporate Principles* that are at the heart of Our Principles, MHI Group serves as a manufacturing corporation that contributes to societal progress through its business endeavors of delivering products and technologies in support of social and industrial infrastructure worldwide. MHI shall not only make contributions through its products and technologies to resolve social issues such as environmental problems, but shall also work on resolving a wide range of social challenges through various activities in the process of its overall business and promote CSR activities in tandem with its business activities. MHI believes the basis of CSR is to engage in business activities that take its diverse range of stakeholders into consideration and return profits to all stakeholders in optimum fashion, while at the same time providing excellent products and technologies to realize a sustainable society and a secure future for people and the planet.

The MHI Group's CSR Action Guidelines serve as collective standards for all MHI Group employees. These guidelines provide a concrete and easy-to-understand way for employees to consistently keep CSR in mind as the Group contributes to societal progress through its business endeavors and Our Principles centered on the principles of CSR.

In 2015, we established the MHI Group Global Code of Conduct, a provision of common principles which stipulates how the Group's employees with various backgrounds, nationalities and cultures should act and behave. Regarding the environment, MHI Group has established the "Basic Policy on Environmental Matters" and "Action Guidelines" to encourage initiatives to reduce environmental burden based on them. As for the human rights, we formulated the "MHI Policy on Human Rights," while supporting international norms such as the Universal Declaration of Human Rights.

* The Three Corporate Principles
The corporate philosophy set forth in the 1930s by Koyata Iwasaki, the fourth president of Mitsubishi Goshi Kaisha.

Corporate Responsibility to Society "*Shoki Hoko*"
Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Integrity and Fairness "*Shoji Komei*"
Maintain principles of transparency and openness, conducting business with integrity and fairness.

Global Understanding Through Business "*Ritsugyo Boeki*"
Expand business, based on an all-encompassing global perspective.

Our Principles

- We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide.
- We act with integrity and fairness, always respecting others.
- We constantly strive for excellence in our operations and technology, building on a wide global outlook and deep local insights.

CSR Action Guidelines

MHI strives to move the world toward a more secure future. Through our technology, our business practices, and our people, we:

- **Care for the planet**
  We are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth
- **Create a more harmonious society**
  We embrace integrity and proactive participation to solve societal challenges
- **Inspire the future**
  We cultivate global talent who share a vision and desire to move the world forward for generations to come

(Others)

Corporate Policy
https://www.mhi.com/company/overview/policy
- Global Code of Conduct
- Basic Policy on Environmental Matters and Action Guidelines
- Human Rights Policy
- Policy of Safety and Health
- Diversity, Equity and Inclusion (DE&I) Policy
- Talent Development Guidelines
- Multi-Stakeholder Policy

Declaration on Biodiversity
https://www.mhi.com/sustainability/environment/pdf/declaration_on_biodiversity_e.pdf

Procurement Policy
https://www.mhi.com/company/procurement/policy/

Supply Chain Sustainability Promotion Guidelines and Basic Policy Concerning Responsible Mineral Procurement
https://www.mhi.com/company/procurement/csr/

Privacy Policy
https://www.mhi.com/privacy.html

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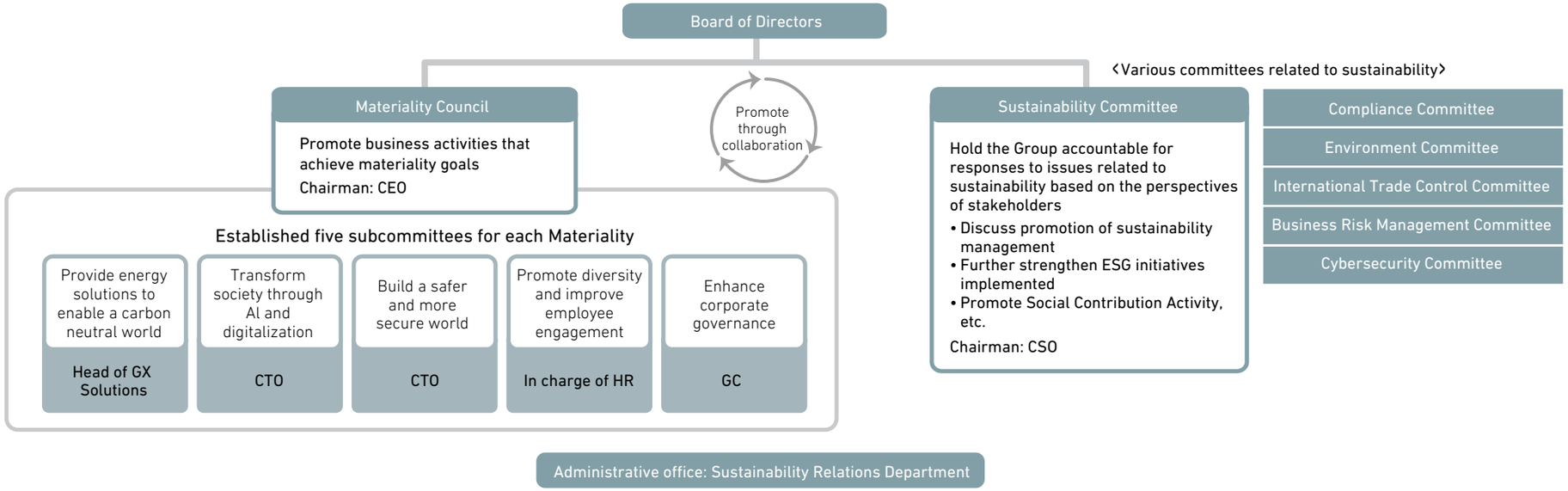
Sustainability Framework

Sustainability Promotion System System Activity results

In order to promote management that takes into account the sustainability of society, we developed and reorganized the former CSR Committee into the Sustainability Committee, and newly established the Materiality Council on October 1, 2021. In consideration of the environmental, social and economic sustainability of companies demanded by the international community, institutional investors and other stakeholders, we will further strengthen our sustainability management system centered on the issues and values faced by modern society.



Committee name	Head	Members	Purpose	Meetings held in FY2024	Main agenda items in FY2024
Materiality Council	CEO	Executive Vice Presidents, CSO (Chief Sustainability Officer), GC (General Counsel), CFO, CTO, officer in charge of HR, head of Business Strategy Office, domain CEO and segment head.	To follow up on business activities to realize materiality goals and discuss how to respond going forward	2	• Discussion on company-wide materiality goals • Discussion on the progress and revision of materiality initiatives
Sustainability Committee	CSO (executive officer in charge of sustainability)	Executive Vice Presidents, GC, CFO, CTO, officer in charge of HR, head of Business Strategy Office, domain CEO and segment head.	To make management-level decisions related to how to address sustainability issues (ESG initiatives, etc.)	2	• Research into trends in sustainability-related industry policy and regulations • Strengthening initiatives on human rights, biodiversity, and supply chain risks • Engagement with ESG rating agencies • Disclosure compliance (statutory non-financial disclosures, TCFD, etc.) • Social contribution and internal awareness initiatives

* CEO: Chief Executive Officer, CSO: Chief Strategy Officer, CTO: Chief Technology Officer, GC: General Counsel, HR: Human Resources

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Material Issues

Basic Approach Policy

To enhance corporate value and grow in the medium to long term through solutions to social issues, in fiscal 2020, MHI Group has identified Material Issues it should be addressing. Progress in each Material Issue is managed with progress monitoring indicators (KPIs), and the PDCA cycle is steadily applied.

Promotion System System

Activities involving engagement with Material Issues embody sustainability management in terms of business. To make the activities effective, we have established subcommittees with managers and departments for each Material Issue, and the person responsible and organizing department consider specific measure and roadmaps.

In October 2021, we established the Materiality Council, chaired by the CEO and attended by officers in charge of corporate and domain CEO and segment head, to follow up on business activities aimed at realizing company-wide goals for Material Issues and to instruct business divisions addressing the goals to take necessary measures. As of June 2025, eight meetings have been held, engaging open discussions and exchange of opinions, featuring reports on the progress of each materiality and sharing relevant project examples from business units. We are making progress with R&D projects in such areas as carbon neutrality and digital platform services, and our efforts are starting to bear fruit. These activities are important themes in sustainability management and are regularly reported to the Board of Directors.

Sustainability Promotion System ▶ P.08

■ Third-party Assurance (AA1000AS)

We have obtained the AA1000AS warranty from an independent third party for disclosure information regarding the "Mitsubishi Heavy Industries Group Material Issues" identified in 2020.

Third-party Assurance (AA1000AS) ▶ P.145

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Processes of Identifying Material Issues Policy

Step 1
Prioritizing Social Issues

We inventoried the Company's businesses and initiatives, linked them to a list of social issues prioritized in line with international frameworks—including the SDGs, the Global Reporting Initiatives (GRI) Standards, ISO 26000, the SASB Standards, the EU taxonomy and others, and identified 37 social issue themes related to MHI Group.

Step 2
Creating a Materiality Matrix

1. Importance of social issues assessed and mapped along two axes (Vertical axis: degree of impact on society; Horizontal axis: degree of impact on the Company)
2. Nine materiality postulated based on the materiality map

Step 3
Verifying Appropriateness

1. Discussion held at Materiality review meetings (consisting of CSR Committee members), and Material Issues narrowed down to six items
2. Dialogue held with three outside experts
https://www.mhi.com/sustainability/library/pdf/esgdatabook2020_all.pdf#page=12

[Expert]
Mariko Kawaguchi: Specially Appointed Professor, Graduate School of Social Design Studies, Rikkyo University
Toshihiko Goto: Chief Executive Officer, Sustainability Forum Japan Board Member
Ichiro Sakata: Professor, Graduate School of Engineering Special Advisor to the President Institute of Engineering Innovation, School of Engineering, the University of Tokyo

* Indicated roles and titles are as of the indicated date.

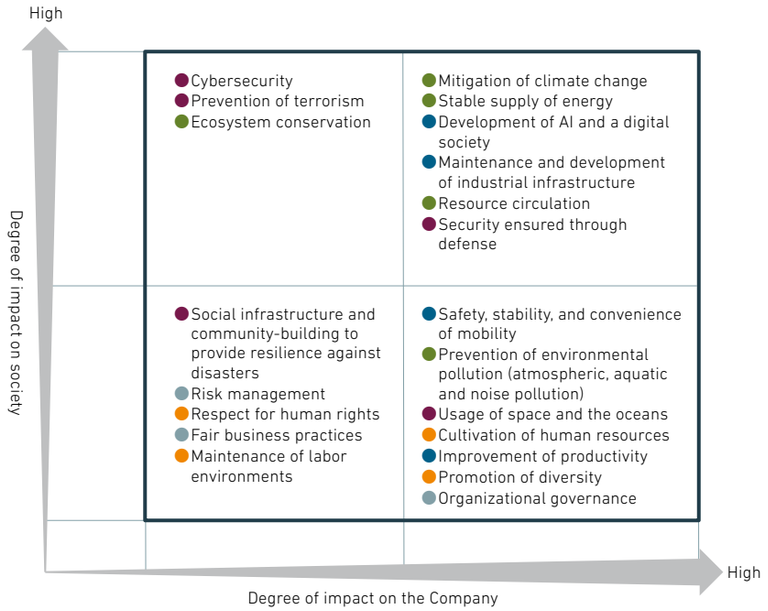
Step 4
Identifying Material Issues

CSR Committee members narrowed Material Issues down to five issues, which were formally finalized after Executive Committee and Board of Directors meetings in September 2020.

Step5
Setting Company—Wide Goals and Progress Monitoring Indicators (KPIs)

1. A task force team comprising young and mid-level employees played a central role in establishing a draft of company-wide goals and KPIs for monitoring progress of materiality
2. These were further considered in materiality subcommittees, and decided upon by the Materiality Council and disclosed

■ Approach to Identifying Material Issues



Five Material Issues identified based on social issues important to MHI Group

Business Contribution (business-related)	Provide energy solutions to enable a carbon neutral world Transform society through AI and digitalization Build a safer and more secure world
Foundation to Support Business (corporate-related)	Promote diversity and improve employee engagement Enhance corporate governance

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Material Issues, KPI, Progress Policy System Activity Results

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2024
Provide energy solutions to enable a carbon neutral world **Head of GX Solutions** In recent years, as the effects of climate change become more serious, people eagerly await the realization of a carbon neutral world. In the future, energy infrastructure will be reconstructed in accordance with 3E+S(Note) based on the characteristics of each country, while resource recycling and decarbonization are expected to develop on the demand side. To achieve this transformation of social infrastructure as quickly as possible, MHI Group will strive to continue using existing facilities and promote carbon recycling by significantly improving energy efficiency, capturing and fixing CO_2, introducing carbon-free fuels, and expanding the use of nuclear power and renewable energies that meet the world's highest safety standards.	Reduce the CO_2 emissions of MHI Group Achieve Net Zero CO_2 emissions from its operations by 2040 (Scopes 1 and 2)	Reduce total CO_2 emissions from business activities (Scopes 1 and 2) by 50% by 2030 (compared to 2014 levels), and achieve net zero by 2040	MHI Group (Global)	• Forecasting a reduction in 2024 CO_2 emissions of 47% compared to 2014 levels (includes estimated figures). • At Mihara Machinery Works, which has pioneered initiatives to reduce CO_2 emissions, MHI Group is making ambitious efforts to consolidate and implement carbon neutral solutions, and achieve carbon neutrality in a phased manner, expanding efforts to transform the facility into Carbon Neutral Transition Hub Mihara.
	Contribution to society throughout the value chain by 2040 Achieve Net Zero CO_2 emissions from its entire value chain by 2040 (Scope 3 + reduction through CCUS*1)	Reduce CO_2 emissions across the entire value chain (Scope 3 + CCUS contribution for CO_2 reduction) by 50% by 2030 (compared to 2019 levels) and achieve net zero by 2040	MHI Group (Global)	• Forecasting a reduction in 2024 CO_2 emissions (Scope 3 Category 11) of 36% compared to 2019 levels (includes estimated figures).
		Develop products and services that contribute to decarbonization of the energy supply by 2040 (energy transition)	MHI Group (Global)	• At Takasago Hydrogen Park, started a 100% hydrogen-firing demonstration using a small-to mid-sized H-25 Series gas turbine. In addition, started operation of a test module of the Solid Oxide Electrolysis Cell (SOEC*2), a next-generation high-efficiency hydrogen production technology. • Completed and started operation of first CO_2 capture plant in Europe with the KM CDR Process™*2, for Eni in Italy. To enhance capabilities in Japan's growing CCUS market, expanded partnerships, including concluding a general license agreement with Chiyoda Corporation. • Mostly completed the basic design for the Advanced Light Water Reactor "SRZ-1200," with various demonstration tests for permits and licenses progressing smoothly. To improve regulatory predictability, began exchanging views with Japan's Nuclear Regulation Authority (NRA) on new regulations. In addition, for the demonstration fast reactor and HTGR (high-temperature gas-cooled reactor) demonstration reactor projects promoted by the Japanese government, moved forward with the conceptual design as the core company for design and development.
		Develop products and services that contribute to conservation, decarbonization, and automation of energy use by 2040 (Smart Infrastructure)	MHI Group (Global)	• Renewed the product lineup for the compact CO_2 capture system "CO_2MPACT™" series, and launched "CO_2MPACT™ Full-Module," which maximizes standardization and modularization to enable reduced construction costs and a shorter construction period. • For business development in the electrification and data center fields, established and strengthened structures to provide one-stop solutions integrating MHI Group's power, cooling, and control systems.
		Develop and prove new products and services that contribute to the carbon cycle	MHI Group (Global)	• Conducted demonstration tests for biowaste treatment and utilization (hydrolysis), and pursued development of technologies that enable production of carbon-neutral fuels at high efficiency and low cost, such as sustainable aviation fuel (SAF).

(Note) The pursuit of energy security, economic efficiency, and environmental conformance on the precondition of safety
*1. CCUS: Carbon dioxide Capture, Utilization and Storage
*2. KM CDR Process™ is a carbon capture technology under joint development by MHI and The Kansai Electric Power Co., Inc. (KEPCO)

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Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2024
Transform society through AI and digitalization CTO Due to the rapid advancement of AI and digitalization present day, human values, activities, and lifestyles are undergoing major changes. In the midst of various social concerns such as climate change, aging societies with low birthrates, widening disparity between the rich and the poor, and COVID-19, two key themes are how to provide a convenient and comfortable life to everyone without discrimination and how to live in a sustainable manner. MHI Group will seek to realize a society that balances economic development with the resolution of social issues (Society 5.0) by breaking away from preconceived notions and maximizing the use of AI and digitalization to pursue the question of what it means for people to lead affluent lives.	Expand lineup of useful and sustainable AI/digital products meeting needs of customers and users	Advanced AI and digital solutions for solving customer issues (optimizing the operation of energy supply and demand facilities, etc.) Step up the number of new developments (services, products, R&D)	MHI Group (Global)	• Conducted advanced R&D, and shared results across Strategic Business Units (SBUs) to support the development of solutions such as AI and digital products/services at SBUs. • Began horizontal application and use of products related to logistics automation, integrated monitoring, and energy management.
	Creating an environment for creating creative AI and digital products	Creative time for employees; raising environmental awareness	MHI Group (Global)	MHI is pursuing the following measures to establish a creative environment: • MHI Group plans to develop 22,000 Digital Innovation (DI) personnel across the corporate group. Various training programs were implemented for 14,000 people, 60% of the target. • A trial environment was established for the creation of AI and digital products to facilitate the execution of proof of concept (PoC). • Promoted transformation of customer contact points and employee operations through digitalization. Results were standardized, and provided to four Strategic Business Units (SBUs).

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Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2024
Build a safer and more secure world CTO Building a safe and secure society is essential for realizing affluent lives. In recent years, we have faced various risks including natural disasters, pandemics, a shrinking workforce, and changes in the security environment, including cyberspace. Since its establishment, MHI Group has contributed to the development of society by building critical infrastructure and taking on challenges in the unknown worlds of space and the deep sea. By drawing on this wealth of knowledge and experience, we will build a flexible, robust, and labor-saving system that will contribute to the realization of a safer and more secure society.	Making products, businesses, and infrastructure more resilient	Evaluating the impact of disasters and promoting the development and practical application of designs and technologies that pursue the development of designs and technologies that pursue resilience.	MHI Group (Global)	• Formulated a product and service concept able to provide value in normal times and in the event of disaster from the standpoint of three types of resilience (energy, data, and supply chain), and began making proposals to customers. • Began considering the development of disaster risk assessments utilizing disaster preparedness simulations, such as for tsunamis, typhoons, torrential rains, and storm surges, and providing them as a service for customer facilities and local governments. • Started initiatives for BCM (Business Continuity Management) at overseas facilities.
	Unmanned and man-saving products, businesses, and infrastructure	Remote/automatic operation and remote/automatic inspection and inspection of products, businesses, and infrastructure technology development and practical application	MHI Group (Global)	• Pursued development of logistics intelligent solutions. • Pursued development of energy saving automation systems for data centers. • Pursued development of unmanned aerial vehicles for defense applications. • Pursued development of actual system and functionality improvements for a remote monitoring and operation support system (MaiDAS®) for waste incineration plants (operating at 11 plants in Japan and 1 plant overseas). • Pursued development of an intelligent operation system for paper converting machinery. • Pursued development of a platform for collaborative robots designed for manufacturing sites.
	Continuous cyber security of all MHI products Deepening of countermeasures	Cybersecurity technology Promoting development and commercialization	MHI Group (Global)	• Continued to conduct cybersecurity-related R&D. • Continued to provide security technologies such as InteRSePT® and Netmation Protect Pack for key business operations such as defense and energy. • Evaluation and verification of network security detection equipment conducted at Sagamihara, YHH, Komaki-kita, and other locations to enhance security resistance of in-house plants. • Incident training conducted for management and product personnel. • Conducted security assessments of the software used in products and control systems.

* YHH: Yokohama Hardtech Hub. Co-creation space for manufacturing administered by MHI in Honmoku, Yokohama

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Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2024
Promote diversity and improve employee engagement 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES · 17 PARTNERSHIPS FOR THE GOALS **In charge of HR** Given the globalization of business in recent years, there is an urgent need to develop human resources who have a firm awareness of human rights across the supply chain and can operate on the international stage. In addition, to continue creating new value based on diverse ideas, it is essential to improve productivity and ensure safety by building a culture in which each individual is respected and can demonstrate and develop their abilities. Therefore, we support the growth and health of human resources through the promotion of diversity and health management. Our goal is to train human resources who are full of vitality and can contribute to society not only during their employment but also after retirement.	Project new value through participation of diverse human resources	Increase the ratio of women on the Board of Directors to at least 30% by 2030	MHI	• Continued our training program for potential future executive candidates in collaboration with each business unit. • Expanded various employee support systems with consideration to childcare and caregiving to enable employees to continue their careers. Promoting a workplace environment and organizational culture allowing for a balance of professional and private life.
		Double the ratio of women in management positions by 2030 (compared to FY2021)	MHI Group (Global)	
		In accordance with the MHI Group Human Rights Policy, raise awareness of diversity among Group employees through education and other efforts	MHI Group (Global)	• About 67,000 employees of the MHI Group, including overseas employees, participated in the educational content (e-learning) on "Respect for Human Rights in the MHI Group," which was enhanced based on the results of the first session.
	Ensure safe and comfortable workplaces	Reduce the number of serious accidents to zero	MHI Group (Japan)	• There were 3 fatal accidents of cooperating employees due to crashes. • A thorough implementation of crash prevention measures (handrails and main ropes) and the use of equipment for preventing crashes was made.
		Maintain a labor (work absence) accident frequency each year at a rate that is equal to or lower than the industry average	MHI Group (Japan)	• The rate of lost-worktime injuries was the same as the industry average. • Implemented AI-based method for detecting signs of potential industrial accidents, and analysis of root causes. • Established process and procedures of collecting safety management data from overseas group companies.
	Improve our environment that maximizes employee performance, and develop human resources who are healthy, energetic and able to contribute to society	Raise the employee awareness survey's "engagement" score above the global average by FY2030	MHI Group (Global)	• The 5th MHI Group Employee Survey was undertaken in January 2025. • President's Town Meeting was held at two sites in Japan. • Announced pulse survey tool to all MHI Group and continuing operational improvement.

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Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2024
Enhance corporate governance GC For a company to continue to provide value to society, it is important to earnestly address the issues and demands of global society and form a sound organizational culture. Since we have a particularly diverse range of businesses, it is essential that we strengthen the governance structure of the entire Group. We will promote compliance management and strengthen internal controls to ensure compliance with laws and regulations and promote honest, fair, and equitable business practices. We will promptly identify opportunities and risks for the organization and take appropriate action. In addition, to earn the trust of society, we will implement timely and appropriate information disclosure regarding management, while ensuring fairness and transparency.	Further enhance deliberations by the Board of Directors	Maintain the ratio of independent outside directors on the Board of Directors at 50% or more	MHI	• Maintained the percentage of independent outside directors at 50% (6/12) and worked to speed up decision-making processes and strengthen oversight functions.
		Assess the effectiveness of the Board of Directors annually to ensure and improve it	MHI	• Engaged in the following initiatives to evaluate the effectiveness of the Board of Directors in FY2024. ▶ Conducted questionnaires to all members of the board. ▶ Discussed the results of these evaluations in meetings of independent outside directors and reported the same to Board of Directors meetings. ▶ Established policies based on the results of the effectiveness evaluation and finalized the draft of disclosure, both by the resolutions of the Board of Directors. Also started planning the agenda schedule for FY2025.
	Promote legal compliance and honest and fair business practices	Maintain the number of serious laws/regulation violations at zero	MHI Group (Global)	• There were no serious laws/regulation violations. • Case studies related to compliance were published monthly to raise awareness within the company. • Compliance information tailored to each region was shared with Group companies outside Japan in an effort to prevent compliance issues. • Ensuring that overseas group companies set up hotlines for reporting on compliance issues.
		Continue activities that promote an open organizational culture	MHI Group (Global)	• Implemented the following compliance training for employees both within and outside Japan. ▶ Japan: e-learning, discussion-based training, job graded training ▶ Outside Japan: e-learning
	Further promote responsible (CSR) procurement in the global supply chain	Promote sustainability and CSR procurement activities with partners to build a sustainable supply chain	MHI Group (Global)	• Implemented a CSR questionnaire for Japanese and overseas partner companies with a certain amount of regular orders from MHI, and obtained their agreement to the MHI Group Supply Chain Sustainability Promotion Guidelines.
		Offer continuous educative information to suppliers/business partners in order to establish and maintain a sustainable supply chain	MHI Group (Global)	• Delivered educational materials on CSR procurement when sending the periodical CSR questionnaire for partner companies, and confirmed widespread understanding within each company. • Performed CSR procurement education at business briefings and meetings with partners.
	Create opportunities to explain non-financial information	Conduct Sustainability briefings to investors at least once a year	MHI Group (Global)	• Organized a factory tour of Nuclear Power business in March 2025 and explained our aim to contribute to the realization of Carbon Neutrality through our products, technologies and services.

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Stakeholder Engagement

Basic Approach Policy

MHI Group prioritizes management initiatives that reflect input from the various stakeholders in its business activities, including customers, suppliers, business partners, Group employees, and local communities. In addition to seeking out stakeholder input in its everyday activities, MHI engages in dialogue with experts and NGOs having specialized expertise related to global issues, striving to incorporate societal viewpoints.

Main Initiatives in FY2024 Activity Results

Experts

To strengthen external collaboration in the field of human rights, we held a dialogue with the International Labour Organization (ILO) in July 2024.

We exchanged views on recent trends, including expectations for companies, legislation, rulemaking, and corporate initiatives regarding major human rights issues in our Group's domestic and overseas business areas such as forced labor, child labor, discrimination as well as indigenous and local community issues.

Suppliers

At platforms such as business partner meetings and business policy briefings, we explain the Group's Supply Chain Sustainability Promotion Guidelines and offer educative information on the conduct expected of suppliers by introducing cases of ESG risks in the supply chain.

In addition, to reduce risks in the supply chain, we conduct a survey to confirm the sustainability promotion initiatives of suppliers, and based on the results we conduct onsite surveys on the status of initiatives, and consult with suppliers on making improvements.

NPOs

Based on a biodiversity conservation risk assessment, we decided to implement social contribution activities with the participation of community members and employees in important biodiversity areas near our domestic Group sites. To support this, we began collaborating with the Japan NPO Center. In fiscal 2024, a citizen-participation program was conducted in the Shirakami Mountains, located near the MHI Tashiro Test Facility where rocket engine firing tests are carried out.

Institutional Investors

In addition to various reports and information disclosed at briefings, we hold interviews with the participation of officers and employees to improve communication with institutional investors inside and outside Japan.

In July 2024, we engaged with the investor initiative Climate Action 100+ to urge companies with high GHG emissions to take action toward achieving carbon neutrality by 2050.

Employees

As part of efforts to regularly and quantitatively understand employee perspectives, an employee engagement survey was conducted in fiscal 2024. In addition, the President makes visits to our business sites and overseas bases to have direct dialogue with frontline employees.

Ongoing labor-management consultations and exchanges with the labor union were conducted to improve various systems, and under the Active Plan 2025 (commonly referred to as the spring labor negotiations), regulations were revised to enhance labor conditions with a focus on improving employee engagement.

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Initiatives and Groups We Participate In

MHI Group participates in initiatives and groups inside and outside Japan related to sustainability to help realize a sustainable society.

Groups and initiatives in which we participate	Activities
UN Global Compact	MHI group signed on to this initiative in 2004, putting the 10 principles into practice, and in 2015 established the MHI Group Global Code of Conduct, which sets out the behavioral standards all our employees are expected to follow. We also participate in subcommittees on the environment, human rights, supply chains, and other topics organized by the Global Compact Network Japan, the local network in Japan, using these engagements to inform our policy development and address key challenges.
Task Force on Climate-related Financial Disclosures (TCFD)	MHI Group has a mission of leading the way in climate action and in February 2019 announced its support for disclosure based on the TCFD recommendations. TCFD Disclosure ▶ P.31
The TNFD Forum	MHI Group is advancing disclosures in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which provides a structure for private companies and financial institutions to appropriately assess and disclose risks and opportunities related to natural capital and biodiversity. Biodiversity Initiatives ▶ P.39

Groups and initiatives in which we participate	Activities
Keidanren Initiative for Biodiversity	MHI is an active participant in the "Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)." As of June 2, 2025, a total of 368 companies and organizations—including those partially implementing the guidelines—are participating in this initiative launched by Keidanren (Japan Business Federation). As a participating company, MHI is actively promoting biodiversity initiatives. Biodiversity ▶ P.38
GX League	The GX League is a platform where companies aiming for carbon neutrality by 2050 and social transformation collaborate with like-minded companies, government and academic institutions through GX initiatives to achieve sustainable growth for present and future society. MHI Group participates in the GX League and contributes to advancing GX through the provision of our products and technologies.
Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI)	This initiative aims to protect the human rights of non-Japanese workers, who are an important part of Japan's economy and society, and to promote decent work, striving to make Japan a country chosen by foreign workers. MHI Group supports the initiative's efforts toward a multicultural and inclusive society and has participated since December 2024. Human Rights Due Diligence ▶ P.64

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Recognition from Society

Status of Inclusion in ESG Indexes Indexes

MHI Group promotes management with an emphasis on sustainability and focuses on various activities and information disclosure. Thanks to these initiatives, in 2024 we have been selected for the second consecutive year for inclusion in the Dow Jones Sustainability World Index (DJSI World), a leading global index for environmental, social, and governance (ESG) investing.

In addition, MHI has been selected for the following ESG-related indices for Japanese equities adopted by the Government Pension Investment Fund (GPIF), Japan's largest pension fund and one of the world's largest institutional investors, as well as for the SOMPO Sustainability Index (as of September 2025).

- MSCI Japan ESG Select Leaders Index
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

The inclusion of Mitsubishi Heavy Industries, Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Mitsubishi Heavy Industries, Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

2025 Sompo Sustainability Index

External Assessment of Sustainability Ratings and certifications

MHI Obtains "Kurumin" Mark Certification

Companies that have formulated action plans for supporting employee child rearing based on the Japanese law the Act on Advancement of Measures to Support Raising Next-Generation Children, enacted in April 2005, and that have been recognized for their results, receive the "Kurumin" mark certification. MHI obtained this certification in 2007.

MHI Obtains "Eruboshi" Mark Certification

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace (the "Act to Promote Women's Participation"), the "Eruboshi" certification is granted by the Minister of Health, Labour and Welfare of Japan to those companies making outstanding contributions under certain standards for promoting women's participation. In July 2020, MHI obtained a three-star rating, the highest of three possible levels. This certifies that MHI has fulfilled the screening criteria for all items concerning elements of the workplace environment that make it easier for women to demonstrate their ability.

Certified Excellent Health and Productivity Management Corporation

An "Excellent Health and Productivity Management Corporation" is a certification system launched by the Ministry of Economy, Trade and Industry in 2015 to promote "health management." Corporations that are recognized for considering and practicing employee health management from a managerial perspective are recognized. In 2019, our company issued the President's Declaration on Health Management and promoted health management. As a result, the company was recognized as an "Excellent Health and Productivity Management Corporation 2025."

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GHG Emissions/Energy Consumption Data
Activities that Mitigate Climate Change
TCFD Disclosure

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Quantity of Water Intake Data

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Basic Approach and Policy/Management System/Waste Generation/VOC Emissions Data

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Basic Policy on Environmental Matters and Action Guidelines Policy

With environmental problems gaining recognition on a global scale, MHI Group established the Environment Committee in 1996 in order to clarify its attitude toward the environment, to express its stance to people both inside and outside the Company, and to direct and promote its environmental activities. At its first meeting, the Environment Committee formulated the Basic Policy on Environmental Matters and Action Guidelines (refer below), in line with the MHI Group's Principles: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." Since that time, the entire Group has worked to promote environmental initiatives through maintaining a dialogue with suppliers and other stakeholders in accordance with this Basic Policy and these guidelines. MHI Group made partial revisions to its Basic Policy on Environmental Matters and Action Guidelines in January 2018 with the approval of the Executive Committee, chaired by the President and CEO.

Basic Policy on Environmental Matters
Provision 1 of MHI Group's principles reads: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." This means that our primary purpose is to contribute to society through R&D, manufacturing and other business activities. The company shall undertake all aspects of its business activities with the understanding that it is an integral member of society and will strive to reduce its burden on the environment, contributing to the development of a sustainable society.

Action Guidelines
1. Prioritize environmental protection within company operations, and take steps across the entire MHI Group to protect and enhance the environment.
2. Clarify roles and responsibilities regarding environmental protection by developing an organizational structure to deal with matters related to environmental protection, and to define environment-related procedures, etc.
3. Strive continuously to improve and enhance environmental protection activities not only by fully complying with environmental laws and regulations but also, when necessary, by establishing, implementing and evaluating independent standards and setting environmental goals and targets.
4. Strive to alleviate burden on the environment in all aspects of company business activities, from product R&D and design to procurement of raw materials, manufacture, transport, usage, servicing and disposal, through pollution prevention, conservation of resources, energy saving, and waste reduction.
5. Strive to develop and market advanced and highly reliable technology and products that contribute to solving environmental and energy challenges.
6. Strive to preserve the environment in partnership with our stakeholders and gain their understanding of this policy.
7. Take steps to raise environmental awareness among all group employees through environmental education, etc., while delivering environment-related information to the public and taking part in CSR activities.

Formulated in 1996 (Revised in January 2018)

[Paragraph 6 Supplementary Information] Stakeholders include suppliers, joint venture partners, licensees, external outsourcing companies, and other business partners. In addition, cases involving environmental due diligence and M&As will be taken into consideration.

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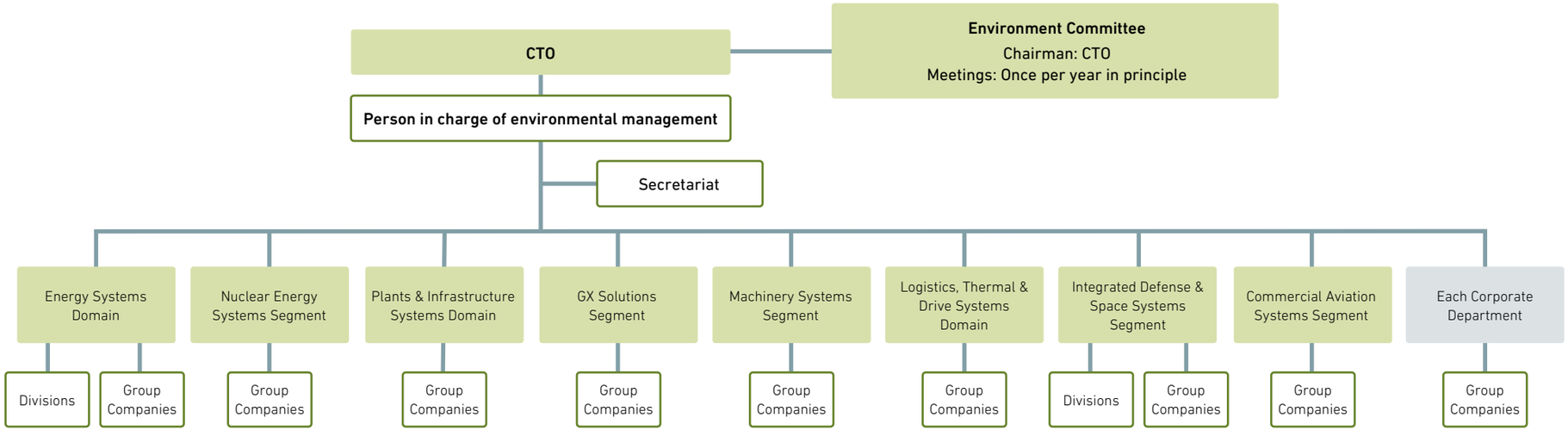
Environmental Management System

At MHI Group, the Environment Committee is chaired by the Chief Technology Officer (CTO), who takes charge of environmental management, and made up of members selected from the domains and segments, and corporate units. The committee plans and drafts policies and initiatives shared throughout the Group and deploys them across all Group companies via the domains, segments of each business, and corporate units.

The MHI Group's Environmental Management Organization (As of April 1, 2025)



■ Environmental audit system

At MHI Group, two levels of audits are conducted including one by each domain, segment, and corporate unit on their respective organization as well as one by the environmental secretariat at MHI headquarters on the environmental management division of each domain, segment, and corporate unit. As a general rule, the respective domains, segments, and corporate units conduct internal environmental audits at the works, plants, and other facilities in Japan they oversee to ensure compliance with environmental laws and regulations and to conduct physical, on-site verification of operational conditions. Based on the Group's environmental policy, these audits confirm that environmental management associated with addressing climate change and pollution, energy efficiency improvement, as well as water conservation have been properly employed. The environmental secretariat at MHI headquarters conducts audits on the status of compliance and environmental management of the environmental management division of each domain, segment, and corporate unit.

■ Reporting on breaches

Regarding the number of environment-related violations, their details, and measures taken, there was no significant breach of the sort (FY2024 Results).

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Environmental Targets Target

The Long-Term Environmental Target established at a meeting of the Environment Committee held in March 2021 aims at decarbonizing the business activities of the MHI Group by 2040. In addition, under the Sixth Environmental Targets established in fiscal 2024, CO_2 emissions reduction, water usage reduction, and waste generation reduction were set as targets for fiscal 2026. To further address environmental issues, which are significant social challenges, the MHI Group will continue to set targets every three years for reductions in CO_2 emissions, water usage, and waste generation, and will work as one to achieve these goals.

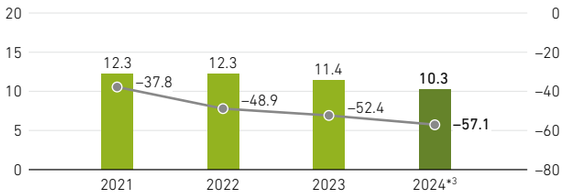
	Item	Scope of target	Target (FY2021-FY2040)
The Long-Term Environmental Target (FY2040)	Reduction in CO_2	Entire MHI Group	Decarbonize MHI Group's business activities by 2040

(Note) Consolidated Group Companies will be subject to this target

KPI Items	Scope of target	The 6th MHI Group Environmental Targets (FY2024–FY2026)	Progress on Environmental Targets (FY2024)
1. Reduction in CO_2 emissions	Entire MHI Group	[Absolute emissions] Reduce CO_2 emissions from offices and plants from 960,000 tons in FY2014 to 505,000 tons by FY2026. [Intensity] Reduce CO_2 emission intensity to 8.7 tons-CO_2/100 million yen by FY2026.	Absolute emissions: 518,000 tons Intensity: 10.3 Vs. FY2014: 57.1% emissions
2. Reduction in water usage	Entire MHI Group	Reduction in water usage per unit in FY2026 by 12% relative to FY2014. (Water: industrial water, tap water, groundwater, rivers, lakes; excludes seawater. Water that is purified in-house and returned to rivers, lakes etc. after use is excluded from water usage.)	Per unit: 0.086 Vs. FY2014: 62.2% emissions
3. Reduction in waste generation	Entire MHI Group	Reduction in waste generation per unit in FY2026 by 12% relative to FY2014 (Excluding valuable materials; including hazardous waste.)	Per unit: 1.30 Vs. FY2014: 50.4% emissions

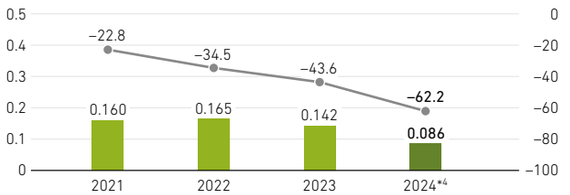
■ Progress on Environmental Targets (KPI: per unit)*1

1. CO_2 emissions/Amount of sales



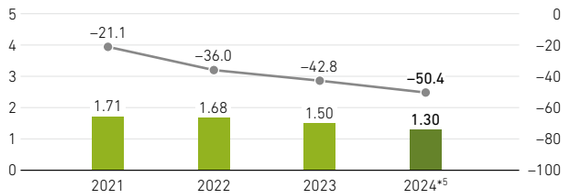
Result (left axis) Vs. FY2014 (right axis/%) Climate change ▶ P.28

2. Water usage*2/Amount of sales



Result (left axis) Vs. FY 2014 (right axis/%) Water Management ▶ P.36

3. Waste generation/Amount of sales



Result (left axis) Vs. FY2014 (right axis/%) Waste/pollution ▶ P.43

[Scope] : *1 Starting in fiscal 2022, consolidated net sales is used for sales.
*2 Starting in fiscal 2024, wastewater purified internally and released into rivers and lakes is excluded from water usage.
*3 Coverage: MHI and 170 domestic and overseas Group companies
*4 Coverage: MHI and 150 domestic and overseas Group companies
*5 Coverage: MHI and 118 domestic and overseas Group companies

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Sustainable Finance Initiatives

In its 2024 Medium-term Business Plan, announced in May 2024, MHI defined contributing to decarbonization on both the energy supply and demand sides as its role in society. As part of the financing necessary for this, MHI is utilizing sustainable finance such as green bonds, transition bonds, and positive impact finance.

■ Green Bonds

MHI issued green bonds*1 in 2020 and 2021 , as shown in the table below. All funds procured through issuance of the MHI Green Bond in 2020 were used for the renewable energy business (a part of the refinancing of the investment in offshore wind power generation facilities). Funds raised from the 2nd Series MHI Green Bond issued in 2021 have been used for the renewable energy business (a part of the refinancing of the investment in offshore wind power generation facilities) and the clean energy business (a part of the refinancing of the investment in hydrogen power generation facilities/businesses).

*1 Green Bonds are unsecured corporate bonds where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles.

Bond Name	Issue Date	Outstanding Balance	Interest Rate	Redemption Date
36th unsecured corporate bond (MHI Green Bond)	November 24, 2020	¥25.0 billion	0.140%	November 21, 2025
38th unsecured corporate bond (2nd Series MHI Green Bond)	September 1, 2021	¥15.0 billion	0.090%	September 1, 2026

Information on past issues can be found on our website.
Green Bonds https://www.mhi.com/finance/stock/esg/greenbond

〈Issuance and External Evaluation of Green Bond Framework〉

In preparation for issuance of its green bond, MHI Group has established the MHI Green Bond Framework in accordance with the Green Bond Guidelines of the International Capital Markets Association (ICMA).

With respect to evaluation of the green bond's suitability, the Company has received a second party opinion (SPO) from Sustainalytics, a third-party institution, attesting to the bond's conformity with ICMA's "Green Bond Principles 2021" and the "Green Bond Guidelines" (2020 edition) issued by the Japanese Ministry of the Environment.

Second-Party Opinion
Reviewed by: MORNINGSTAR | SUSTAINALYTICS

■ Transition Bonds

MHI has been issuing transition bonds*2 since 2022, as shown in the table below.

The funds raised from the first Mitsubishi Heavy Industries Transition Bond issued in 2022 and the third Mitsubishi Heavy Industries Transition Bond issued in 2024 are allocated for the development of hydrogen gas turbine (co-firing) and hydrogen production (blue or turquoise, etc.). The funds raised from the second series of Mitsubishi Heavy Industries Transition Bonds issued in 2023 are allocated for the development of metals machinery (hydrogen-reduced ironmaking, etc.) and CO_2 capture and storage.

*2 A type of bond issued by companies seeking to reduce greenhouse gas emissions in order to raise funds for projects intended to facilitate the transition to a decarbonized society.

Bond Name	Issue Date	Outstanding Balance	Interest Rate	Redemption Date
40th Series Unsecured Bond (1st Mitsubishi Heavy Industries Transition Bond)	September 8, 2022	¥10.0 billion	0.310%	September 8, 2027
42nd Series Unsecured Bond (The 2nd Series of Mitsubishi Heavy Industries Transition Bonds)	August 31, 2023	¥10.0 billion	0.459%	August 31, 2028
44th Series Unsecured Bond (The 3rd Series of Mitsubishi Heavy Industries Transition Bonds)	September 5, 2024	¥10.0 billion	0.700%	September 5, 2029

Information on past issues can be found on our website.
Transition Bonds https://www.mhi.com/finance/stock/esg/transitionbond.html

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〈Issuance and External Evaluation of Green/Transition Finance Framework〉

MHI has developed "Mitsubishi Heavy Industries, Ltd. Green/Transition Finance Framework" for the issue of transition bonds in March 2022 and revised it in August 2024 to reflect the latest status. We have obtained a second party opinion from DNV Business Assurance Japan K. K., an independent external reviewer, that the framework is aligned with the principles and guidelines below.

- ICMA Climate Transition Finance Handbook 2023
- Financial Services Agency, Japan; Ministry of Economy, Trade and Industry, Japan; and Ministry of the Environment Japan Basic Guidelines on Climate Transition Finance (May 2021)
- ICMA Green Bond Principles 2021
- Ministry of the Environment Japan Green Bond and Sustainability Linked Loan Guidelines 2022
- LMA*3, APLMA*4, LSTA*5 Green Loan Principles 2023
- Ministry of the Environment Japan Green Loan and Sustainability Linked Loan Guidelines 2022

*3 LMA: Loan Market Association
*4 APLMA: Asia Pacific Loan Market Association
*5 LSTA: Loan Syndications and Trading Association

〈Selection of Model Example for 2021 Climate Transition Finance Model Projects of Ministry of Economy, Trade and Industry〉

In March 2022, MHI applied for the 2021 Climate Transition Finance Model Projects of the Ministry of Economy, Trade and Industry (METI)*6, and was selected as a model example. One of the unique features of this model example is that MHI not only plans to achieve emission reduction from its own economic activities but also attempts to enable the realization of transition strategies of other parties through its products and services.

*6 A project of METI which provides information on and reduces the assessment costs for examples that are deemed to have model qualities in order to promote the spread of transition finance. Examples that conform to the "Basic Guidelines on Climate Transition Finance," formulated by the Ministry of the Environment (MOE) and the Financial Services Agency (FSA) and have model qualities will be selected as model examples.

■ Positive Impact Finance (PIF)

MHI has concluded Positive Impact Finance*7 loan agreements with financial institutions since March 2022, as shown in the table below.

In concluding this agreement, themes were selected from the MHI Group's materiality and other topics as activities contributing to the achievement of the SDGs (Sustainable Development Goals). Qualitative and quantitative evaluations are received from each financial institution, and MHI has obtained third-party opinions from rating agencies regarding the compliance of its evaluation procedures with the Principles for Positive Impact Finance and the reasonableness of the performance indicators used for evaluation.

*7 Positive Impact Finance (PIF), based on the Principles for Positive Impact Finance and implementation guidelines formulated by the United Nations Environment Programme Finance Initiative (UNEP FI), is a loan intended to provide continuous support for corporate activities while comprehensively analyzing and evaluating the impacts (both positive and negative) those activities have on the environment, society, and the economy.

Financial Institution	Agreement Timing	Loan Amount	Rating Agency
MUFG Bank, Ltd.	March 2022	¥2.0 billion	Japan Credit Rating Agency, Ltd.
Nippon Life Insurance Company	February 2024	¥6.0 billion	Rating and Investment Information, Inc.
Sumitomo Mitsui Trust Bank, Limited	March 2024	¥10.0 billion	Japan Credit Rating Agency, Ltd.
Meiji Yasuda Life Insurance Company	February 2025	¥2.0 billion	Japan Credit Rating Agency, Ltd.
Nippon Life Insurance Company	March 2025	¥2.0 billion	Rating and Investment Information, Inc.

Further information can be found on our website.
Positive Impact Finance https://www.mhi.com/finance/stock/esg/pif

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Environmental Management System Initiatives

The MHI Group operates environmental management systems (EMS) to reduce its environmental impact and contribute to the sustainable development of society. As of March 2025, our group companies, which account for approximately 80% of our sales, have manufacturing bases that have acquired ISO 14001 certification, the international standard for EMS. In addition, some group companies have acquired Eco Action 21 certification, an environmental management system standard established by the Ministry of the Environment, and KEMS (Kobe Environmental Management System) operated by the Kobe Environmental Forum. All of us, including smaller group companies, are working to operate and maintain EMS practices.

Education and Collaboration with Local Communities Initiatives

■ Environmental education

〈Environmental Education and Training for Employees〉

To raise environmental awareness among employees, we have implemented an environmental education curriculum, including e-learning programs. We also strive to share our Basic Environmental Policy, which calls for efforts to reduce environmental impact, our initiatives to reduce energy and water consumption and waste generation , and the Group's environmental goals. In addition, training programs for internal environmental auditors are organized by the Training Center, and specialized training on daily management procedures and emergency treatment methods is provided to personnel engaged in painting and the handling of hazardous materials.

Record of environmental education for employees in FY2024

Details	Target		Participants
Environmental education	MHI and Group companies	Employees	Approx. 22,000
Seminar on environmental law	MHI and Group companies managers	Environmental	1,020

〈Environmental Education for Suppliers〉

MHI Group's Action Guidelines stipulate that we "strive to preserve the environment in partnership with our stakeholders and gain their understanding of this policy." Under these guidelines, we created a section titled "Respect for the Environment" in the MHI Group Supply Chain Sustainability Promotion Guidelines, and we communicate that content with our suppliers.

Supply Chain Management ▶ P.94

■ Coordination with local communities

We are promoting key environmental conservation initiatives, such as forest conservation activities, in collaboration with municipalities and NPOs.

Biodiversity ▶ P.40

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Product Stewardship Initiatives Initiatives

■ Life-cycle assessment

〈Environmental Standards for Product Development and Manufacturing, and Assessment of Environmental Impact〉

Given the recent significant expansion in orders, an increase in the production volume of products and parts is expected. Therefore, balancing increased production activities with reducing environmental impact is a critical challenge. In 2005, we formulated the Basic Guidelines for Environment-Friendly Product Fabrication as a reference for manufacturing products that contribute to environmental protection and CO_2 reduction. For example, the Guidelines provide information on environmental impact assessments throughout the product life cycle and on the creation of products designed to reduce environmental impact, as follows:

- Reduction of energy input at any stage of the product lifecycle, including electricity and steam used at a factory when manufacturing products or parts; fuel consumed during product/parts transportation by truck, etc.; and electricity/fuel used as a power source when using a product.
- Reduction of material input at any stage of the product life cycle.
- Management easiness, e.g., in terms of parts replacement during a service; easiness of disassembly or sorting out for collection, recycling and disposal; and safety level of work.

We will continue to adhere to these guidelines, introduce new energy-saving technologies, and pursue carbon neutrality for factory electricity, aiming to address the aforementioned challenge.

〈Reduction to Hazardous Substances in Products〉

In accordance with the regulations of the countries and regions in which we provide products and services, we are working to reduce or eliminate hazardous substances in each of our businesses.

For example, we are working to reduce the lead content in steel and aluminum alloys used in industrial engines to less than 0.1% in order to meet customers' needs subject to the EU's Restriction of Hazardous Substances Directive (RoHS).

We are pursuing this reduction in line with the deadlines set under the European RoHS Directive, which vary depending on the application.

■ Environmental Product Declaration

〈Environmental Product Declaration〉

Since the majority of our products are industrial products for BtoB sales, we need confirmation with each customer regarding the precise details required for product tests, provisions, and contracts by going beyond the general Environmental Product Declaration in order to ensure the environmental standards and performance to be met. As for products for the general public, we have air conditioners that are fully compatible with the Energy Saving Labeling Program authorized by the Ministry of Economy, Trade and Industry (METI) by meeting 100% of the set energy-saving standards. In addition, certain centrifugal chillers, heat pumps, gas engines, and other units have been recognized with the LD-Tech certification of the Ministry of the Environment in Japan for their leading decarbonization technology. The sales ratio of products subject to the Environmental Product Declaration is less than 10%.

〈Recognizing Outstanding Environmental Contributions through MHI's Best Innovation Awards〉

MHI Group introduced as part of its "Best Innovation" in-house award program the Environment/Sustainability Award, which recognizes various contributions across the Group toward reducing environmental loads.

In fiscal 2024, projects were recognized for their contributions, including: reducing factory CO_2 emissions using the air-source heat pump Q-ton Circulation, MSV, which can easily replace existing factory boilers; ammonia and fertilizer production plants capable of capturing and effectively utilizing CO_2 in exhaust gas using the world's first new absorbent KS-21™; contributions to a circular society through large-capacity, stable renewable energy with high-efficiency biomass-only power plants; and CO_2 reduction through support projects for the restart of BWR-type nuclear power plants.

See here for more details.
MHI website: MHI Group Presents "Best Innovation 2024" Awards
https://www.mhi.com/news/250203.html

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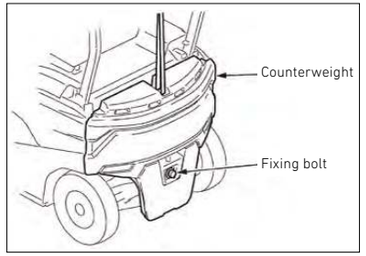
■ Initiatives toward a circular economy

MHI Group is promoting a circular economy through its business activities.

Specifically, we are working in each domain and segment from three perspectives: (1) environmentally conscious design, (2) long-term use, and (3) refurbishment and recycling.

(1) Environmentally conscious design (product designs that consider recyclability, durability, and other environmental factors)

In the logistics equipment business, such as forklifts, we have established recycling design guidelines and implement designs that facilitate recycling after product use, such as using highly recyclable plastics, and designing structures for easy disassembly. We have also established a Product Environmental Assessment as a design philosophy to reduce environmental impact, evaluating the recyclability of products at the development stage.



Environmentally Conscious Design: Forklift Counterweight can be attached or detached simply by removing the fixing bolts

(2) Long-term use (initiatives that support extended product use, such as repairs and maintenance)

In the GTCC power generation equipment business, we contribute to long product life by ensuring high plant uptime and reliability through comprehensive services tailored to diverse customer needs, including long-term parts history management, scheduled inspections, parts supply and repair, remote monitoring services, and remote operation support.

Turbine inspection in progress

For centrifugal compressors and mechanical drive steam turbines for chemical plants, we contribute to long-term plant operation and extended product life by proactively proposing maintenance and service plans through strengthened communication with customers. We also provide timely services via strengthened local service bases and remote monitoring.

Centrifugal compressor for chemical plants

(3) Refurbishment and recycling (reuse of products after customer use)

Although the majority of our products are industrial products targeted for business to business (BtoB) use, we promote product management throughout their entire life cycle, including disposal and recycling. As for products targeted for the general public (BtoC), air conditioners are subject to the Home Appliances Recycling Law of Japan, and are therefore collected in compliance with relevant laws and regulations. Furthermore, our rental forklifts are selected from registered Rental UP vehicles, inspected, and have parts replaced based on our in-company standards. These vehicles are then divided into three ranks according to replacement parts, painting, and warranty period for sale as a "certified second-hand vehicle." We are currently developing this business model as the first of its kind in Japan.

Residential air-conditioners

‹Participation in Circular Partners (CPs)›

We participate in Circular Partners (CPs), a partnership established by the Ministry of Economy, Trade and Industry to promote collaboration among industry, government, and academia. Through this partnership, we aim to contribute to a society where a circular economy is achievable by working together with stakeholders.

Circular Partners

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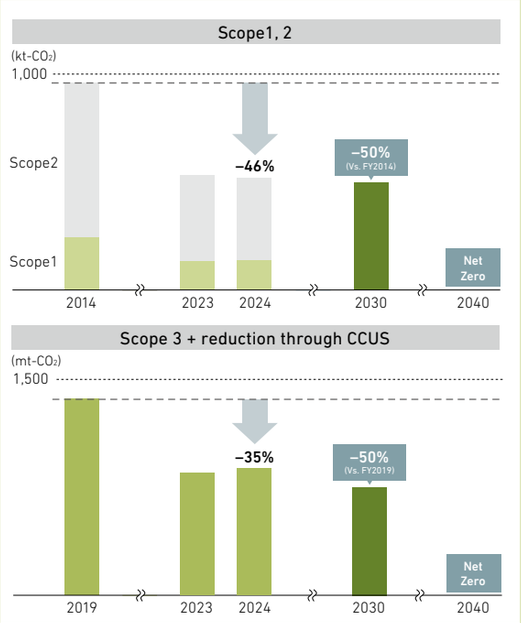
Basic Approach and Policy Policy

MISSION NET ZERO, Our Declaration to Achieve Carbon Neutrality

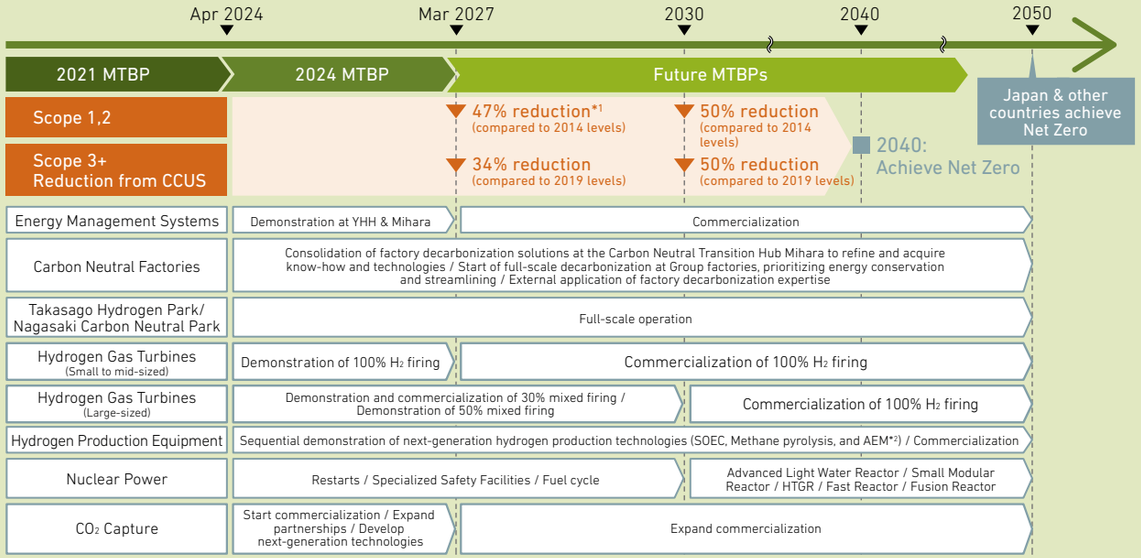
In its current 2024 Medium-Term Business Plan, MHI Group positions MISSION NET ZERO, which aims for carbon neutrality by 2040, as one of its most important policies. By steadily advancing initiatives in both growth and expansion areas, the Group seeks to widely provide products and services with low environmental impact and contribute to a decarbonized society.

In fiscal 2024, energy consumption increases associated with production expansion were offset through energy-saving and efficiency measures. Additionally, the solar power facilities at our Wadaoki Plant operated smoothly, resulting in a reduction of CO_2 emissions compared to the previous fiscal year. As production is expected to continue expanding, we will further strengthen initiatives aimed at additional energy savings and efficiency improvements.

Progress on Targets



Roadmap to Achieve Carbon Neutrality



*1 Although CO_2 emissions in FY2027 are expected to be reduced by only 35% (compared to 2014 levels) due to business expansion during the 2024 MTBP, MHI Group aims to achieve a 47% reduction (compared to 2014 levels) through energy conservation, streamlining, electrification, and fuel conversion.
*2 AEM: Anion Exchange Membrane

■ Environmental Targets

The Long-Term Environmental Target (2021–2040) and the Sixth Environmental Target (FY2024–FY2026) have been established as targets for reducing CO_2 emissions, and we are working to solve the problem of climate change through business activities, products and services. By promoting energy saving activities and improving work processes we are reducing the energy load and continuing to work to reduce CO_2 emissions. Environmental Targets ▶ P.22

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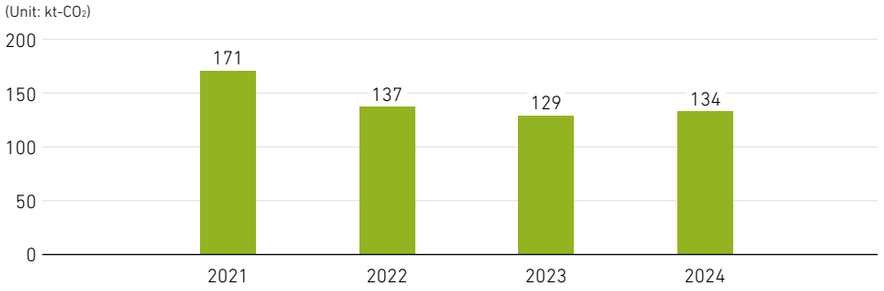
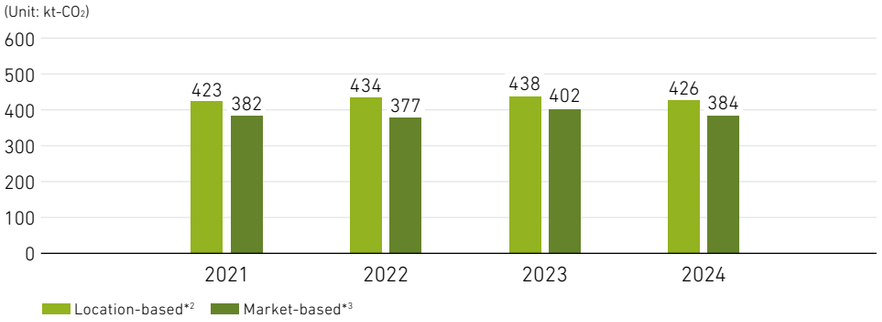
GHG Emissions

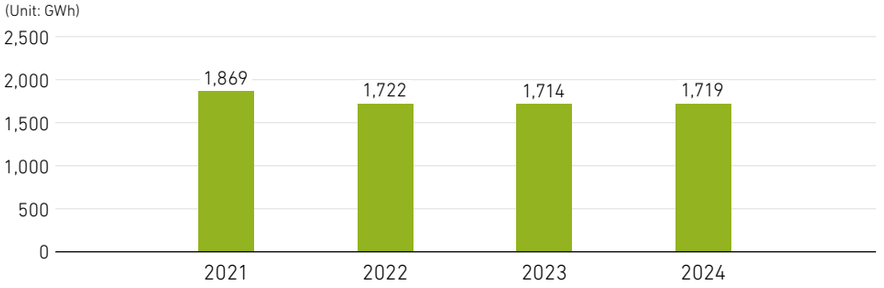
Direct GHG emissions (Scope 1)*1



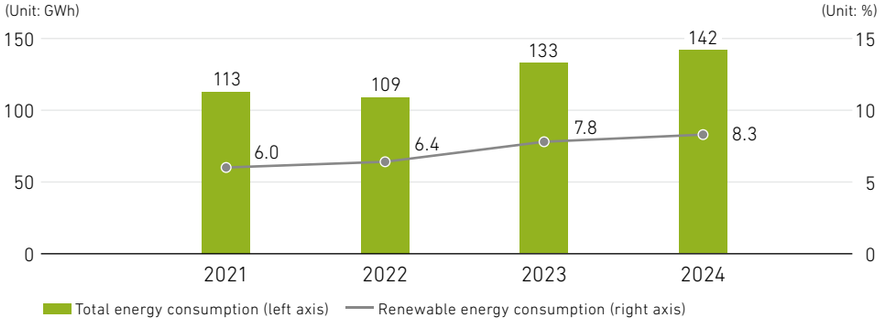
Indirect GHG emissions (Scope 2)*1



Energy consumption*1



Total energy consumption/Renewable energy consumption*1



*1 Coverage: MHI and domestic and overseas Group companies (158 companies in FY2021, 163 companies in FY2022, 156 companies in FY2023, and 170 companies in FY2024 [accounting for 98% of net sales])
*2 For Japan, the national average of emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) is applied. For others, International Energy Agency (IEA) IEA Emission Factors average coefficients by country are applied.
*3 For Japan, emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) are applied. For others, IEA Emission Factors of the International Energy Agency (IEA) are applied when it is difficult to obtain emission factors provided by electricity suppliers.

Other indirect GHG emissions (Scope 3)

Refer to the Data Section.

Data Section ▶ P.129

Refer to the Data Section for energy usage records (domestic) and third party-verified data.

Data Section ▶ P131

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Activities that Mitigate Climate Change Initiatives

■ Initiatives in Business Activities

〈Energy-saving Activities〉

To reduce emissions of CO_2 and other greenhouse gases from our operations, MHI Group conducts a range of activities to conserve and raise the efficiency of energy at each site, including the shift to LED lighting and highly energy-efficient substation equipment.

In addition, in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, the Company (*non-consolidated) is aiming to reduce unit energy consumption by an average of 1% per year.

〈Introduction of renewable energy〉

MHI Group, at some of its business sites, works to reduce emissions of CO_2 and other greenhouse gases by shifting to renewable energy and using electricity. Each site has installed photovoltaic (PV) systems and purchases electricity generated through hydroelectric power. In March 2018, PV systems were installed on the rooftop of the Thailand plant of Mitsubishi Turbocharger Asia Co., Ltd, reducing annual CO_2 emissions by nearly 3,000 tons, for which the company received high acclaim from the Thai government as it contributed to the country's reduction of CO_2 emissions. In March 2024, the solar power facilities at our Wadaoki Plant on the Mihara Machinery Works premises began operation, enabling all electricity used at Mihara Works to be non-fossil-based. In fiscal 2024, this contributed to a reduction of approximately 11,000 tons of CO_2. Furthermore, the electricity generated by the White Deer Wind Farm operated in the group exceeded the electricity used by Group companies in the United States in fiscal 2024. In fiscal 2024, electricity consumption in the United States was derived from 100% renewable energy through a Renewable Energy Certificate (REC), and is reducing CO_2 emissions by about 34,000 tons per year.

■ Product and service initiatives

〈Development of Various Products〉

MHI Group is working to create a low-carbon society across a broad spectrum of fields, including large-scale power generation technologies such as highly efficient thermal power generation plants and nuclear power plants; power generation systems that utilize wind, geothermal, and other renewable energies; ships and transportation systems for improving the efficiency of the transportation sector; and high energy-saving air-conditioning systems that use heat pump technology; and CCUS that captures CO_2 for utilization or storage.

〈Incentives Toward Management Activities Related to the Issue of Climate Change〉

MHI Group introduced as part of its "Best Innovation" in-house award program the Environment/Sustainability Award, which recognizes products and business activities that contribute to global environmental conservation and protection, and reduction of environmental loads. Award winners receive rewards of up to several hundred thousands of yen. In fiscal 2024, awards were given for products or activities aimed at mitigating climate change, including retrofit services for existing gas turbine power plants to enable hydrogen co-firing and the new large-capacity Centrifugal chillers, JHT-Y/JHT-YI series, employing refrigerants with an extremely low environmental impact.

See here for more details.
MHI website: MHI Group Presents "Best Innovation" Awards
https://www.mhi.com/news/250203.html

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TCFD Disclosure

MHI Group has endorsed the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations and discloses climate-related information in accordance with the TCFD recommendations.

■ 1. Governance

MHI Group has identified the "provision of energy solutions to enable a carbon-neutral world" as a material issue under our materiality framework ("materiality"). The Materiality Council, chaired by the CEO, meets twice a year to monitor business activities aimed at achieving materiality targets, discusses the direction of future initiatives, and provides necessary directives to the business divisions.

The Chief Strategy Officer (CSO) is responsible for assessing and managing climate-related risks and opportunities and reporting within the Sustainability Committee, which meets twice a year. The CSO also reports to the Board of Directors at least once a year on the status of the Sustainability Committee's activities at least once annually.

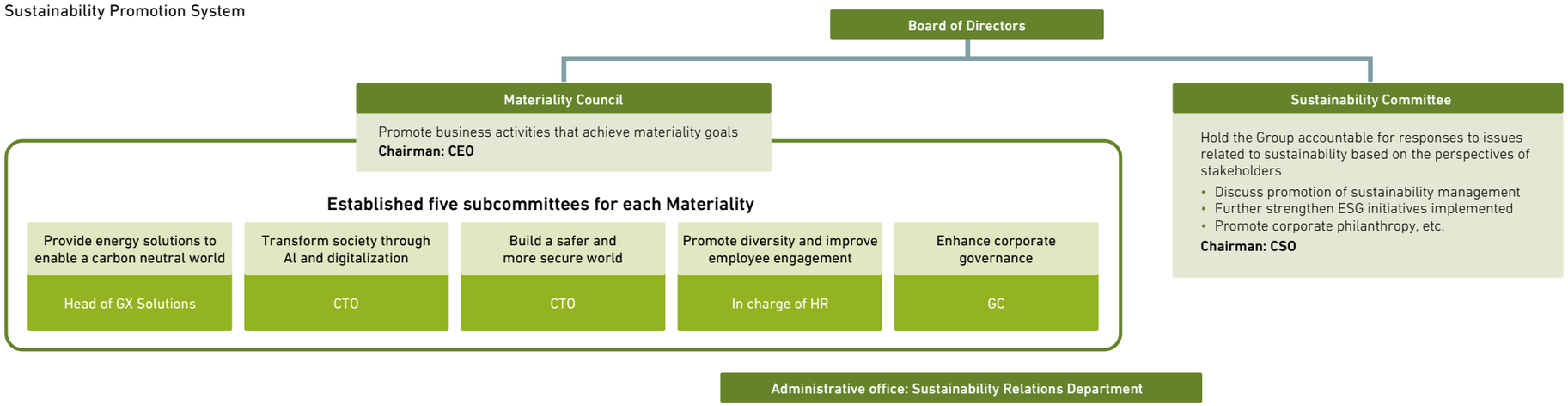
In addition, since fiscal 2023, evaluation results by major ESG evaluation organizations, including the assessment of the Company's response to climate change, have been reflected in the stock-based remuneration portion of officer remuneration.

■ 2. Risk Management

The process of identifying, assessing, and managing climate-related risks and opportunities is integrated into the overall sustainability promotion system of the Group. Specifically, under the responsibility of the CSO, we identify, assess, and manage climate-related risks and opportunities through the following four steps:

STEP 1	Referring to external scenarios, the administrative office identifies and assesses risks and opportunities for each business unit.
STEP 2	The risks and opportunities identified in Step 1 are assessed against the current business plans of each unit to ensure alignment.
STEP 3	During the planning stages of actual projects, risk management is thoroughly conducted through review meetings and other initiatives within each business unit.
STEP 4	The risks and opportunities identified and assessed by the administrative office and each business unit are presented to the higher-level organization, the Sustainability Committee, which reviews and manages them.

Sustainability Promotion System



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■ 3. Strategies (Scenario Analysis)

〈Assumptions for Scenario Analysis〉

Assumed Climate Scenarios

Decarbonization Scenario	A "scenario to promote decarbonization through stricter climate change policies," which aims to achieve economic growth while limiting the global average temperature rise to a maximum of 1.5°C above pre-industrial levels in the year 2100.
Fossil Fuel Dependency Scenario	A "scenario in which climate change policies are not made stricter and the dependence on fossil fuels proceeds," which assumes a global average temperature increase of 4.0°C above pre-industrial levels in the year 2100.

Definition of short-, medium-, and long-term time horizons

Time horizon	Period	Reason for setting
Short term	Over the next three years, from FY2024 to FY2026	Established in line with the period of MHI Group's 2024 Medium-Term Business Plan
Medium term	Through 2030	Established in line with the interim target year of MISSION NET ZERO, MHI Group's Declaration to Achieve Carbon Neutrality
Long term	Up to 2040	Established in line with the Net Zero target year of MISSION NET ZERO, MHI Group's Declaration to Achieve Carbon Neutrality

Degrees of potential financial impacts

Impact	Definition
Large	Impact on business profit of ¥10.0 billion or more
Medium	Impact on business profit between ¥5.0 billion and less than ¥10.0 billion
Small	Impact on business profit of up to ¥5.0 billion

〈Potential Financial Impacts of and Responses to Shared Risks and Opportunities for the Group〉

Category	Content	Time horizon	Scenario	Impact	Calculation method	Response
Transition risks	Increase in economic burden due to enhanced regulations such as carbon taxes	Medium to long term	Decarbonization	Large	We estimated the potential financial impact by applying the carbon price projections from the IEA's Net Zero Emissions by 2050*1 to the Scope 1 and 2 future projections for CO_2 emissions reduction at Group sites, supposing that we do not implement measures to reduce CO_2 emissions.	• Promote energy conservation, the introduction of carbon-free power sources, and the carbon neutralization of all plants based on our own technologies
Physical risks	Increase in property damage due to an increase in natural disasters such as wind and flood damage	Long term	Decarbonization	Small	Of the natural disasters our Group has experienced over the past seven years, approximately 90% have occurred in Japan. Taking water-related disasters, a major cause, as an example, we estimated the potential future financial impact using the Group's past property damage records, and the parameters for the frequency of floods from 2040 published by the Ministry of Land, Infrastructure, Transport and Tourism*2.	• Review our procedures on a regular basis, which specify alternative measures and backup systems in the event of a disaster causing catastrophic functional failure within our businesses, and conduct extensive training for employees and other relevant personnel • Currently taking measures based on the results of the risk survey conducted in all domestic plants up to fiscal 2021 to reduce the risk of property damage in the event of a disaster, on the assumption that the frequent occurrence of major disasters could result in higher insurance premiums or suspension of insurance coverage in high-risk areas
			Fossil fuel dependency	Medium		

Category	Content	Time horizon	Scenario	Response	Targets
Opportunities	Expanding demand for products and services that contribute to decarbonization	Medium term	Decarbonization Fossil fuel dependency	Promote "Energy Transition," which aims to decarbonize the energy supply side, and "Smart Infrastructure," which aims to enable energy conservation, automation, and decarbonization on the energy demand side	Aim to reach a business scale of 1 trillion yen by fiscal 2030

Notes:
1. 140 USD/t-CO_2 in 2030 and 205 USD/t-CO_2 in 2040 in advanced economies with net zero emissions pledges.
2. Based on policy recommendations on flood control planning under climate change from MLIT's Technical Working Group on Flood Management Planning Considering Climate Change, approximately 2 times under the 2°C scenario (read as the Decarbonization Scenario in this analysis), and 4 times under the 4°C scenario (read as the Fossil Fuel Dependency Scenario).

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〈Potential Financial Impacts of and Responses to Risks and Opportunities by Major Business〉

■ Potential financial impacts of and responses to risks and opportunities by business domain under the Decarbonization Scenario

MHI Group performs separate analyses for each business to assess the risks and opportunities anticipated in the medium term when the Decarbonization Scenario is applied. Detailed analyses were conducted for major businesses, predicting and estimating the potential financial impacts of these risks and opportunities by comparing business profits at the time of formulating the Medium-Term Business Plan with those projected for 2030.

The following criteria were used to select which businesses to analyze in detail:
- Businesses at or above a certain scale (roughly 200 billion yen) that are significantly impacted by carbon neutrality
- Businesses that are currently small in scale but are expected to grow significantly in the future due to the impact of carbon neutrality

〈Risks〉

Energy Systems

	Type	Content	Impact	Response
GTCC*1	Technology	• Delayed development of hydrogen gas turbines	Small	• Adhere to the development schedule
Steam Power	—	• No significant risk exists under this precondition*2	—	—
Nuclear power	—	• No significant risk exists under this precondition	—	—

Plants and Infrastructure Systems

	Type	Content	Impact	Response
CO_2 Capture System	Technology	• Decline in the competitiveness of our current CO_2 capture technology • Emergence of innovative alternative technologies	Small	• Improve the current CO_2 capture technology • Expand our CO_2 capture technology lineup
Metals Machinery	—	• No significant risk exists under this precondition*2	—	—

Logistics, Thermal & Drive Systems

	Type	Content	Impact	Response
Engines and Turbochargers	Market/Customer Trends	• Reduced demand for conventional models due to the shift to carbon-neutral fuels and electrification of vehicles	Small	• Introduce products compatible with carbon neutrality to the market - Hydrogen-powered engines - Electric compressors for fuel cells
Logistics Systems	Market/Customer Trends	• Possible reduction of service revenue due to the shift from engine to battery forklift trucks	Small	• Consider ways to expand service revenue from battery-powered forklifts
HVAC Systems	Changes in policy and legislation Market/Customer trends	• Excessive strengthening of environmental regulations, such as those for refrigerants • Loss of sales opportunities due to electricity shortages as electricity consumption increases in emerging countries	Small	• Lobby through industrial associations and other organizations, and develop new products that use alternative refrigerants • Diversify sales channels and develop energy-efficient models

Data Center & Energy Management

	Type	Content	Impact	Response
Data Centers	—	—	—	—

*1 GTCC: Gas Turbine Combined Cycle
*2 The risks associated with declining demand for coal-fired power plants and carbon-intensive steelmaking plants have been factored into the base plan figures.

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〈Opportunities〉

Energy Systems

	Type	Content	Impact	Measures
GTCC	Market/Customer Trends	• Increased demand for products and services that promote carbon neutrality	Medium	• Promote development of hydrogen gas turbines • Promote solutions that combine GTCC and CCUS
Steam Power	Market/Customer Trends	• Increased demand for products and services that promote carbon neutrality	Medium	• Promote ammonia co-firing/mono-firing conversion
Nuclear power	Changes in policy and legislation. Market/Customer Trends	• Promote policies aimed at maximizing nuclear power use in Japan • Increasing importance of energy security • Increased demand for products and services that promote carbon neutrality	Large	• Promote the new construction of advanced light water reactors, provide support for restarting existing plants (PWR/BWR), and provide maintenance for restarted plants • Promote conceptual and basic designs with the aim of demonstrated operation for high temperature gas-cooled reactors and fast reactors

Plants and Infrastructure Systems

	Type	Content	Impact	Measures
CO_2 Capture System	Changes in policy and legislation. Market/Customer Trends	• Development of legal/tax systems in various countries and regions • Increased demand for products and services that promote carbon neutrality	Large	• Promote CO_2 capture business in North America, Europe, etc., where progress has been made in establishing the legislation, tax systems • Expand our CO_2 capture-related product lineup and develop new business model • Promote strategic partnerships
Metals Machinery	Market/Customer Trends	• Increased demand for products and services that promote carbon neutrality	Small	• Strengthen solutions such as electric arc furnaces (EAF) and direct reduction ironmaking • Promote the development of new technologies related to hydrogen reduction ironmaking

Logistics, Thermal & Drive Systems

	Type	Content	Impact	Measures
Engines and Turbochargers	Market/Customer Trends	• Increased demand for products and services that promote carbon neutrality • Tightening of environmental regulations in emerging countries	Small	• Introduce products compatible with carbon neutrality to the market - Hydrogen-powered engines - Electric compressors for fuel cells • Expand sales to new customers, especially those in emerging countries
Logistics Systems	Market/Customer Trends	• Increased demand for products and services that promote carbon neutrality	Small	• Provide competitive battery-powered forklift trucks as well as eco-friendly port handling equipment (RTG) • Promote the logistics solutions business
HVAC Systems	Changes in policy and legislation Market/Customer trends	• Appropriate strengthening of environmental regulations, such as those for refrigerants • Increased demand for products and services that contribute to carbon neutrality	Small	• Expand sales of air conditioners that use refrigerants with lower global warming potential and heat pump heaters

Data Center & Energy Management

	Type	Content	Impact	Measures
Data Centers	Market/Customer Trends	• Significant growth in our data center-related business from the expanded market for new data centers	Large	• Provide products and services in a timely manner

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■ 4. Metrics and Targets

(1) Our Declaration to Achieve Carbon Neutrality by 2040

MHI Group has identified the "provision of energy solutions to enable a carbon-neutral world" as a material issue and has announced MISSION NET ZERO, our commitment to achieving Carbon Neutrality by 2040, which includes two targets.

The first target is to reduce the Group's CO_2 emissions from production activities at the Group's facilities (Scope 1, 2[Note 1]) to net zero by 2040. As an interim target, we also plan to reduce emissions by 50% by 2030 (versus 2014 levels). In addition, in the 2024 Medium-Term Business Plan, we have set a target to reduce emissions by 47% by fiscal 2026 (versus 2014 levels).

The second target is to achieve net zero CO_2 emissions across the entire value chain by 2040. As an interim target, we also plan to reduce emissions by 50% by 2030 (versus 2019 levels). This is primarily based on our customers reducing CO_2 emissions (Scope 3[Note 2]), through the use of our Group's products, as well as reduction contributions from the widespread use of CCUS.

(Note 1) Scopes 1 and 2 of the GHG Protocol, an international standard for the accounting and reporting of greenhouse gas (GHG) emissions.
(Note 2) Scope 3 of the GHG Protocol, an international standard for the accounting and reporting of greenhouse gas (GHG) emissions.

Target Year	Reduce CO_2 emissions across MHI Group Scope 1&2	Reduce CO_2 emissions across MHI's value chain Scope 3 + reductions from CCUS
2030	–50% (compared to 2014)	–50% (compared to 2019)
2040	Net Zero	Net Zero

See here for more details MISSION NET ZERO, Our Declaration to Achieve Carbon Neutrality ▶ P.28

(2) Progress

As a result of the success of earlier energy conservation efforts, CO_2 emissions for fiscal 2023 were approximately 534,000 ton-CO_2, marking a 44% reduction compared to 2014 levels. This is relative to our interim target of reducing Scope 1 and 2 CO_2 emissions by 50% by 2030.

For Scope 3 emissions, various development efforts are underway to meet the interim target of 50% reduction in 2030. Scope 3 CO_2 emissions for fiscal 2023 were approximately 0.85 billion ton-CO_2. We achieved a 38% reduction compared to 2019 levels, demonstrating steady progress toward our target.

Scope 3 has a total of 15 categories, but the Company's Scope 3 emissions are around 99% accounted for by CO_2 emissions from product use (Category 11), and our main activities are aimed at reducing these emissions. Going forward, we will refine measurements for the other categories as well and consider reductions.

See here for details.
MHI website: Disclosures Based on TCFD Recommendations
https://www.mhi.com/sustainability/environment/climate_tcfd.html

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Basic Approach and Policy Policy

MHI Group set targets for reducing water usage per unit as part of its three-year environmental targets. Under the Sixth Environmental Targets, established for the period from fiscal 2024 to 2026, targets for water reduction have been set, and efforts are underway to minimize water usage in our business activities.

Management System Systems

We have set reduction targets for the effective use of water resources and are working on them across the entire Group. We have created an action plan to reduce water consumption and appropriately manage water resources through each Group subsidiary's environment-management program and similar measures. We monitor the progress of the effort by each subsidiary, using an IT system that allows for compilation and reporting of water-related data.

Initiatives Initiatives

■ Initiatives for the effective use of water resources and wastewater quality management

Although the Group does not have products or services that use large amounts of water due to the nature of its business, we promote the effective use of water resources through early repairs based on leak inspections, process improvements, and the use of recycled water.

Excess water from circulation and other sources is discharged into rivers in compliance with standards set by the Water Pollution Prevention Act and other regulations. To ensure wastewater quality, we regularly monitor parameters such as biochemical oxygen demand (BOD) and chemical oxygen demand (COD) to confirm that discharges do not cause environmental pollution.

At some production sites in Japan, wastewater from production activities undergoes tertiary treatment, such as coagulation and sedimentation, at on-site treatment facilities, and the treated water is reused for purposes such as toilet flushing. At sites that use purified water in washing processes, impurities introduced during washing are removed through ion exchange, allowing the water to be recirculated.

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■ **Water-related Initiatives through Use of Our Products**

〈Example of Customer Installation〉

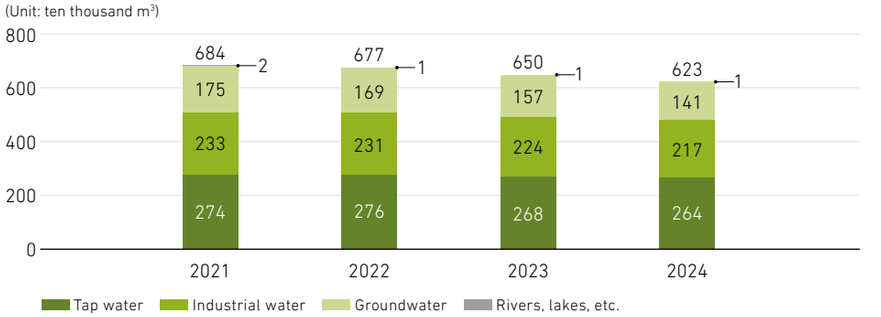
Desalination plants for converting sea water into plain water are often built in combination with power plants constructed in Saudi Arabia, where water resources are limited. Combining our products from a wide range of areas, MHI has been delivering solutions for issues pertaining to water resources.

〈Example of Installation at Group Sites〉

At our major domestic facilities, we have implemented wastewater treatment systems developed by Mitsubishi Heavy Industries Power Environmental Solutions, a Group company. We are actively reducing water-related environmental impacts in our operations by leveraging our own products and technologies.

Quantity of Water Intake Data Results

■ **Water Usage**



[Coverage] MHI and domestic and overseas Group companies (144 companies in FY2021, 143 companies in FY2022, 141 companies in FY2023, and 150 companies in FY2024 [accounting for 95% of net sales])

See here for other water-related data Data Section ▶ P.132

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Basic Policy on Biodiversity Policy

Today, rapid loss of biodiversity and natural capital is recognized internationally. The Kunming-Montreal Global Biodiversity Framework adopted at the 15th meeting of the Conference of the Parties to the UN Convention on Biological Diversity (COP-15) in December 2022 called for nature-positive initiatives to halt and reverse biodiversity loss to put nature on a path to recovery as its mission for 2030, and to achieve a world that lives in harmony with nature as its vision for 2050.

MHI Group's business activities both depend on and have potential to impact biodiversity and natural capital in various ways. In keeping with the Kunming-Montreal Global Biodiversity Framework, the Group profoundly recognizes the importance of adopting nature-positive initiatives, and to realize a world that lives in harmony with nature by 2050. MHI Group will undertake the initiatives to conserve and restore biodiversity and natural capital.

■ MHI Group's Declaration on Biodiversity

MHI Group issued the "MHI Group's Declaration on Biodiversity" in April 2023.

MHI Group's Declaration on Biodiversity April 2023

Recognizing that our business activities both depend on and have potential to impact biodiversity and natural capital, MHI Group aims to realize the vision of a world that lives in harmony with nature by 2050 and declares that we will undertake the following initiatives:

1. Identify dependencies and potential impacts of Group business activities on biodiversity and natural capital
2. Strive to mitigate negative impacts on biodiversity and natural capital in all aspects of our business activities, including product R&D, design, procurement of raw materials, manufacture, transport, usage, service, and disposal
3. Recognize that biodiversity loss and climate change are closely linked and treat biodiversity loss as one of the most important management issues together with climate change
4. Promote recovery of nature and revitalization of regions through environmental stewardship initiatives to preserve biodiversity and natural capital
5. Share knowledge through collaboration with stakeholders to improve effectiveness of initiatives for biodiversity and natural capital
6. Raise awareness on biodiversity and natural capital among all Group employees through environmental education

MHI Group's Declaration on Biodiversity
https://www.mhi.com/sustainability/environment/pdf/declaration_on_biodiversity_e.pdf

Biodiversity Goals Goals

■ Realize a world in harmony with nature

To realize a world in harmony with nature by 2050, we will strive to mitigate negative impacts of business activities on biodiversity and natural capital and contribute to recovery of biodiversity and natural capital through our businesses and environmental stewardship initiatives.

Corporate Structure on Biodiversity Corporate Structure

■ **Officer in charge:** CSO
■ **Deliberative body:** Sustainability Committee (meets twice a year)
■ **Department in Charge:** Sustainability Relations Department

As one of the EGS measures being undertaken by MHI Group on a priority basis, we are promoting biodiversity initiatives led by the Sustainability Committee.

The activities of the Sustainability Committee, which include biodiversity initiatives, are regularly reported to the Board of Directors.

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Biodiversity Initiatives Initiatives

■ **Biodiversity Risk Assessment: Detailed Analysis**

Recognizing the importance of location-based analysis for understanding dependencies and impacts on nature, we are working on biodiversity risk assessment through the process at right, referring to the LEAP*1 approach presented in the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

Risk assessment process utilizing the LEAP approach

STEP 1 Locate our interface with important areas to nature
STEP 2 Evaluate dependencies and impacts on nature
STEP 3 Assess risks and opportunities related to dependencies and impacts on nature
STEP 4 Prepare to respond to nature-related risks and opportunities

〈Locate Interfaces with Areas of Biodiversity Importance Utilizing IBAT*2〉

As STEP 1, we used IBAT*2, a tool recommended by the TNFD, to investigate interfaces with areas of biodiversity importance within a 3 km radius of 99 MHI Group operational sites, mainly major production sites around the globe.

The targets of our investigation were protected areas for biodiversity (World Heritage Sites, Ramsar Convention wetlands, UNESCO MAB (Man and the Biosphere) biosphere reserves, IUCN*3 Protected Area Categories Ia, Ib, II and III), and Key Biodiversity Areas (KBA).

As a result, we spotted 3 Ramsar Convention wetlands, 1 UNESCO MAB biosphere reserve, 2 IUCN Category Ia areas, 1 IUCN Category II area, 1 IUCN Category III area and 11 KBAs within a 3 km radius of the operational sites.

Investigation results: Number of areas of biodiversity importance close to MHI Group sites

		Areas of biodiversity importance							
		Protected areas							Key Biodiversity Areas (KBA)
					IUCN Protected Area Categories				
		World Heritage sites	Ramsar Convention wetlands	UNESCO MAB	Ia	Ib	II	III	
Locations of operational sites investigated (number of sites)	1. Japan (36 sites)	0	1	0	0	0	0	0	3
	2. Asia (31 sites)	0	0	0	0	0	0	0	3
	3. Europe (8 sites)	0	2	0	2	0	1	0	3
	4. North America (21 sites)	0	0	1	0	0	0	0	2
	5. South America (3 sites)	0	0	0	0	0	0	1	0
	Total operational sites investigated (99 sites)	0	3	1	2	0	1	1	11

*1 LEAP: An assessment process for nature-related risks and opportunities, comprised of the following 4 phases: Locate the organization's interfaces with nature, Evaluate dependencies and impacts, Assess risks and opportunities, and Prepare to respond to nature-related risks and opportunities and report.
*2 IBAT (Integrated Biodiversity Assessment Tool): One of TNFD's recommended tools, it can survey protected natural areas, habitats of endangered species, etc. around a target location based on latitude and longitude information.
*3 IUCN: International Union for Conservation of Nature and Natural Resources.

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〈Response to Identified Key Areas〉

Our group has established a policy of conducting social contribution activities primarily focused on biodiversity conservation, based on the key areas identified in STEP 1. In fiscal 2024, we collaborated with an NPO to carry out activities in the Shirakami Mountains, a Key Biodiversity Area (KBA) adjacent to the Tashiro Experimental Station (part of our Nagoya Induction Promotion System Manufacturing Plant) in Akita Prefecture.

The Shirakami Mountains are home to one of the world's largest pristine beech forests, supporting a diverse array of flora and fauna. This activity aimed to provide participants with opportunities to connect with nature, deepen their understanding of biodiversity conservation, and inspire action. Activities included beech tree planting and guided walks through the pristine beech forest. By making this a community-participation program, we also fostered communication not only with our Group employees' families, but also with members of the general public.

〈Assessing Dependencies on and Impacts to Nature Using ENCORE*〉

As STEP 2, we utilized ENCORE, recommended by TNFD, to assess the potential dependencies on and impacts to nature from our Group's business activities, including upstream and downstream value chain elements, using a five-tier scale: "Very High," "High," "Medium," "Low," and "Very Low." The results identified the following items as "Very High":

Impact
- Land use/change and water use in material extraction/manufacturing
- Land/marine area use/change in construction works

Dependency
- Climate regulation in product transportation

Based on the results of STEP 1 and STEP 2, we will continue to conduct detailed risk analysis and further advance business activities that consider biodiversity.

* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): One of the tools recommended by TNFD, enabling the investigation of potential natural capital dependencies and impacts across 11 sectors and 157 sub-industry groups.

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〈Identification of potential nature-related risks〉

Next, as STEP 3, in accordance with TNFD's risk categories, we have identified potential nature-related risks associated with the Group's business activities, including both upstream and downstream activities in the value chain.

		Examples of potential nature-related risks anticipated for the Group	Examples of related dependencies/impacts
Physical risks	Chronic risks	• Excessive water extraction in water-stressed areas could lead to water shortages and land subsidence, potentially impacting operations and raw material procurement.	• Resource use
	Acute risks	• Climate change may increase natural disasters such as floods, potentially impacting operations and raw material procurement. • In regions where infrastructure such as water pipes is aging, earthquakes and other factors could cause water supply disruptions, potentially affecting operations and raw material procurement.	• GHG emissions • Resource use • Disaster mitigation
Transition risks	Policy	• Strengthened regulations and international agreements aimed at achieving nature-positive outcomes could impose restrictions on the use of natural capital such as water, materials with significant ecological impacts during mining, and substances such as chemicals and plastics that may cause environmental pollution. These restrictions could affect operations and raw material procurement.	• Resource use • Land use change • Pollution
	Market	• Insufficient environmental considerations in business activities such as land and resource use, pollution control, or inadequate disclosure of nature-related information could lead to divestment and the loss of opportunities in ESG investments and green finance. • Changing end-user preferences may result in increased demands from customers concerning nature and biodiversity.	• Resource use • Land use change • Pollution
	Reputational	• Inadequate corporate efforts towards nature and biodiversity in business activities such as land and resource use, pollution control, or in social contribution activities related to environmental conservation, could lead to lower ESG ratings, a decline in corporate image, criticism from environmental NGOs, and conflicts with local communities.	• Resource use • Land use change • Pollution
	Technology	• Strengthened environmental regulations and changing customer needs may result in usage restrictions on existing technologies that have a significant impact on nature and biodiversity, potentially leading to a loss of competitive advantage.	• Resource use • Land use change • Pollution
	Liability	• Failure to consider environmental factors in activities such as land and resource use or pollution control, as well as neglecting to disclose critical nature-related information, may result in lawsuits from local residents or shareholders.	• Resource use • Land use change • Pollution

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■ Forest Named Nationally Certified Sustainably Managed Natural Site

Wadaoki Forest, a forested area cultivated near the site of the company's Wadaoki Plant at the Mihara Machinery Works in Mihara, Hiroshima Prefecture, has been certified as a Nationally Certified Sustainably Managed Natural Site by Japan's Ministry of the Environment.

Wadaoki Forest is an 8.3-hectare forest cultivated by MHI since 1974 when the company began planting trees on land that originally had no vegetation. Over the last 50 years, through proper maintenance and management, MHI has created a landscape that is in harmony with the natural environment around the plant, as well as a healthy ecosystem where about 40 species of birds can be seen throughout the year. Wadaoki Forest was recognized for its value as an "area for provision of ecosystem services, where there exists a healthy ecosystem consisting of a variety of plant and animal species, mainly native species." MHI will continue its efforts to conserve biodiversity.

■ Raising Awareness of Biodiversity and Natural Capital

〈Environmental Education for Employees〉

Through e-learning-based environmental and sustainability education, we are working to raise the awareness of employees with regard to biodiversity and natural capital.

■ Consideration for Biodiversity Across the Supply Chain

MHI Group has included items related to consideration for the environment in the MHI Group Supply Chain Sustainability Promotion Guidelines and requests its business partners to conduct activities with consideration for biodiversity and ecosystems.

MHI: Promotion of Sustainability/Procurement
https://www.mhi.com/company/procurement/csr

■ Participation in Initiatives

〈Participation in "Declaration of Biodiversity by Keidanren"〉

MHI is an active participant in the "Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)." As of June 2, 2025, a total of 368 companies and organizations—including those partially implementing the guidelines—are participating in this initiative launched by Keidanren (Japan Business Federation). As a participating company, MHI is actively promoting biodiversity initiatives.

Keidanren: Declaration of Biodiversity Initiative
https://www.keidanren-biodiversity.jp/logo_en.php

〈The TNFD forum〉

MHI supports the TNFD's principles and has joined the TNFD Forum. We are advancing our information disclosure efforts in line with the TNFD framework.

The TNFD forum
https://tnfd.global/engage/tnfd-forum/

〈30by30 Alliance〉

To help achieve the 30by30 initiative, which aims to conserve at least 30% of land and sea areas as healthy ecosystems by 2030, MHI participates in the 30by30 Alliance.

30by30 Alliance
https://www.env.go.jp/nature/biodiversity/OECM.html

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Waste/Pollution

Basic Approach and Policy Policy

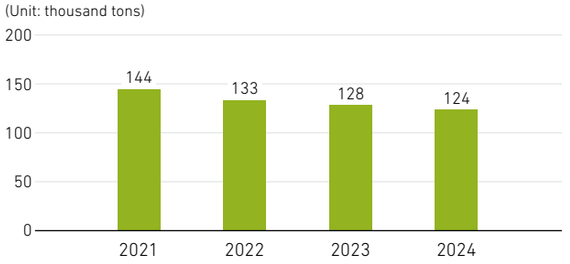
MHI Group has set targets for reducing waste generation per unit as part of its three-year environmental targets. Under the Sixth Environmental Targets, set for the period from fiscal 2024 to 2026, we have established goals to reduce waste generation, including hazardous waste. We conduct regular monitoring and actively promote waste reduction initiatives. Specifically, we are committed to waste reduction through thorough sorting, promoting reuse, minimizing resource use, and encouraging circular utilization. Additionally, we aim to minimize waste output by selling recyclable materials, such as plastics, whenever possible. For waste generated from our business activities, we clearly specify waste separation and processing guidelines internally and then entrust the waste to licensed processors for proper treatment and resource recovery in accordance with regulations.Regarding volatile organic compounds (VOCs), which are important air pollutants, we set internal targets to reduce levels of xylene, toluene, and ethylbenzene—chemicals that are emitted in large volumes—in the atmosphere, while continuously monitoring air emissions.

Management System System

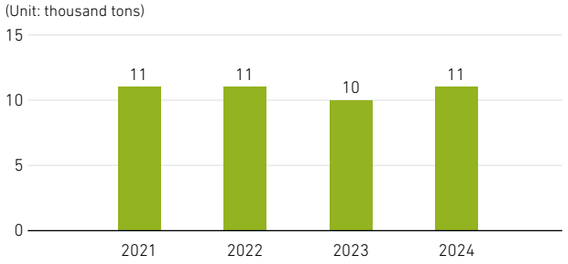
Consistent Groupwide reduction goals have been established for waste discharge, with measures being undertaken across the Group. We have created an action plan to reduce waste discharge through each Group subsidiary's environment-management program and similar measures. Regarding data related to waste and volatile organic chemicals (VOC), an IT system is used for compilation and reporting to review the progress of each company.

Waste Generation/VOC Emissions Data Results Data

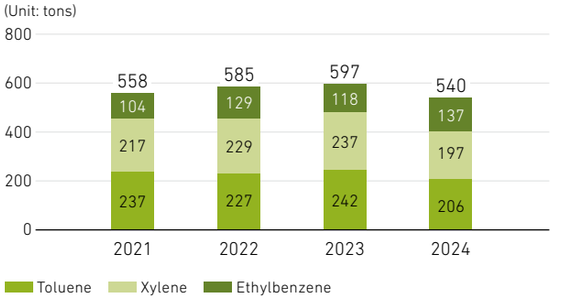
Waste generation*1,2



Hazardous waste generation*2



VOC emissions*3



*1 Including valuables.
*2 Coverage: MHI and domestic and overseas Group companies (119 companies in FY2021, 116 companies in FY2022, 116 companies in FY2023, and 118 companies in FY2024 [accounting for 90% of net sales])

*3 Coverage: MHI and domestic Group companies (27 companies in FY2021, 25 companies in FY2022, 24 companies in FY2023, and 24 companies in FY2024, [accounting for 89% of net sales])

See here for other pollution and waste data Data Section ▶ P.133

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- Improve Engagement
- Initiatives for Career-Development and Feedback
- Main Systems and Initiatives to Promote Autonomous Workstyles among Employees
- Major Systems and Measures to Support a Good Work-Life Balance
- Approach to Work Conditions/Data on Workstyles and Support for Work-Life Balance

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- Basic Approach
- System for Promoting Respect for Human Rights
- Human Rights Due Diligence

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- Basic Approach and Policy/System
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- Efforts beyond Female Empowerment

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- Basic Approach and Policy/Safety and Health System
- Data on Occupational Safety and Health
- Safety and Health Initiatives
- Health and Productivity Management Declaration
- MHI Group Well-being Strategy Map
- MHI Group Health and Productivity Management Structure
- Health Promotion Programs and Initiatives/Health Management for Employees Seconded Overseas

Product Safety
- Basic Approach/Product Safety and Quality Management
- Quality and Safety Programs for Key Products

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- Basic Approach/Promotion System
- R&D Data
- Intellectual Property Management
- Examples of Activities

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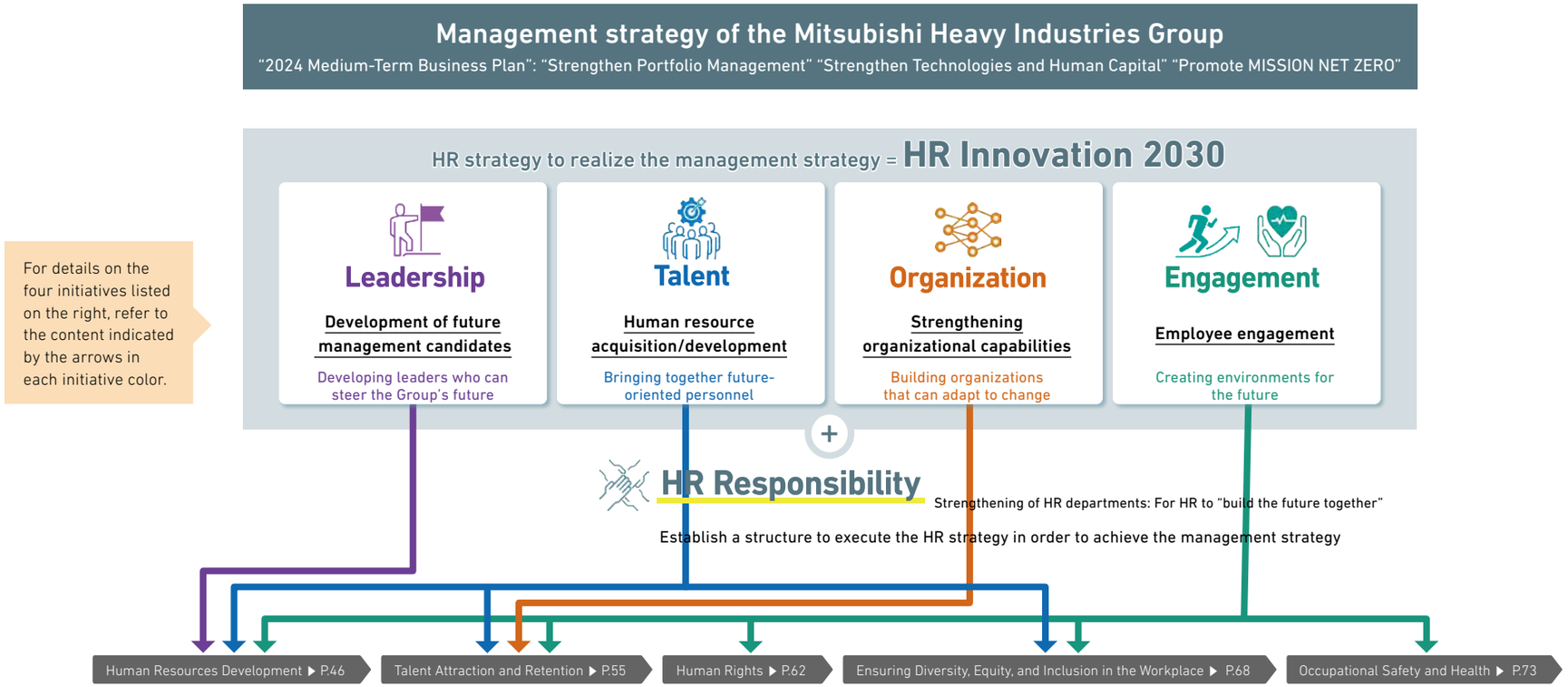
HR Strategy —Initiatives to Strengthen Human Capital—

HR Strategy for Achieving Business Goals Policy

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 comfortable 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." 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.

We have drawn up our HR strategy "Launch the Future" to achieve our 2024 Medium-Term Business Plan and shape the future beyond it. It's 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 the MHI Group, and establishes an organization where we can collaborate.

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



For details on the four initiatives listed on the right, refer to the content indicated by the arrows in each initiative color.

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Human Resources Development

Basic Approach and Policy Policy

■ Basic Approach

The backbone of MHI Group's business is our people. Their individual strengths combine to give our organization its power. To strengthen our workforce, we will provide various challenges and growth opportunities in line with the MHI Group Talent Development Guidelines. These guidelines start from the idea that each employee should think about their own career. Rather than having opportunities for challenges and growth handed to them, they must create such opportunities themselves, carving out their own paths. Within the Group, we will help our team members find social value in their lives and align their goals with our aims as an organization.

■ MHI Group Talent Development Guidelines

To fulfill MHI Group's Mission of integrating cutting-edge technology into expertise built up over many years to provide solutions to some of the world's most pressing issues and provide better lives, we established the MHI Group Talent Development Guidelines outlining our direction for medium- to long-term initiatives for talent development. While sharing the values we cherish as a Group – ownership, collaboration, and challenge – as well as our approach to Talent Development, we are advancing various initiatives throughout the organization.

MHI Group Talent Development Guidelines

MHI Group's mission is to 'integrate cutting-edge technology into expertise built up over many years to provide solutions to the world's most pressing issues and provide better lives.' Towards the fulfilment of its mission, MHI Group works to upgrade the abilities of each Group employee, provides support for career development, and creates an environment where all can learn and grow.

MHI Group Values

To achieve MHI Group Mission we share three values, for which each and every member of MHI Group will take action.

Ownership
- Recognize one's role, and take ownership as a first-person mindset.
- Identify issues proactively and think thoroughly to provide solutions.

Collaboration
- Collaborate with each other with a future orientation. Contribute to society through further development of technologies cultivated over a long history.
- Respect and learn from each other to drive results as a team.

Challenge
- Without being bound by the past, gain insights into the true nature of the current issues. Never give up despite difficulties.
- Continue to grow by communicating with others to create opportunities.

Approach to the Talent Development

**The growth of each member of MHI Group is the source of sustainable development for the MHI Group.
We will work to develop our talents continuously from a medium to long term perspective.
Through dialogues, we identify each person's challenges and set goals.
Through feedback, we support growth and career development by daily work experience (OJT: On the Job Trainings) as well as by complementary trainings (Off-JT: Off the Job Trainings) and self-development.**

Role of employees
Grow with autonomy. Take advantage of opportunities to grow, self-learn, and challenge proactively.

Clarify skills and mindset that every MHI Group member is expected to have. Actively provide growth opportunities to employees who wish to grow by themselves.

Understand that talent development is one of the most important tasks for management. Support members' growth by setting goals, and by providing opportunities and feedback for OJT/Off-JT. Not only playing managerial roles, but also striving humbly for one's own growth.

Role of the Company　Role of managers

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Human Resource Development Structure Initiatives

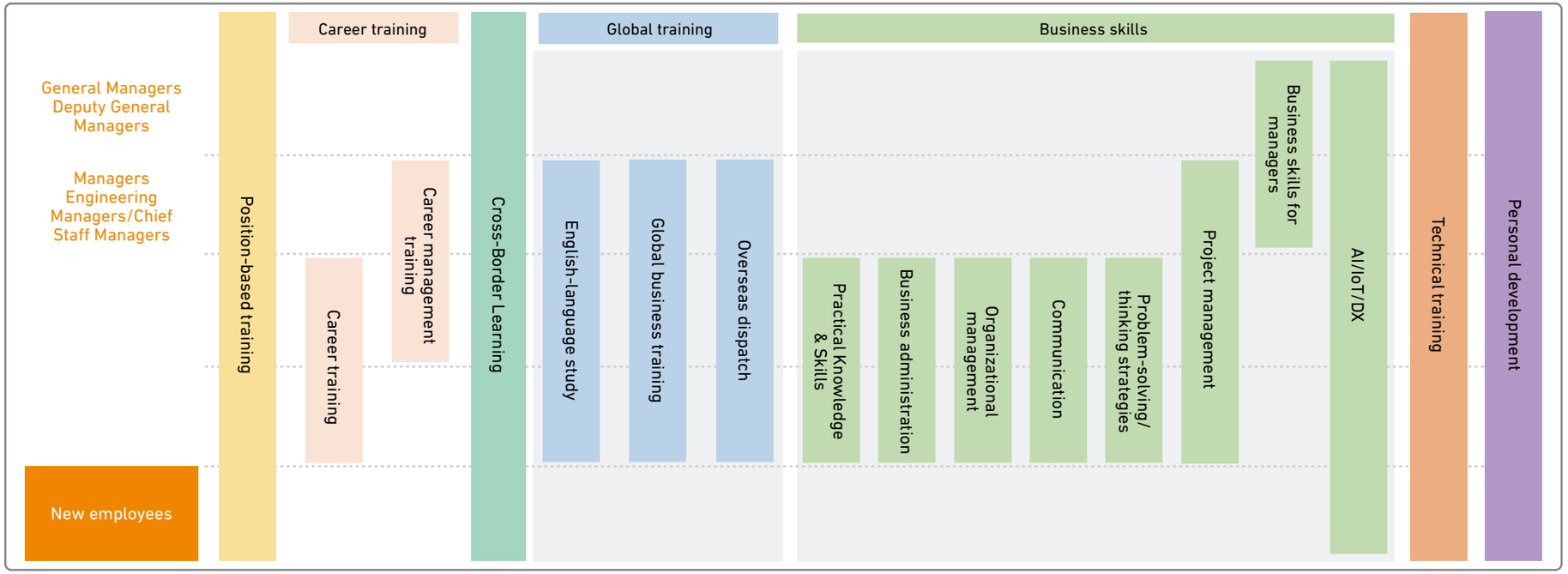
■ Structure of Human Resource Development Programs

MHI Group recognizes the growth of individual Group employees as the source of the MHI Group's sustained development. We therefore offer a wide range of programs to support Group members in proactive learning and career ownership based on the MHI Group Talent Development Guidelines.

As core initiatives for human resource development, we focus on enhancing the management capabilities of management-level employees, supporting autonomous career development, creating opportunities for learning through cross-boundary experiences both inside and outside the Company, developing global human resources, promoting DX education, supporting the onboarding of junior employees, training junior technicians for the forefront of manufacturing, and providing training activities to Group company employees.

For technical and business skill training, our training center in Nagoya plays the central role in initiatives to enhance skills across the Group.

Structure of Human Resources Development Programs for Technical and Non-technical staff



In addition to the above system diagram, we are working to further strengthen the globalization and diversification of our senior management personnel with regard to the development of next-generation management personnel and the development of overseas group company employees, which will be particularly important in the future.

Initiatives to Develop Leadership Human Resources ▶ P.50-51

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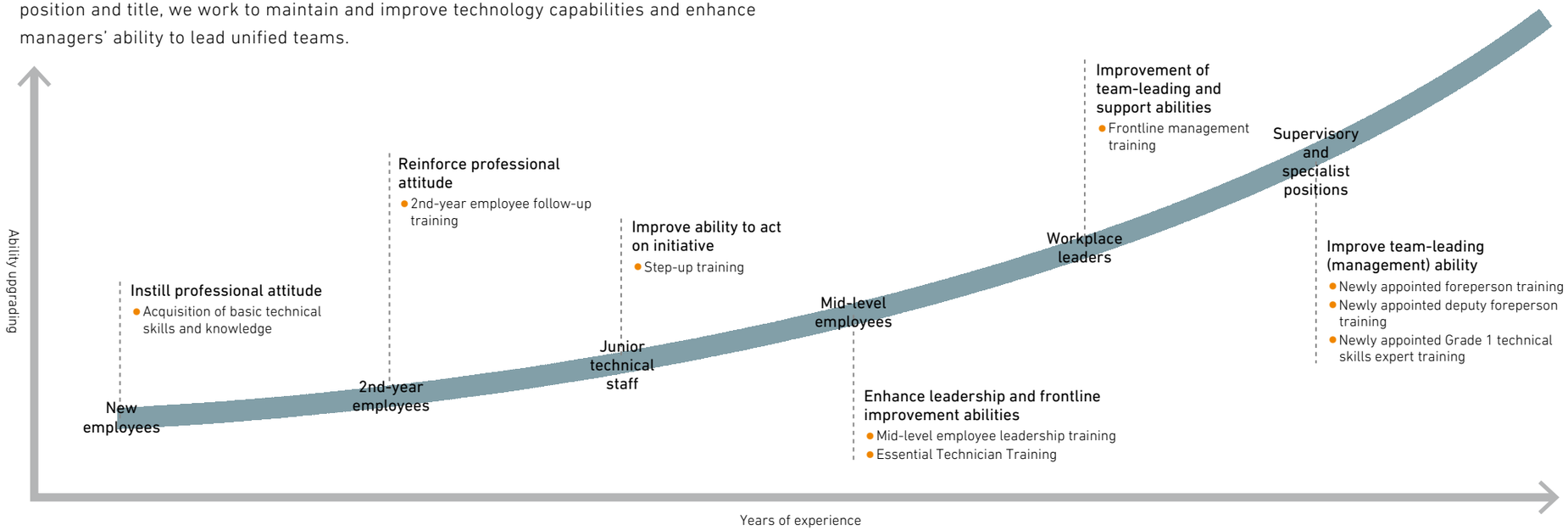
Structure of Human Resources Development Programs for Technical Staff

The training of the technical staff who take charge of our manufacturing functions is of vital importance. By providing appropriate education and training targeted by job position and title, we work to maintain and improve technology capabilities and enhance managers' ability to lead unified teams.



■ Chief Engineer and Master Technician Designation System

With the aim of demonstrating in and out of house our commitment to valuing the technologies and technical skills fundamental to our manufacturing, we have created the designations 'Chief Engineer' and 'Master Technician' to recognize outstanding achievement.

The designation 'Chief Engineer' honors top-grade technicians in a specific area of technology, while 'Master Technician' distinguishes employees who have demonstrated top-level technical skills at the manufacturing frontline.

We will continue working to improve staff abilities in order to maintain a solid manufacturing base, built on outstanding technical skills and technologies, that contributes to social progress and a brighter future.

No. of new designations	2021	2022	2023	2024
Chief Engineer	4	6	1	5
Master Technician	3	4	3	2

Coverage: MHI

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Training Hours and Training Costs Performance Data

Training hours and training costs

		Unit	2021	2022	2023	2024
Training hours	Total training hours	Hours	703,521	766,933	972,284	932,549
	Training hours per employee	Hours/Employee	13.6	16.0	20.6	19.8
Training costs	Total costs	Thousands of yen	1,326,638	1,881,621	1,778,634	1,924,085
	Training costs per employee	Yen/Employee	25,708	39,228	37,681	40,922
Scope of calculation	Number of eligible employees		51,605	47,966	47,203	47,018
	Employee coverage ratio	%	66.2	62.4	60.8	60.8

Coverage: MHI and domestic Group companies

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Initiatives to Develop Leadership Human Resources Initiatives

■ Development of Future Management Candidates

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 steer the overall Group is the most important theme for the entire Mitsubishi Heavy Industries Group.

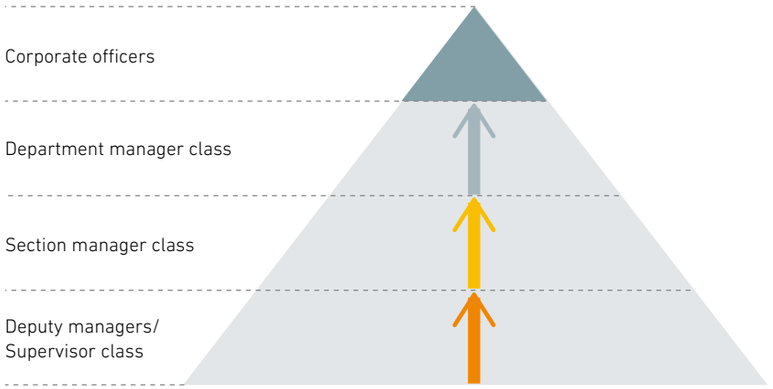
The skills required of management leaders also change along with the overall social changes.

- To have a diversified perspective across communities/businesses supported by a wide range of operational experience, along with corporate management knowledge and skills.
- To steer the balance between profit-making in the existing businesses and pioneering new areas.
- To acquire a sense of diversity that can utilize diverse human resources and manage organizations.

A strong ambition to contribute to the advancement of society is required more than ever. The Mitsubishi Heavy Industries 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.

Managerial Human Resource Talent Pool

- Early-stage selection from a wide candidate pool at Group-wide level (partial introduction of self-recommendation)
- Formulation of development plan, assessment, participation in managerial human resource development programs, intensive training through assignment to challenging management positions



Managerial human resource development programs for each talent pool

Managerial Human Resource Development Program

- Acquire the management knowledge and skills required as senior management candidates, while cultivating the mindset and aspirations of a leader
- Provide internal and external training programs in an off-JT format according to position
- In our international program, we work with business schools in Europe and the United States to attract participants from various countries
- To further challenge candidates, we have introduced a system to build experience by transferring candidates to important positions in other departments based on regular review

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Building a Managerial Human Resource Talent Pool

MHI Group is building a managerial human resource talent pool, in general through selection by recommendation from the various departments. In fiscal 2022, we introduced a system of selection based partly on self-recommendation in order to encourage employees to challenge themselves by opening the opportunity to a wider range of candidates and at the same time to ensure the diversity of future management and leadership human resources. By formulating individual development plans, undergoing assessment, participating in managerial human resource development programs, and engaging in other activities, the candidates in the human resource talent pool are encouraged to develop literacy as managers and a managerial mentality. Additionally, we stimulate them to refine the qualities required of managers and to broaden their experience by appointing a selection of the top-ranking candidates in the talent pool to a series of important management positions in Japan and overseas as part of a challenging assignment program.

Managerial Human Resource Development Program

To systematically cultivate the next generation of senior management, we select human resources with the potential to take on leadership positions in Group and business management at an early stage from a wide candidate base across the Group. The selected candidates then take part in an intensive off-the-job training and development program, which includes partnerships with business schools around the world, to acquire management knowledge and skills and to stimulate managerial ambition. In fiscal 2024 more than 150 employees took part in the program in Japan and overseas. We also operate an initiative whereby the candidates are transferred to important positions in other departments based on regular review in order to build broad-based operational experience. Through programs of this kind, we are building a successor generation of managerial human resources able to win through in whatever situation, thus continuously adding to our corporate growth potential.

PickUp MHI Leadership Program

To accelerate globalization and diversity, it is essential to upgrade the abilities and skills of diverse human resources, including at overseas Group companies. In partnership with renowned overseas business schools, MHI Group is strengthening selection-based training programs for senior management candidates in order to cultivate managerial human resources for overseas Group companies and regions.

Scene from MHI Leadership Program
In our group-based development programs, recommended candidates from Japan interact with outstanding human resources from all overseas regions recommended by local Group companies, bringing a rich and stimulating element of diversity.

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Human Resources Development

Human Resource Development Initiatives for Mid-Level Employees Initiatives

■ Courses in Business Administration

In order to acquire a broader operational perspective, junior to mid-level employees, who are the core of every workplace, learn the basic knowledge necessary to take charge of future departmental management in areas such as management strategy, marketing, and accounting and finance.

This ensures that employees gain a broad overview of workplace operations and acquire a wide perspective enabling them to adapt to global business expansion.

■ Global Management Training

The training is for prospective global managers aiming for success at overseas Group companies, acquire the MBA-based practical knowledge and presentation skills necessary for business execution.

The program, offered in partnership with the International University of Japan in Minami Uonuma, Niigata, gathers students from about 70 countries and regions to nurture talent fit for the global stage. Through five days of lectures and discussions, all in English, participants learn important content*. A special feature of this demanding and intensive training is interaction with the overseas students who participate in meetings as facilitators, which not only imparts knowledge but also offers contact with a range of differing values.

* Cross-Cultural Communication, Organizational Behavior, Corporate Finance, Marketing Strategy, Strategic Management, Presentation

Scene from global management training

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Human Resource Development Initiatives for Junior Employees Initiatives

■ Cross-Border Challenges within the Group

As an initiative to provide employees with fixed-term opportunities to gain experience in different divisions, this program is offered to administrative and technical staff in their third year or later with the Company.

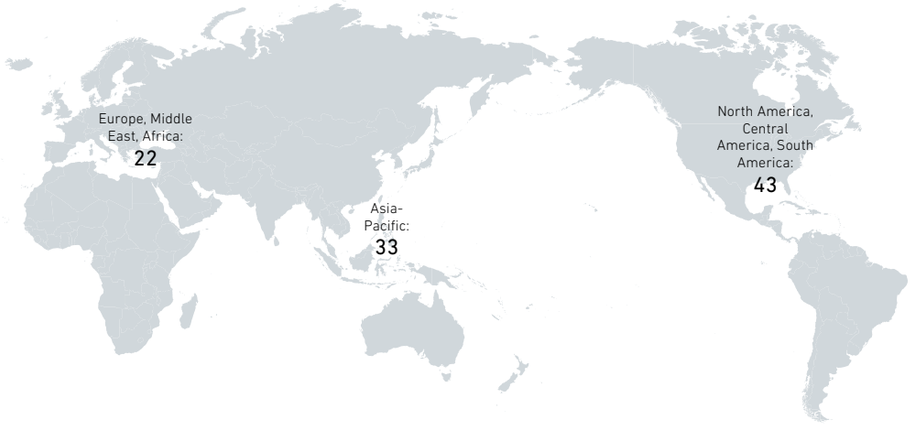
With the increasingly rapid pace of change in society, there is nowadays a stronger-than-ever demand for companies to achieve ceaseless innovation and for individuals to shape their careers independently. In response, we promote the development of diverse human resources equipped with wide-ranging insights and perspectives and support autonomous career building. This in turn contributes to new value creation within MHI Group.

■ On-the-Job Training at Overseas Group Companies (Overseas posting of employees/MHI Global Training (MGT)

This initiative offers employees aspiring to overseas assignments the opportunity for on-the-job training at overseas Group companies, mainly in developing countries. It aims to help participants gain firsthand experience of the resilience and other qualities required in a global environment, strengthen their fundamental capabilities for working internationally, and raise their awareness as global talent.

This program has been in place since 2012. To provide growth opportunities to a broader range of employees, the application process was changed from nomination-based to self-nomination starting with the fiscal 2022 intake, and the scope of eligible participants was further expanded from the fiscal 2024 intake onward.

Number of postings since 2019



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Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology Initiatives

■ Training in Digital Innovation (DI)

MHI Group has identified 'transforming society through AI and digitalization' as one of its material issues. As part of this, we aim to work co-creatively with customers to present a series of solutions based on smart connectivity with complex mechanical systems and to develop new value chains utilizing digital technology. As the Group works together to promote digital innovation, MHI is also actively cultivating digital human resources. Specifically, we created a digital talent training program to nurture over 20,000 digital professionals across the Group.

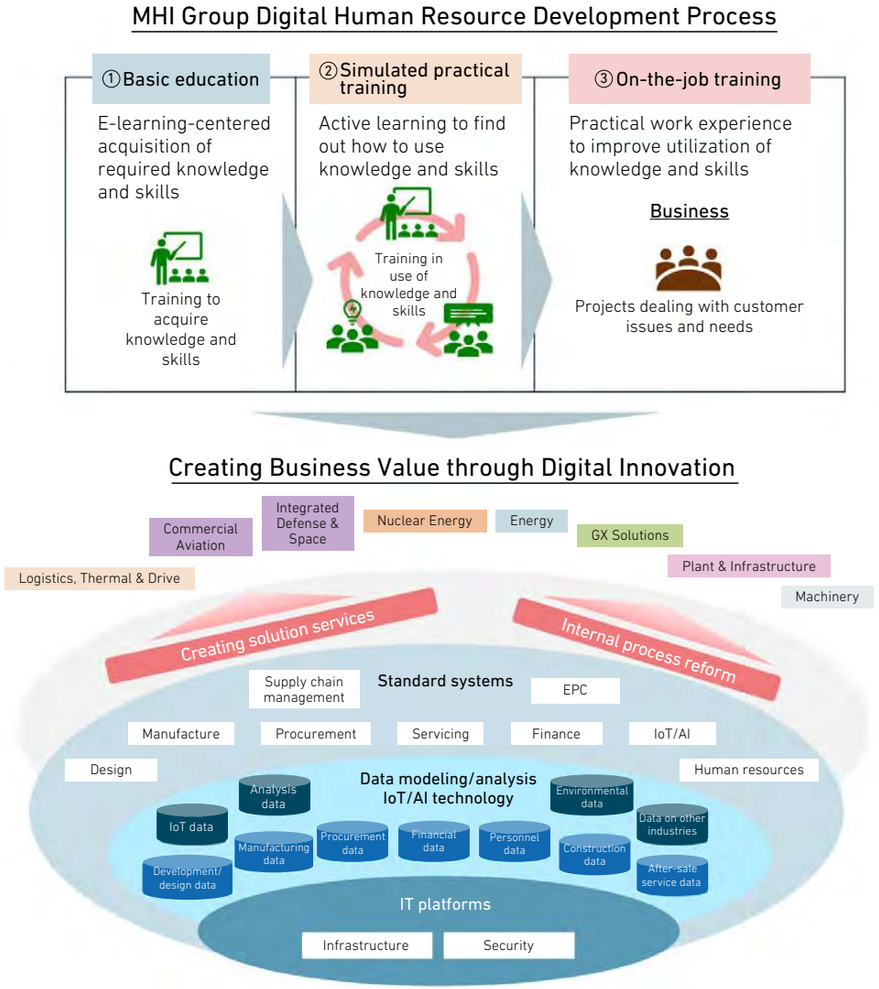
In the process of digital human resource development, we put in place a digital human resource model compliant with various standards and guidelines, establish unitary standards for tasks and skills, and make an accurate assessment of the required human resources before formulating relevant development programs. The programs are conducted by our dedicated technical training center, which conducts over 500 training sessions a year, made up of 240 different courses designed in-house. These include courses on AI and IoT dealing with their business applications and other aspects.

We have additionally introduced an external education program offering around 2,000 course options at beginner, basic, or practical levels. We publish a list of recommended courses and support all employees in participating, whether in technical or non-technical roles.

To drive digital innovation, we consider it important to improve digital literacy—having basic digital knowledge and being open to digital approaches to operational and organizational innovation—across the MHI Group. We are therefore progressing with digital literacy training for all MHI Group employees.

The above training is supplemented where appropriate with a development program focused on training digital human resources to match the latest business requirements.

By working in this way to develop digital human resources across the MHI Group, we will accelerate Group-wide digital innovation leading to business value creation and growth.



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Basic Approach and Policy Policy

Mitsubishi Heavy Industries Group supports today's society with various businesses and takes on challenges to shape the future. That is why we aim to be a company chosen by people who aspire to build and support society with a strong sense of responsibility. Also, we aim to be a company that supports the efforts and growth of employees who join us with that mindset. MHI Group takes a range of measures to boost its competitiveness in the recruitment market and enhance employee engagement. Specifically, improving engagement, together with promoting diversity, has been designated as one of the MHI Group material issues.

Recruitment System and Initiatives System Initiatives

To steadily implement its management strategy, MHI Group is taking steps to strengthen recruitment. In order to attract highly talented and diverse human resources able to take on the challenge of expanding existing businesses and moving into growth areas, we are engaged in recruitment initiatives concerted across the Group.

Main Recruitment-Related Initiatives

Technical grades

Introduction of recruitment based on job-matching for graduate technical-grade staff

In graduate recruitment for technical-grade staff, we operate job-matching, which means that a screening process before hiring is used to reach agreement on which department or research laboratory the recruit will be assigned to. By enabling us to secure human resources suited to the particular features of the workplace, this helps prevent mismatched placements and contributes to an increased post-recruitment retention rate.

Technical grades

Expansion of female employment in technical grades

With the aim of increasing diversity in our human resources, we have set an increased target of 10% for the ratio of females among our new graduate recruitment for technical-grade positions. As specific measures, we organize factory tours exclusively for female science students and round-table discussions with our female engineering employees to promote MHI to women as an attractive employer.

Non-technical grades

Introduction of "job-specific selection" and "area choice system" in university graduate administrative recruitment

In university graduate administrative recruitment, we have introduced job-specific selection and an initial assignment area choice system to reduce mismatches in job roles and initial assignments, enhance employee engagement, and improve retention rates after joining the Company.

All grades

Internships and workshops

We offer 5- to 10-day in-house internships for science students and 2-day online workshops for students aiming for non-technical positions.
The science-oriented internships generally cover more than 300 areas of work each year and attract prospective human resources from a wide range of backgrounds. For administrative workshops, participants experience the rewards of working at MHI Group through activities such as engaging in exercises that highlight the challenges and fulfillment of sales and procurement roles.

All grades

Training of interviewers

With a view to securing outstanding human resources, we provide special training for the staff in charge of interviewing for both new graduate and mid-career recruitment. This ensures that all relevant staff understand the recruitment requirements and the points for evaluation in the interview and helps to prevent uneven evaluation by different interviewers. It also makes our recruitment process more competitive by allowing us to use the interview setting to provide motivation to students and promote MHI as an attractive employer.

All grades

Diversification of recruitment methods (including welcome-back hiring, referral hiring, and others)

To strengthen the acquisition of talent with diverse skills, experiences, and values, we introduced welcome-back hiring (re-employment of individuals who previously contributed to the Company) in October 2023 and referral hiring (recruitment through employee referrals) in October 2024.
It is expected that these individuals will leverage the new experiences and insights they have gained outside the Company to contribute to the further development of our business.

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Improve Engagement System

MHI Group believes that initiatives to improve employee engagement is a task that should be addressed by the human resources department (HR), executives, and managers based on a three-way partnership. We are working to improve engagement through six different initiatives in three corresponding areas. To ensure that the leadership of each corporate organization is committed to improving engagement, domain CEO and segment head and all chief officers are required to describe each organization's initiatives to improve engagement at the Board of Directors report.

Roles of HR, executives, and manager		6 initiatives in 3 areas	
HR	**Improve engagement in terms of work rules, systems, and provide support to other departments** Work rules and personnel systems have a major influence on employee engagement. HR is required to be mindful of improving employee engagement when considering work rules and systems. It is also required to provide various kinds of support to executives and managers based on its expertise in organizational development and engagement.	Human resources initiatives	**Develop systems, mechanisms, and infrastructures** — HR will take initiatives to develop personnel systems, rules related to workstyles, and infrastructure.
			Support employees' autonomous career development — Support each employee in envisioning their career and ensure that performance is appropriately evaluated.
Executives	**Show leadership and take overall responsibility for engagement throughout the organization** To improve engagement, a strong commitment from executives is essential. Leaders of each corporate organization and executive of MHI Group is responsible for engagement and required to show leadership in improving engagement.	Management initiatives	**Penetrate business visions and strategies** — Break down business strategy and link to the work of each employees' position.
			Promote diversity — Promote diverse human resources to achieve equality in terms of gender and other attributes and create an organizational culture that generates innovation.
Manager	**Take responsibility for engagement of subordinates** Manager is in the strongest position to directly influence the work situation of individual employees. With a view to ensuring that each employee approaches their work with a high level of engagement, a manager is required to constantly monitor and review their own situation as a manager and the situation of their team.	Work style initiatives	**Continue to review business processes to make them more effective** — Improve tangible factors that impede productivity, such as lack of resources and insufficient delegation of authority.
			Build an organizational culture pleasant to work in — Improve intangible factors that impede productivity, such as lack of psychological safety and insufficient communication.

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Improve Engagement Initiatives

■ Measure Engagement

MHI Group has introduced a survey platform linked with its global human resource database to conduct employee engagement surveys covering the whole MHI Group and pulse surveys for any organizational unit tailored to the needs of a particular region or business on the same platform. Employee engagement surveys are conducted roughly once every two years as a way of measuring engagement among MHI Group employees and identifying factors that drive engagement. Surveys conducted from January to February 2025 indicated that the percentage of highly engaged employees was 63%. Pulse surveys varied between regions. In the Japan region, a pulse survey is used when the employee awareness survey and the initiatives cannot cover issues at the workplace, which is useful to improve individual employee engagement by focusing on the workplace unit to address the issue. Pulse surveys conducted by MHI Group have the distinctive feature of addressing issues at the specific workplace level and are used to improve the workplace environment through dialogue between managers and employees benefiting from the advantage of the direct personal contact that is a feature of the workplace. We have also created a set of guidelines for an action plan to follow up each pulse survey and enhance workplace communication.

Pick Up Initiative for dialogue between President and employees (town hall meetings)

It is very important to listen directly to the voices of each employee as well as using engagement surveys to establish an overall picture of employees' feedback. It is one of the initiatives of MHI Group that President makes visits to our business sites and overseas bases to directly have a dialogue with frontline employees.

For employees to speak their minds at the dialogue, the content is not shared with anyone but the participants, creating an open atmosphere. The result of the most recent employee awareness survey is used as a guide. Participants are asked to raise any issues and speak out on what should be done and how, and discuss what they want the company and the workplace to be like.

Participants also had the opportunity to convey a message or ask questions to the president. As a corporate leader and sometimes as a senior colleague, the president gave an honest response to each comment and questions. These meetings have been held in regions in Japan and overseas bases with the participation of many MHI Group employees. Many of the employees who have participated at the dialogue with the president comment that "hearing directly from the top executive made MHI Group policy seem easier to understand", and "the discussion reminded of the importance of having the ambition and energy to achieve personal growth".

Scene from a town hall meeting

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Initiatives for Career-Development and Feedback Initiatives

As part of the human resource-related initiatives included among the designated six initiatives in three areas to improve engagement, we are implementing a range of initiatives for employee career-development and provision of feedback from managers and colleagues. The findings of the engagement survey have indicated that the factors correlating with engagement include the prospect of achieving career goals and provision of feedback and its effectiveness, indicating the importance of this initiative.

Name of system or initiative	Background and aim	Outline and implementation
Creating opportunities for conversation		
Career design interview program	It is important for employees to take the initiative in developing their careers by actively monitoring changes in their individual business environment and taking autonomous and continuous action for personal growth.	We have introduced a career design interview program for technical- and non-technical-grade employees and management-level employees. In dialogue between managers and their juniors, career goals are identified that align with the employee's aspirations and expected role while taking account of the diverse values and lifestyles of individuals. A concrete action plan is then designed and implemented. For technician-grade employees, dialogue to establish medium- to long-term goals is used to promote autonomous action for growth and create opportunities for career-development.
Quarterly performance interview	Business environment around our company and our employees is changing at a dramatic pace, making it all the more necessary to effect a timely response to day-by-day change and follow it through. As a result, it is important to create a framework for more frequent communication between managers and their subordinates to promote attainment of work goals and monitor relevant progress.	For technical grade and non-technical grade employees, we have introduced a quarterly dialogue system (performance interview system). This is designed to strengthen relationships by creating opportunities for dialogue between managers and their subordinates and increasing the frequency of dialogue. By also setting appropriate goals and giving feedback, we aim to foster individual growth and achieve results for the organization.
Strengthening managerial ability		
Career management training	To support employees to expand their potential and secure increased opportunities for awareness and growth, it is very important for the management-level employees who conduct interviews to strengthen their career management ability.	We provide career management training for management-level staff. The training consists of three modules: what career means and why career design is important; how to approach a career design interview; and reference frameworks.
360-degree-feedback	Management-level staff are at the center of corporate operations and strengthening their managerial ability is very important. Therefore, management-level staff should be facilitated to review their routine management behavior and identify their strengths and issues.	We have introduced 360-degree-feedback for management-level staff. This means gathering a range of opinions from people with diverse perspectives—the subject him- or herself, senior and subordinates, and colleagues—to provide an objective and reliable basis for identifying the employee's strengths and issues and then, in dialogue with superiors, formulating an action plan to address the issues. This creates a conscious commitment to improvement in day-to-day management activity. Improvement in managerial ability is additionally targeted through participation in off-the-job training programs relevant to the identified issues.
Creating systems to broaden experience		
Job-Posting System	For employees to undertake autonomous career-building, they need a framework that lets them actively choose the field of their personal growth. It is also important to create a structure that allows the MHI Group's outstanding human resources with their variety of knowledge, experience, and backgrounds to interact freely beyond the existing framework in a way that leads to innovation.	The job-posting system introduced in 2019 allows employees to change jobs within the Group by personal choice, subject to meeting the requirements of the new position. As of March 2025, around 1,000 Group employees have taken on the challenge of moving to a new job internally.
Second Job System	It is greatly beneficial to career development for employees to obtain experiences and insights through their second job that are not available in their main job. In addition, it is very effective to gain experiences and perspectives that differ from their main job to deepen the diversity of individuals necessary for innovation creation.	To take account of safety requirements, the Second Job System set an upper limit on total working hours including the main employment and is intended for such activity to sole business proprietors, who can adjust their personal workload relatively easily.

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Main Systems and Initiatives to Promote Autonomous Workstyles among Employees Initiatives

We have introduced a range of measures and systems to secure an appropriate work-life balance for employees and at the same time adapt to increasingly diverse lifestyles. Going forward, to support each employee to develop an autonomous workstyle that maximizes their potential, we will work to expand and enhance these systems in line with the changing times.

Promoting flexible workstyles	
Name of system or initiative	Main features and content
Super-flextime system	Flexible working hours system with no required core time. Available not only to office staff but now to an extended range including some manufacturing departments
Telework system	Available to all employees
Annual paid leave	22 days granted from first year of employment (exceeds legal minimum requirement)
Annual leave in hourly increments	Leave available in hourly increments for employees with childcare or family care commitments, pregnant employees who want to avoid rush hour commuting, or in view of other personal circumstances
Short vacation leave	Special leave of one day per year to be taken in conjunction with two or more days of paid annual leave to encourage longer leave periods
Reserved leave	It is also applicable to childcare leave, up to 60 days
Refresh leave	After 10 years of service, we offer five days of refreshment leave every 5 years.
Menstrual leave	Paid leave available in half-day or hourly increments
Working Hours Committee	Regular meetings to discuss reducing excessive working hours
Medical treatment work system	Employees undergoing specific medical treatments can use the flextime or short-time work system
My Career Leave	Employees can take up to one month of leave for their own career development
Academia Leave	Employees can take up to four years of leave to obtain degrees or qualifications
Short-time work system for study	Employees can use short-time work system for up to one year to pursue degrees or qualifications

Benefit systems to match increasingly diverse lifestyles	
Name of system or initiative	Main features and content
Increase in Rent Subsidy	To foster an environment where employees can focus on their work with peace of mind over the long term, we are increasing the rent subsidy.
Expanded eligibility for commuting allowance	Eligibility for commuting allowances has been expanded for travel by Shinkansen, toll roads, etc
Defined-contribution pension plans	Expanded support for asset-building toward retirement (available to employees of the MHI parent company and 35 Group companies in Japan)
Family support allowance	Merging of existing family allowance with various other financial support programs for working parents to provide more comprehensive support for work-life balance
Employee stock ownership system	To support asset building and also stimulate improved motivation among employees, who take increased interest in the company's business operations when they become holders of Company stock

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Major Systems and Measures to Support a Good Work-Life Balance Initiatives

To create an environment that makes it easier for employees to balance work and life, we are enhancing our systems to support childcare, family care, and other commitments. It is notable that our systems for childcare leave, short-time work for childcare, family care leave, and short-time work for family care all exceed the legal minimum requirements. In addition, information on system and procedures for childcare, family care, and other commitments is available on the corporate intranet for easy access to employees.

■ Balancing with pregnancy, childbirth, and childcare

Balancing with pregnancy, childbirth, and childcare	
Name of system and initiative	Main features and content
Child-planning (infertility treatment) leave	For infertility treatment the leave can be taken up to one year, and can be divided as many times as necessary
Childcare leave	Leave can be taken until the children reach age of 3, and can be divided as many times as necessary
Spouse childbirth leave	Can take within 5 days, and can be taken on a half-day basis
Short-time work for childcare	Can take until the children enter junior high school, and can be divided as many times as necessary
Child nursing leave	Can take up to 20 days / year until the children enter junior high school

〈Implementing Babysitter Discount Vouchers〉

As part of our efforts to help employees balance work and childcare, we have implemented the Children and Families Agency's company-sponsored babysitter support program, offering babysitter discount vouchers. In around 12 months since launch, more than 1,000 people have used their vouchers. We will continue to create an environment where employees can balance work and childcare.

〈Holding childcare support seminars〉

Seminars have been held every year to provide useful information and give an opportunity for informal communication with other employees for employees on childcare leave.
The aim is to address any concerns they may have about resuming work and to help them prepare for returning to work. In recent years, in order to foster a culture to enable diverse and flexible working styles, the seminars have been opened up to managers who have subordinates who are doing short-time work for childcare and for employees who have young children and are interested in the seminar. In the seminar, the Company's support systems for working parents and examples of workstyles of employees who benefit from these systems to balance work and childcare is explained. Informal communication among participants is also provided as an opportunity to exchange information and take a break from routine.

■ Balancing with family care

Balancing with family care	
Name of system or initiative	Main features and content
Family care leave	Can take up to one year, and can be divided as many times as necessary (dividable)
Short-time work for family care	Can take until the reason for family care disappears, and can be divided as many times as necessary
Family care annual leave	Can take up to 10 days/year regardless of the number of eligible family members

〈Holding family care seminars〉

Every year we hold a seminar to balance work and family care. As the seminar is video-streamed, employees can watch from home with their family members. The speaker has an expert knowledge and addresses a wide range of subjects relating to family care and explains support offered by our program, important points, required procedures, financial, and other aspects. We have also put in place a consultation system for interested employees including free online advice sessions with nursing care professionals and care managers. We will deepen our understanding of family care issues that everyone may suddenly face, and continue to create a working environment that allows everybody to balance work and family care with the spirit of mutual support.

■ Other support systems

Other efforts on balancing work and home life	
Name of system or initiative	Main features and content
Leave of absence for those accompanying spouses on overseas assignments	Employees accompanying spouse on overseas assignment can take a leave between 6 months and 4 years
Career return system	A reemployment system for former employees who left the Company for reasons such as marriage, childbirth, childcare, caregiving, or a spouse's transfer

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Approach to Work Conditions Policy

Regarding labor standards on salary, working hours, and other matters, we ensure full compliance with the laws and regulations of each country. Within Japan likewise, we comply strictly with laws and regulations, including by specifying maximum working hours of 8 hours a day and 40 hours week for MHI Group employees. This stance is in line with our ongoing efforts to enhance the working environment.

Additionally, we conclude collective agreements with labor unions and work to maintain good labor relations through ongoing discussions and exchanges of opinion with labor representatives on areas such as wages, bonuses, occupational health and safety, improvement of relevant systems, and the state of business.

Data on Workstyles and Support for Work-Life Balance Performance Data

Data on workstyles and support for work-life balance

		Unit	2021	2022	2023	2024
Number of employees taking childcare leave*1	male		245	268	261	340
	female		92	94	70	69
Percentage of employees taking childcare leave	male*2	%	24.2	69.0	85.8	90.2
	female*3	%	98.9	96.9	94.5	98.6
Number of employees using Short-time work for childcare	male		348	417	604	682
	female		559	531	538	530
Rate of return to work after childcare leave		%	98.9	99.6	100	99.2
Rate of retention after childcare leave		%	96.9	96.0	98.7	96.0
Annual leave uptake rate		%	73.7	77.0	81.5	77.7
Number of employees using work from home			12,186	12,655	11,723	10,852

Coverage: MHI
*1 Number of employees on childcare leave
*2 Number of employees who started childcare leave or took spouse's childbirth leave/number of employees who had childbirth(before FY2021, number of employees who started childcare leave/number of employees who had childbirth)
*3 Number of employees who started childcare leave/number of employees who have finishedmaternity leave and are now eligible for childcare leave

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Basic Approach Policy

MHI Group is committed to respecting human rights and workers' rights of employees in accordance with international treaties and other guidelines relating to human rights. In May 2015 we established the MHI Group Global Code of Conduct as the common standard for MHI Group. Through establishment of this standard, which was compiled making reference to the UN Guiding Principles on Business and Human Rights, OECD* Guidelines for Multinational Enterprises, and OECD Guidance, we aim to cultivate a shared corporate culture, one that is rooted in mutual trust and affords dignity and respect to all employees. MHI Group values the individual contributions of all people irrespective of race, color, religion, political convictions, gender, age, nationality, sexual orientation, marital status, or disability status. * OECD (Organisation for Economic Co-operation and Development)

■ MHI Group Human Rights Policy

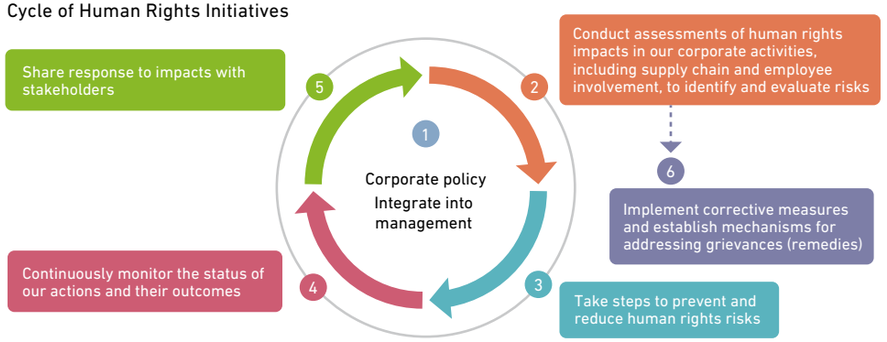
We have formulated the "MHI Group Human Rights Policy" in 2013 to ensure respect for the human rights of all stakeholders involved in our business activities and to contribute to the development of a sustainable society. In today's globalized society, we recognize the importance to protect human rights not only within our own company, but throughout the entire value chains of our businesses. In 2021, we revised the Policy and established a system to address a variety of human rights issues. Under this policy, which is based on the UN Guiding Principles on Business and Human Rights, we are building the mechanisms to enhance human rights due diligence, identifying potential adverse impacts on our Group stakeholders, and setting down measures to prevent and mitigate any such impacts.

MHI Group Human Rights Policy

1. Comply with Laws and Regulations on Respecting Human Rights
2. Targets and Education
3. Responsibilities on Respecting Human Rights
4. Human Rights Due Diligence
5. Dialogue and Consultation
6. Information Disclosure

The full text is available for reference on the MHI website.
https://www.mhi.com/company/aboutmhi/policy/humanrights.html

Cycle of Human Rights Initiatives



Reference: OECD Guidance

■ Participation in the UN Global Compact Network Japan's Human Rights Due Diligence Subcommittee

Since fiscal 2018, we have been participating in the UN Global Compact Network Japan's Human Rights Due Diligence Subcommittee conference together with other companies to discuss human rights issues in the business context and to promote human rights due diligence in line with the UN Guiding Principles on Business and Human Rights. Among the topics covered were commitment to company policies on protecting human rights, assessing the possibility of human rights violations in the company and its supply chain and the potential impact thereof, establishing measures for preventing, mitigating and resolving human rights violations, and disclosing progress of human rights-related initiatives. Specifically, the conference involved lectures by experts in human rights issues, assessments of progress of related company initiatives, workshops, and group work on topics of interest.

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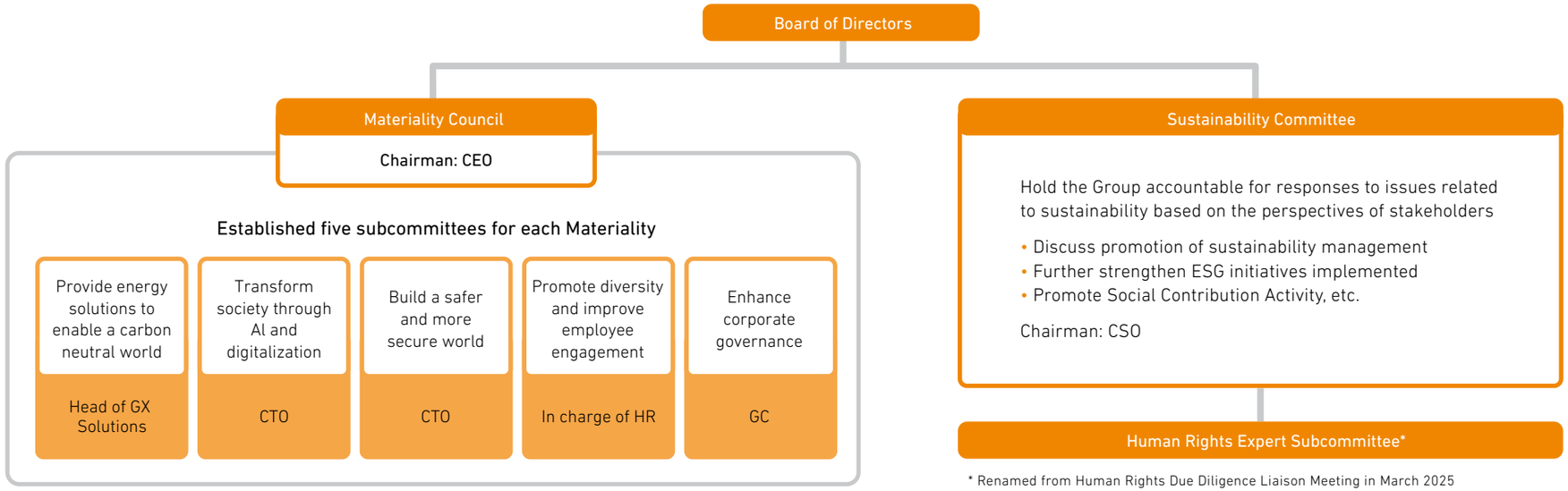
System for Promoting Respect for Human Rights System

We have established a governance structure for the entire Group, with the Chief Strategy Officer (CSO) serving as chair of the Sustainability Committee, responsible for driving our ESG initiatives. As part of our ESG efforts, we are addressing business and human rights.

Furthermore, to ensure timely and appropriate responses, taking into consideration the legal frameworks in each country, we will facilitate cross-departmental information sharing through the Human Rights Expert Subcommittee held quarterly.



* Renamed from Human Rights Due Diligence Liaison Meeting in March 2025

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Human Rights Due Diligence System Initiatives

■ Identification and assessment of adverse impacts

〈Human rights risk assessment〉

As a human rights risk assessment, potential human rights risks across the value chain, including our own operations, were investigated for the 39 countries where MHI Group has business locations.

The assessment covered risks for workers at our companies and suppliers, as well as for women, migrant workers, and local communities considered to be particularly affected.

The assessment, conducted under the supervision of external experts, involved internal discussions in which we identified potential human rights risks. As a result, MHI Group considers the following two human rights issues to be particularly salient and has been working to prevent and mitigate them.

1. Human rights violation risks within our supply chain in high-risk regions
2. Human rights violation risks concerning migrant workers (particularly foreign technical intern trainees) within Japan

For the two issues identified above, we conducted an in-depth survey that also took into account the latest domestic and international trends on business and human rights, as well as interviews with external experts. As a result, regarding human rights risks in the supply chain, forced labor, labor conditions (working hours, wages, occupational health and safety, harassment, discrimination, etc.), and displacement of residents and impacts on local communities due to land grabbing and pollution were identified as potentially significant risks. In addition, concerning human rights risks for migrant workers, not only technical intern trainees in Japan but also migrant workers overseas were recognized as requiring a response. Going forward, we will continue to advance prevention and mitigation activities based on the findings of this in-depth survey.

■ Prevention or mitigation of adverse impacts

〈Initiatives in the supply chain〉

Based on the assessment results, the areas where human rights risks within the supply chain are presumed to be high are shown in the table below.

Specific risk		
Human rights indicators to keep in mind	Region	Rightsholders
Forced labor, working conditions, and displacement of residents and impacts on communities due to land grabbing, pollution, and other factors	Asia	Supplier workers, business partner workers, in-house group workers, local residents

MHI Group requests suppliers to consider human rights, health, and safety in the MHI Group Supply Chain Sustainability Promotion Guidelines. In addition, by ensuring that suppliers and their upstream supply chain partners are also informed and share the contents of these guidelines, the Group promotes respect for human rights throughout the entire supply chain.

For key Tier 1 suppliers selected based on factors such as order volume and continuity of business, we conduct a sustainability questionnaire using the Self-Assessment Questionnaire (SAQ) from the United Nations Global Compact Network Japan. This allows us to understand each supplier's initiatives on sustainability, including human rights and labor. For suppliers whose self-assessment scores on human rights and labor items are low, we conduct on-site surveys to hear about their actual practices and engage in corrective discussions, thereby working to prevent and mitigate human rights risks.

In fiscal 2024, on-site surveys were conducted for a total of nine companies, mainly in the Asia region, and no noteworthy human rights risks were identified.

Initiatives on Human Rights, Occupational Safety, and Procurement ▶ P.97

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〈Initiatives for migrant workers〉

Based on the assessment, to prevent and mitigate human rights risks for migrant workers in Japan—identified as a priority issue—in fiscal 2023 we surveyed the number and employment status of technical intern trainees at the Group's major domestic factories and confirmed that they were employed under appropriate conditions.

In fiscal 2024, to learn about societal trends and best practices for the responsible acceptance of migrant workers and apply them to the Group's activities, we joined the Japan Platform for Migrant Workers toward a Responsible and Inclusive Society (JP-MIRAI) and participated in seminars and discussion sessions.

◆ Japan Platform for Migrant Workers toward a Responsible and Inclusive Society (JP-MIRAI)

We participate in this multi-stakeholder platform, which was established to address issues faced by migrant workers in Japan, promote the responsible acceptance of migrant workers, and contribute to making Japan a "Country which is chosen by migrant workers."

JP-MIRAI Member

〈Initiatives for all Group employees〉

◆ Development of Company-wide content on respect for human rights in MHI Group

In fiscal 2022, we introduced an e-learning course for all members of MHI Group to promote a deeper understanding of our philosophy on business and human rights and our commitment to respecting human rights in the Group. This content is available in four languages: Japanese, Chinese, English, and Thai. In fiscal 2024, approximately 69,000 individuals were eligible to take the course, with over 98% of them completing it.

◆ Implementation of human rights awareness training

Discrimination will not be tolerated by MHI Group, and to prevent any discriminatory incidents from occurring, each year we conduct training to promote human rights awareness at the workplace. The training covers the fundamentals of human rights and harassment and is targeted at new employees and new appointees at the managerial level, including deputy managers and section managers. In fiscal 2024, about 570 new employees and some 1,600 newly appointed managers and supervisors underwent the human rights awareness training. Furthermore, we continued to conduct training to strengthen awareness and prevention of power harassment (workplace bullying and harassment).

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■ Remediation and grievance mechanism

MHI Group has established internal and external reporting channels to whom all Group employees (including part-time), business partners, etc. can report issues pertaining to compliance, including human rights issues. These reporting channels, including those established overseas, can accommodate a total of six languages, including Japanese, English, and Chinese. Reports can also be submitted anonymously online, by telephone or by regular post. In response to submitted reports, the Compliance Committee Secretariat investigates matters swiftly and takes appropriate responses. At all times, measures are taken to protect whistleblowers while maintaining their anonymity. In the case of outside stakeholders, their grievances are handled through the Company's website or other contact points.

To deal with harassment issues, "Harassment Consultation Desks" have been established internally and externally to respond to all employees. Measures are taken to strictly ensure the privacy and confidentiality of whistleblowers, to prevent them from suffering any retaliation and disadvantage as a result of their consultation. Anonymous consultations are also accepted.

MHI Group website: Contact MHI
https://www.mhi.com/inquiry

In fiscal 2023, we joined JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) in order to go about establishing remedy mechanisms for all of our stakeholders based on the United Nations Guiding Principles and OECD Guidance for stakeholders worldwide. This organization provides a collaborative platform for non-judicial grievance handling based on the United Nations Guiding Principles on Business and Human Rights. It provides support for complaint resolution for participating companies from a specialized perspective. We also utilize this collaborative platform to accept human rights-related grievances and reports from all stakeholders across our supply chain.

In fiscal 2024, there were no grievances or reports regarding human rights at this collaborative platform.

JaCER website
https://jacer-bhr.org/en/index.html

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Roadmap for human rights initiatives

In order to ensure our commitment to business and human rights, we have created a roadmap for our initiatives for respecting human rights based on consultations with relevant departments and the framework set out in the United Nations Guiding Principles. We will continue to implement this roadmap, periodically reviewing it and considering stakeholder requests and societal trends, to minimize adverse impacts on human rights.

Key initiatives for respecting human rights		Deepening and enhancement of activities		
		FY2024 (results)	FY2025	FY2026
1. Policy commitment and its integration into management		Revised internal regulations to clarify specific processes for human rights initiatives	Periodically update the current human rights policy in light of environmental changes and internal activities	
2. Human rights due diligence	Identification and assessment of adverse impacts	Conducted an in-depth survey on the Group's salient human rights issues	Update as needed when significant changes occur in underlying conditions →	
	Prevention or mitigation of adverse impacts	Sustainability procurement training, sustainability questionnaire, and on-site surveys for suppliers →		
		Engaged in dialogue with JP-MIRAI on human rights measures for migrant workers (technical intern trainees) at domestic sites	Establish and implement internal rules on human rights measures for migrant workers (technical intern trainees)	Periodically improve rules and operations regarding human rights measures for migrant workers (technical intern trainees)
		Conducted human rights e-learning for employees →		
	Tracking of the effectiveness of measures	Review progress of action plans to prevent adverse impacts at quarterly Human Rights Expert Subcommittee →		
	Communication and disclosure	Disclose information on initiatives via website and reports →		
3. Remediation and grievance mechanism		Utilize JaCER, whistleblowing hotlines, and the harassment consultation desk →		
			Provide in-house training focused on the practical implementation of remediation and grievance mechanisms	
4. Stakeholder engagement		Participate in subcommittees of the United Nations Global Compact Network Japan →		
		• Identified relevant stakeholders to address the Group's salient human rights issues • Joined JP-MIRAI • Conduct consultations with the ILO Tokyo Office	Consider dialogue with relevant stakeholders	Initiate dialogue with relevant stakeholders

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Ensuring Diversity, Equity, and Inclusion in the Workplace

Basic Approach and Policy Policy

MHI Group aims to contribute to the resolution of societal challenges through its business activities to achieve sustainable growth. To sustain the Group's ongoing development and maximize the creation of shared value with society, we consider diversity, such as gender, age, nationality, disability status and other factors, is an asset among our workforce and the backbone of our business. We are committed to fostering an environment where each employee, with diverse backgrounds, can collaborate while acknowledging each other's differences under a common corporate culture. In cases where there are social disparities, we will work to eliminate barriers and achieve fairness and equality. In October 2024, we established the MHI Group Diversity, Equity & Inclusion (DE&I) Policy, which stipulates that DE&I initiatives will be led by the MHI Executive Vice President In Charge of HR in cooperation with related divisions across MHI Group, and communicated both internally and externally.

We have a zero-tolerance policy for discrimination and harassment. This commitment is outlined in the MHI Group Global Code of Conduct, which serves as a standard that all employees must adhere to. In addition, in the Harassment Prevention Leaflet posted on the Company's internal website, which is accessible to all employees, MHI proscribes all forms of discriminatory treatment and harassment, including sexual harassment. Disciplinary action for infringement of good labor practices are clearly defined in the MHI Employ Work Regulations.

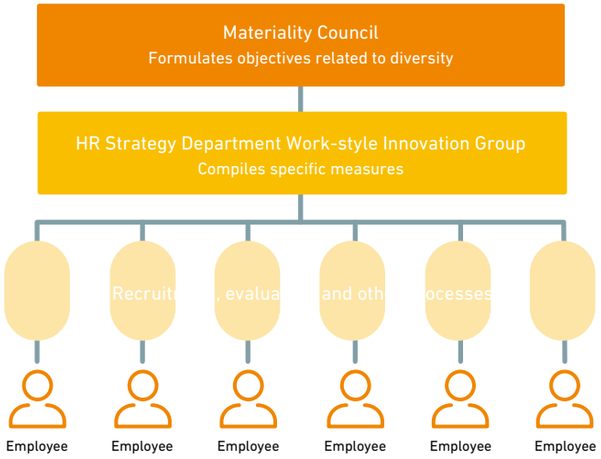
MHI website Global Code of Conduct
https://www.mhi.com/company/aboutmhi/policy/conduct.html

MHI Group Diversity, Equity & Inclusion (DE&I) Policy
https://www.mhi.com/company/overview/policy/diversity.html

System System

■ Diversity Promotion Framework

Promoting diversity, along with improving engagement, has been positioned as an MHI Group Material Issues. We have also established a diversity promotion organization to coordinate related initiatives.



■ Employee penetration on diversity

We offer diversity education as a mandatory course for management-level employees. Additionally, we have established a dedicated website on our intranet for disseminating information to promote diversity.

■ Employee education on harassment

We provide education on harassment as one of the topics in compliance training for all employees and position-based training, such as onboarding and after promotion to a management position. In fiscal 2024, approximately 2,000 employees at MHI took the course.

In addition, we conducted 360-degree feedback assessment for about 3,900 managers including the key Group companies in fiscal 2023 and fiscal 2024. This provides an opportunity for managers to reflect on their way of management from various perspectives.

■ Harassment consultation services

MHI has set up an internal consultation office and harassment consultation office on its website, enabling internal and external stakeholders to consult as needed.

MHI website Harassment consultation services
https://www.mhi.com/inquiry

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Data Related to Diversity and Equal Opportunities Performance Data

Data Related to Diversity and Equal Opportunities

Data			Unit	2021	2022	2023	2024
Executive*1	Total			51	51	48	48
	Number of males (ratio)		(%)	49 (96.1)	49 (96.1)	45 (93.7)	44 (91.7)
	Number of females (ratio)		(%)	2 (3.9)	2 (3.9)	3 (6.3)	4 (8.3)
Manager (in positions of section manager and higher*2)	Total			5,498	5,455	5,766	5,695
	Number of males (ratio)		(%)	5,336 (97.1)	5,298 (97.1)	5,608 (97.3)	5,536 (97.2)
	Number of females (ratio)		(%)	162 (2.9)	157 (2.9)	158 (2.7)	159 (2.8)
Differently abled people employment rate	Employment rate		%	2.34	2.45	2.55	2.69
Wage equality*2, 3	Managers (basic salary only)	Male	—	1.05	1.05	1.06	1.05
		Female		1	1	1	1
	Managers (basic salary + other incentives such as bonuses)	Male		1.03	1.03	1.03	1.06
		Female		1	1	1	1
	Non-managers	Male		1.05	1.05	1.04	1.04
		Female		1	1	1	1

Coverage: MHI

Data		Unit	2021	2022	2023	2024
Ratio of Females in Each Position	All employees	%	13.4	13.8	13.5	13.8
	Non-managers		15.3	16.1	15.9	16.2
	Managers*4		4.7 (4.5)	4.6 (4.5)	4.5 (4.4)	5.3 (5.0)
	General managers*4		3.4 (3.7)	3.4 (3.6)	3.3 (3.5)	2.6 (3.5)
	Executives*1		4.5	4.2	4.3	6.3
	Profit center managers*4, 5		4.4 (4.1)	4.2 (4.0)	3.9 (3.7)	4.3 (4.1)

Coverage: MHI Group (accounting for 89.8% of consolidated employees in FY2021, 91.3% in FY2022, 90.0% in FY2023, and 92.2% in FY2024)

*1 Including executive officers
*2 Managers are defined as section managers and above
*3 The lowest average wages for men and women in each tire is 1.00, and the difference is displayed in the index
*4 Aggregate figures including higher positions in parentheses
*5 Profit centers are defined as non-corporate organizations

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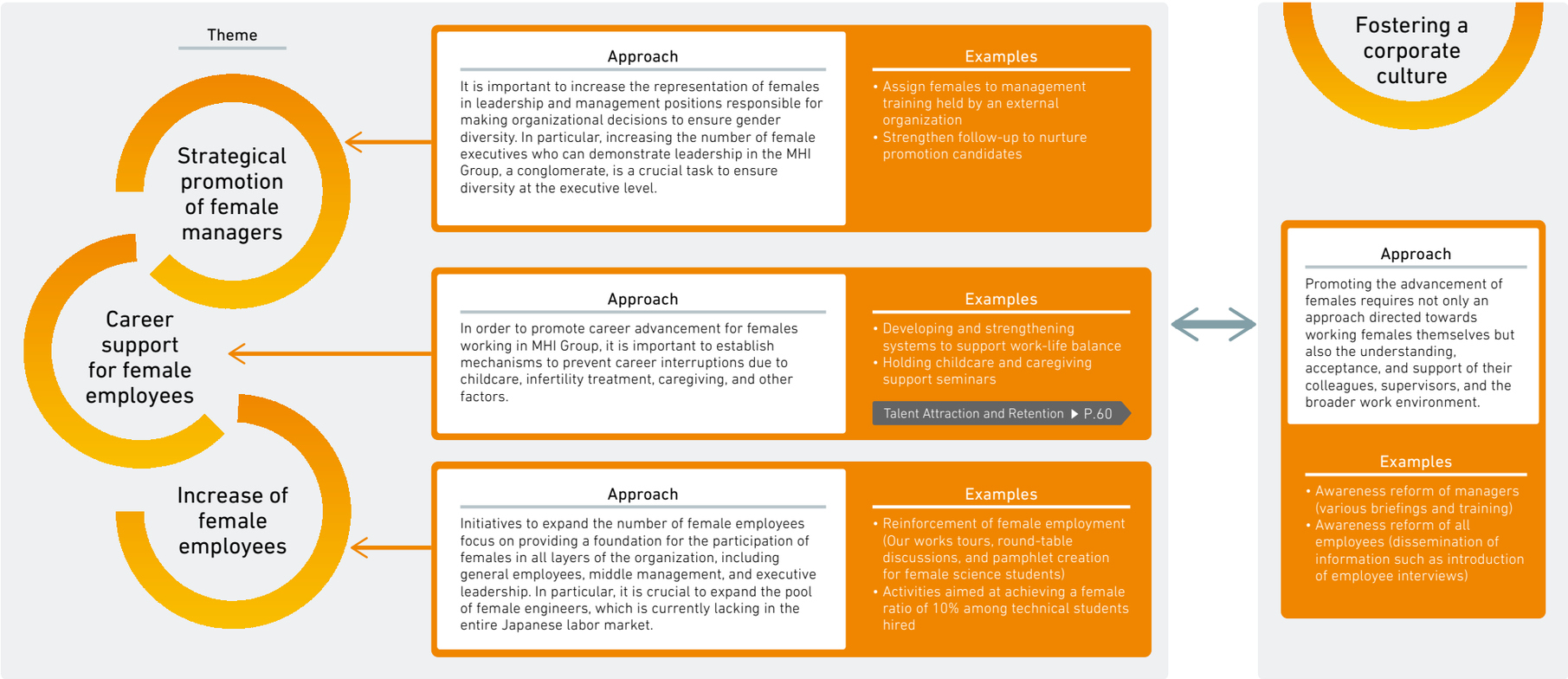
Ensuring Diversity, Equity, and Inclusion in the Workplace

Initiatives to Promote the Advancement of Females Initiatives

In order for MHI Group to grow sustainably, it is crucial to achieve gender diversity and increase the participation of females at manager and executive roles.

However, according to the Global Gender Gap Report 2025, Japan's Gender Gap Index rank was ranks 118th out of 148 countries. In addition to the global challenges of promoting the advancement of females and achieving gender equality, it is clear that Japan's unique society also contributes to the low index. In order to overcome these challenges and realize a company that can play an active role regardless of gender, MHI Group is working to promote the advancement of females by focusing on three elements of the employee experience cycle—increase of female employees, career support for female employees, and strategic promotion of female managers—and the fourth element of fostering a corporate culture that supports them.



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Ensuring Diversity, Equity, and Inclusion in the Workplace

Pick Up Examples of specific initiatives for the advancement of females

■ Setting a target number of female executives

MHI Group has set a goal for gender diversity at the executive level to achieve a female executive*1 ratio of 30% by 2030.

*1 Executive refers to directors, accounting advisors, and corporate auditors according to the Companies Act in Japan
*2 Coverage: MHI

Ratio of female executives*2

2024 result **16.7%**

■ JEES MHI Mirai Scholarship (for female engineers in science and technology)

Considering that in the Japanese society, the proportion of females working in STEM (Science, Technology, Engineering, and Mathematics) fields are among the lowest compared to OECD member countries, MHI Group makes donations to Japan Educational Exchanges and Services (JEES), a public foundation, to support their scholarship program. This program aims to broaden the base of female engineers in Japan, especially those in STEM disciplines and graduate programs.

Since the initiation of donations in fiscal 2015, 47 scholarship recipients have been supported, thereby contributing to the development of exceptional female engineers who play a significant role in society.

■ External evaluation of gender diversity initiatives

MHI received the highest "Eruboshi" certification of "Three Stars", in July 2020, by fulfilling criteria in all five evaluation categories: recruitment, continued employment, work style such as working hours, proportion of females in management positions and diverse career courses. We have been continuously meeting these criteria even after the certification.

女性が活躍しています！

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Ensuring Diversity, Equity, and Inclusion in the Workplace

Efforts beyond Female Empowerment Initiatives

■ Initiatives for differently abled people

For differently abled people, we aim to provide opportunities where they can thrive according to their abilities and aptitudes, and to promote social independence. We support their employment by enhancing workplace environments, equipment, and facilities, and by establishing consulting desks. In December 2018, we created new roles where differently abled people can play active roles and conducted recruitment activities in collaboration with the Employment Support Center. In 2024, we further expanded these initiatives by opening workplaces focused on administrative tasks in two additional regions. Through these efforts, we are working to ensure that more differently abled people consider joining our company with confidence. We have also implemented systems that allow flexible work arrangements tailored to the specific needs of differently abled people.

Certain merchandise for the social rugby team Mitsubishi Heavy Industries Sagamihara Dynaboars is created by differently abled employees in MHI Group.

■ Efforts to support the active participation of senior employees

We have introduced an extended employment program up to the age of 65 that allows employees who wish to continue working beyond the retirement age of 60 years to have flexible work arrangements and a well-balanced treatment. We aim to create an environment where the rich knowledge and skills cultivated through years of experience can be put to good use. In the future, considering aspects such as the transfer of technical and skill expertise, we will continue to develop systems and structures to ensure that senior employees can work even more enthusiastically than before.

■ Efforts in gender diversity

Over the years, employees with same-sex partners have received the same benefits as those who are legally married. In December 2023, we established dedicated advice desks, and in May 2024, we issued guidelines to make the system more accessible. Going forward, we will continue working to create environments where all employees can actively participate, regardless of gender.

■ Efforts related to religion and faith

We have prayer rooms in several locations to accommodate the diverse faiths of our employees and their need for various worship spaces.

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Occupational Safety and Health

Basic Approach and Policy Policy

MHI Group Policy of Safety and Health was established by the Senior Vice President in charge of Human Resources, who is responsible for occupational Safety and Health. Its main elements are a basic policy giving utmost priority to Safety and Health in the spirit of respect for human life, and three action guidelines: strict compliance with laws and regulations, awareness raising on safety and health, and fostering of a safety culture.

Based on this policy, we implement initiatives to create a safe and healthy workplace and to maintain and improve physical and mental health. We extend these initiatives to the affiliate and partner businesses who collaborate with our employees in our business activities.

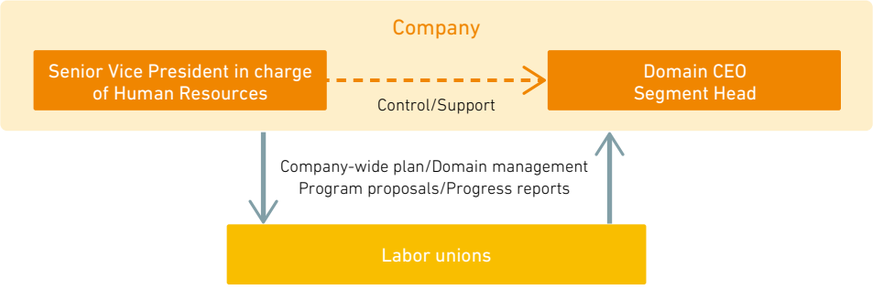
MHI Group Policy of Safety and Health https://www.mhi.com/company/aboutmhi/policy/safety_health.html

Safety and Health System System

■ Safety and Health System

To clarify which initiatives to prioritize, the Senior Vice President in charge of Human Resources draws up a company-wide Safety and Health management plan for each fiscal year, presents it for discussion to the statutory Safety and Health Committee and reports regularly to the committee on the progress of the plan. In this way, labor and management work together to promote Safety and Health activity.

Based on the company-wide Safety and Health management plan, each domain CEO and segment head draws up a management program based on a management system approach for the systematic and continuous implementation of Safety and Health management, clarifies the goals and targets of the initiatives for the current fiscal year, and then rolls out preventive activities against occupational accidents. Each domain CEO and segment head also monitors the progress of the plan through internal audit and undertakes management review based on its results.



■ Response to Risk

To deal with risks that may cause industrial accidents, the departments responsible for Safety and Health, manufacturing, and local construction take the central role in making risk assessments of operational procedures, equipment and facilities, and chemical substances. After determining an order of priority based on the seriousness of the risk, they take action to eliminate or reduce any risks identified.

■ Safety Training

For employees still gaining experience and other relevant staff members, we provide safety training using visual training materials and hands-on facilities that simulate the experience of an industrial accident, and work to improve safety sensitivity and foster a safety culture.

■ Response to Emergencies and Prevention of Recurrence

Where, in spite of these efforts, Safety and Health risks are identified that could lead to fatal or serious accidents, the domain or segment where the risk is detected reports immediately to senior management in accordance with the corporate crisis management response framework. In parallel, the measures for dealing with emergency situations prescribed by each domain and segment are applied to minimize damage and injury and bring the situation under rapid control and the cause of the accidents is investigated as part of measures to prevent similar accidents. At the same time, the Senior Vice President in charge of Human Resources, after receiving from the department where the risk was detected a report giving detailed information and outlining the response measures, issues the instruction to share with all Group workplaces the insights gained from the accident. Where necessary an urgent message is additionally addressed to MHI Group employees to ensure optimal occupational Safety and Health risk supervision and management.

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Data on Occupational Safety and Health Performance Data

Data on Occupational Safety and Health

	Item	Unit	2021*1	2022*2	2023*3	2024*4
Working hours (Employees + Contractors)	Total working hours	Hours	194,327,660	175,730,576	168,934,525	163,079,963 ✓
Number of fatal accidents/serious accidents	Goal	Incidents	0	0	0	0
	Result	Number of cases	0	1	0	3
Lost-time industrial accidents frequency rate*5 (Employees + Contractors)	Goal	Number of cases	0.26	0.33	0.35	0.3
	Result	Number of cases	0.34	0.30	0.33	0.39 ✓
	Manufacturing industry average	Number of cases	1.31	1.25	1.29	1.24

*1 Coverage: MHI and 56 Group companies (accounting for 77.4% of consolidated employees)
*2 Coverage: MHI and 56 Group companies (accounting for 77.5% of consolidated employees)
*3 Coverage: MHI and 51 Group companies (accounting for 71.1% of consolidated employees)
*4 Coverage: MHI and 49 Group companies (accounting for 72.4% of consolidated employees)
*5 Lost-time injury frequency rate is the number of casualties due to occupational accidents per 1 million cumulative actual working hours, and represents the frequency of accidents. Number of casualties due to work-related accidents resulting in absence of one day or more ÷ total number of actual working hours x 1,000,000

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Safety and Health Initiatives Initiatives

■ Strengthening of safety management in response to high-risk events

In response to any event involving potential risk of fatal or serious accident, an on-site inspection is conducted and measures to prevent recurrence studied. By additionally implementing horizontal rollout within the MHI Group, we work to prevent similar accidents. The MHI Group regards the elimination of fatal and serious accidents as an important issue and takes as a fundamental premise that each and every employee must be able to carry out their work in a safe and secure manner. To this end, the MHI Group is engaged in concerted efforts to improve safety sensitivity.

■ Activities of dedicated safety and health staff

In July 2023, we introduced a dedicated staff system under which staff work to implement activities aimed at improving the level of safety management company-wide, enhancing the skills of staff charged with safety-related duties, and continuous human resource development. From April 2025, the second phase of activities began with nine new members. We conduct audits of each domain and segment and implement a range of other measures with the aim of not only improving the overall level of safety management but also raising the level of safety management by individual members of the dedicated safety and health staff.

■ Fostering Safety Culture Through Stop Work Authority (SWA) Activities

In the past, a major cause of industrial accidents in MHI Group was unsafe actions of workers. In some cases, co-workers turned a blind eye to and tacitly permitted those unsafe actions without warning them, resulting in a fatal accident. Based on our determination to never tolerate the trend of "deviation from established rules," "others' tacit permission of such deviation," and "use of unsafe tools and equipment," we aim to foster a safety-first culture, or a so-called "safety culture." We will do this by creating an environment in which everyone has and can exercise the Stop Work Authority (SWA: the authority to stop work and correct unsafe behavior or equipment upon finding it regardless of position or affiliation) for all employees of MHI Group and our partner companies.

Pick Up Autonomous challenge regarding chemical substances

Today, tens of thousands of chemical substances are imported, manufactured, or used in Japan, including many substances with unknown danger or toxicity. Under these circumstances, MHI Group is moving away from the conventional "Japanese-style scheme," which requires laws, regulations, and measures specific to particular chemical substances, and toward the so-called "Western-style scheme," in which the business operator (MHI) autonomously devises, selects, and implements measures to reduce exposure to workers and meet new control standards set by the national government for all chemical substances whose hazardous properties have been confirmed. We already have Occupational Hygienists (OH) in MHI, who have completed a training program accredited by the International Occupational Hygiene Association (IOHA) and have passed the final examination. With those OHs serving as the commander for autonomous chemical substance control in MHI Group, we will work to reduce the risk of chemical substance exposure to employees and partner companies.

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Promotion of Health and Productivity Management

Health and Productivity Management Declaration Policy

MHI Group is committed to health and productivity management under the president's "Health and Productivity Management Declaration," with an emphasis on employees' motivation to work and physical and mental health.

Health Management Declaration

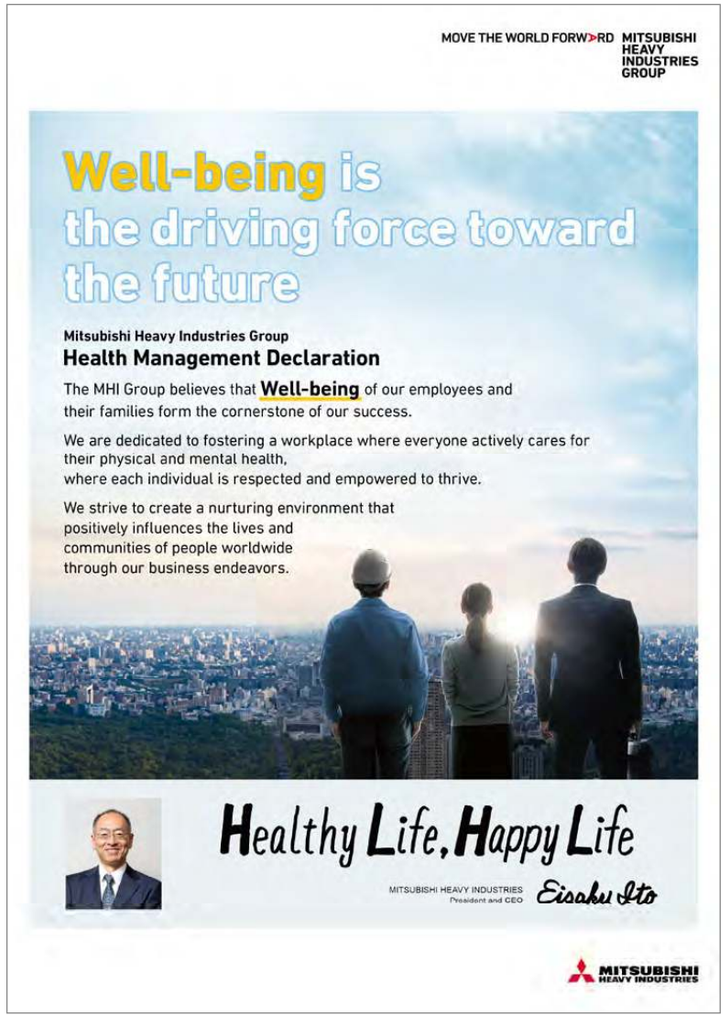
The MHI Group believes that Well-being of our employees and their families form the cornerstone of our success.

We are dedicated to fostering a workplace where everyone actively cares for their physical and mental health, where each individual is respected and empowered to thrive.

We strive to create a nurturing environment that positively influences the lives and communities of people worldwide through our business endeavors.

MHI was certified by Japan's Ministry of Economy, Trade and Industry as an organization with outstanding health and productivity management in 2025.

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門



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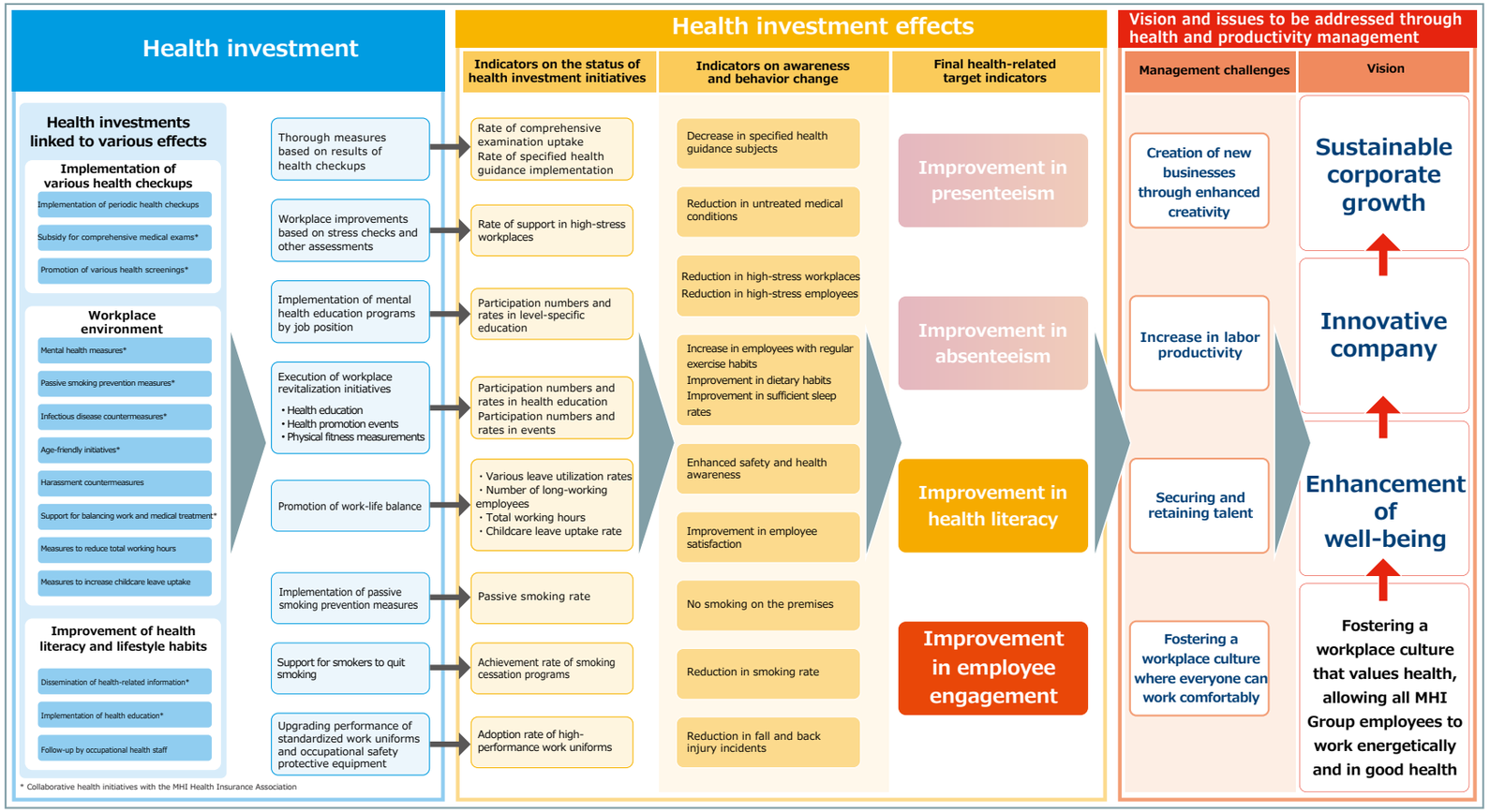
Promotion of Health and Productivity Management

MHI Group Well-being Strategy Map Initiatives

Our health and productivity strategy map systematically outlines specific initiatives aimed at enhancing employee health and well-being. It organizes the direction of health-related measures and identifies key health challenges, enabling the Group to address these issues through various initiatives and advance health and productivity management across the entire organization.



Glossary
- Well-being: A concept signifying a state in which individual rights and self-fulfillment are guaranteed, and physical, mental, and social conditions are good.
- Presenteeism: The condition in which an employee comes to work despite illness or symptoms, resulting in reduced performance or productivity.
- Absenteeism: Sick leave or absence due to illness.

Source: Ministry of Health, Labour and Welfare website/"Data Health and Collaborative Health Guidelines for Promotion of Corporate Wellness,"Health Insurance Bureau

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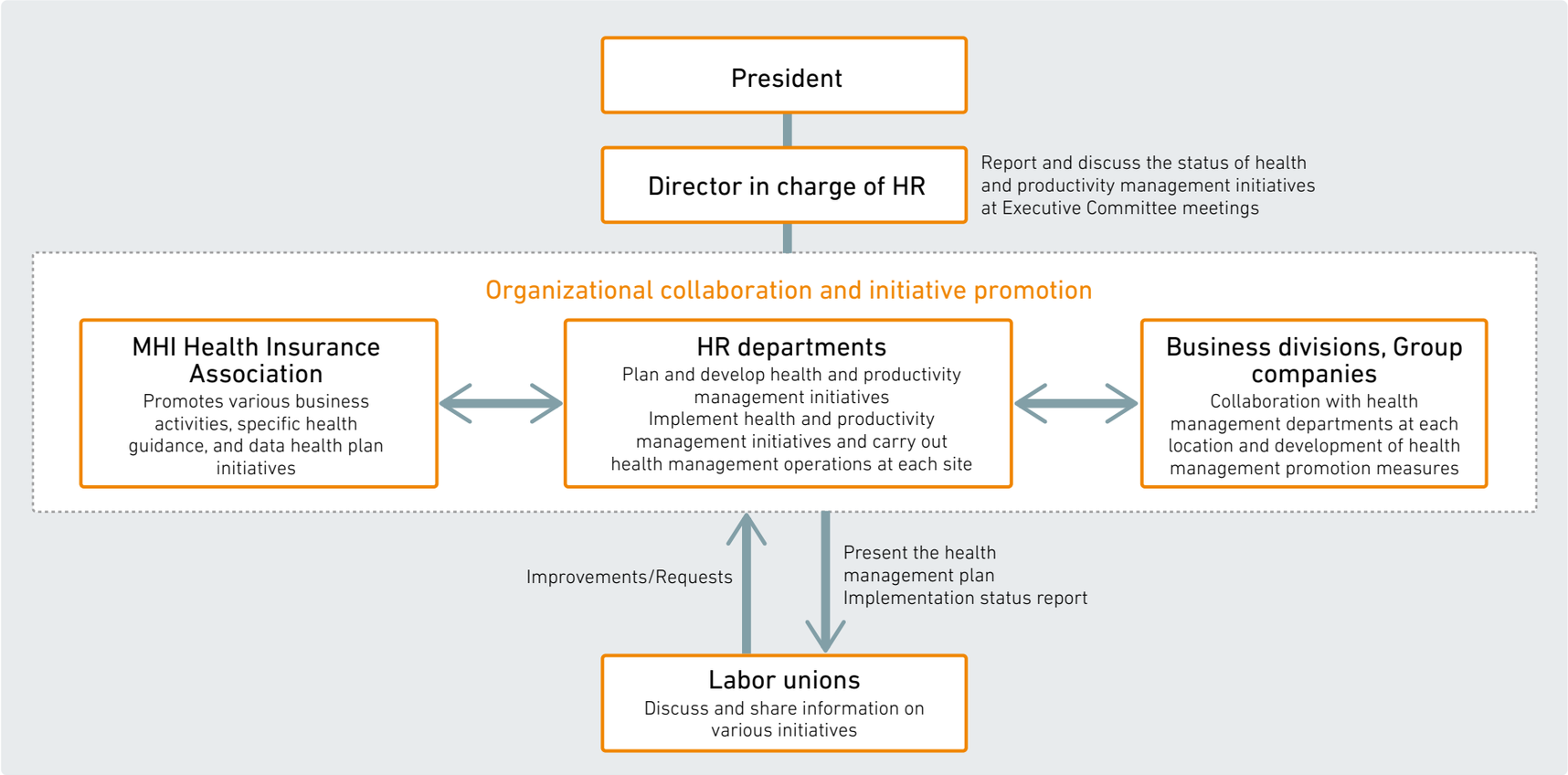
Promotion of Health and Productivity Management

MHI Group Health and Productivity Management Structure System

Under the Health and Productivity Management Declaration, the department responsible for health management works to implement health and productivity management by formulating health management measures and providing health support to employees and their families in collaboration with internal and external partners (business divisions, Group companies, labor unions, MHI Health Insurance Association, etc.).



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Promotion of Health and Productivity Management

Health Promotion Programs and Initiatives Initiatives

MHI Group developed the health management plan, Wellness Action 24-26, which sets six priority areas based on the MHI Group well-being strategy map, and launched the three-year Group-wide health management plan starting in fiscal 2024.

MHI Group Wellness Action 24–26

We set six priority areas and KPIs for each area and promote various plans while monitoring the progress of each initiative.

Thorough measures based on results of health checkups

- Provision of more effective specific health guidance by in-house occupational health nurses, aiming to reduce the number of employees requiring such guidance.
- Occupational measures based on health checkup results
  Implementation of measures based on occupational physicians' advice, such as reviewing job duties and reducing workloads, to prevent the worsening of health conditions.
- Implement a program to prevent aggravation of diabetes
  Collaboration with the MHI Health Insurance Association to deliver programs to eligible participants, including messages from occupational physicians to encourage active participation.

Workplace improvements based on stress checks and other assessments

- Use of stress checks to support workplace environment reform initiatives based on promoting individual awareness, organizing guidance interviews with physicians, and reviewing the results of group analysis.
- Horizontal deployment of best practices for workplace improvements to support each workplace in using internal examples as references for enhancing their work environment.

Hierarchical mental health education

- Hierarchical mental health education using in-house occupational health staff as instructors, providing online seminars for line managers and supporting smooth handling of actual case responses.
- Provision according to job position of self-care training for stress management and training for managers and supervisors in the care of their line staff.

Execution of workplace revitalization initiatives

- Implementation of various company-wide and regional activities to promote regular exercise.
- Organization of awareness seminars in collaboration with the MHI Health Insurance Association, with participation extended to dependents to enhance health literacy for employees and their families.
- Execution of participatory events using the health app.

Overwork countermeasures

- We are properly assessing working hours, and when overtime exceeds the limit, we strive to promptly detect health problems by checking the degree of fatigue and interviews with industrial physicians.
- We regularly report the actual situation to executives, etc., aiming to reduce the number of employees working long overtime hours.

MHI Group Smoke Free Project

- We began the MHI Group Smoke Free Project in fiscal 2024.
- We are currently promoting various measures to achieve zero passive smoking in our premises, aiming for no smoking during working hours by 2027 and no smoking on the premises by 2030.
- We established no-smoking days on company premises, gradually increasing the number of designated days, and, in collaboration with the MHI Health Insurance Association, we are rolling out the MHI Group Quit Smoking Challenge based on an online smoking cessation program to foster a workplace culture that makes it easier to quit.

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Health Management for Employees Seconded Overseas Initiatives

MHI Group has established a health management system that enables employees dispatched overseas and their accompanying family members to work there in a healthy and secure manner. MHI has signed contracts with medical assistance service providers so that expatriates are able to receive support such as consultation, hospital introductions, and transportation arrangements in Japanese. In addition, MHI has worked closely with its in-house occupational health physicians to ensure a system that allows travelers to seek medical advice with peace of mind. For long-term overseas site maintenance, occupational health physicians visit the sites to conduct evaluations of local medical facilities, including designating facilities to handle medical issues and gathering information to be shared with in-house personnel, as well as to build personal relationships to enable swift cooperation in the event of an emergency. They also offer guidance on lifestyle conditions, conduct one-on-one interviews based on health check results and local information, and provide training according to the needs of the area.

Visit to a local medical institution during an overseas tour by occupational health physicians

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Basic Approach Policy

In the manufacturing industry, ensuring product safety and quality is undoubtedly a top priority. As a global provider of a wide range of products, MHI Group's Global Code of Conduct underlines the importance of adhering to pertinent laws, internal standards, and customer specifications concerning the safety and quality of products and services. We are dedicated to upholding product safety and are committed to swiftly and appropriately addressing any safety and quality-related issues that may arise. We have established customized quality management systems (QMS) based on public standards such as ISO 9001(Note) for each of the Group's distinctive businesses and products, to align with the unique requirements of our customers and markets. We are also accredited by the certification body of QMS for individual businesses and products.

(Note) Including other standards such as JIS Q 9100 for aerospace that are specifically designed for aerospace products

Product Safety and Quality Management System

■ Evaluating the impact of product safety and quality

As the markets for the MHI Group's products are diverse, we have established a quality management system (QMS) for each business or product based on public standards such as ISO 9001 that meets customer and market needs. More than 90% of sites in Japan and overseas have been accredited by a certification body. In April 2013, QMS Promotion Group was established within the Monozukuri Innovation Planning Department (curently the Value Chain Innovation Department), and by sharing technology and knowledge from all over the MHI Group, we strengthen quality management, including at Group companies, and promote improvement of work processes to meet the globalization.

■ Radiation safety management and quality impact assessment

In the MHI Group, MHI Nuclear Development Corp., which conducts research and development related to nuclear power plants and fuels, and Mitsubishi Nuclear Fuel Co., Ltd., which produces nuclear fuels, classify radioactive waste according to the radioactivity level and the place of generation, and carry out appropriate storage management in accordance with applicable laws and regulations.

In addition to legal compliance, we strictly control radiation by applying internal rules designed to minimize radioactive waste disposal. To establish a nuclear-fuel cycle to recycle spent fuel, we are building reprocessing facilities and MOX fuel plants. Through these efforts we will continue helping reduce radioactive waste within our Group and among the customers to which we deliver nuclear power plants.

■ Safety and quality education

As part of efforts to raise awareness of product safety and quality, we conduct safety and quality training to prevent product incidents, including the establishment of an Accident Exhibit Room based on past accidents.

The Accident Exhibit Room uses videos and actual exhibits to introduce cases of serious incidents that MHI Group has had in the past, such as a fire on a large cruise ship under construction. We are creating opportunities for all employees to pledge to never allow such incidents to occur again.

The exhibits presented in the Accident Exhibit Room are also shared on an internal online site so that each employee can review the importance of safety and quality at any time.

In addition to making tours of the Accident Exhibit Room part of the program for employee education, we also provide "safety and quality" education based on incident cases for various positions, so that employees can learn what they can do to prevent incidents. By thinking about that, MHI fosters awareness of safety and quality of the products they are involved with. We will continue to expand opportunities to recognize the importance of safety and quality and enhance education for product safety.

Accident Exhibit Room

	2024
Total number of participants [Product safety and quality]	23,907

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Quality and Safety Programs for Key Products Initiatives

■ Nuclear

〈Mitsubishi Nuclear Safety and Maintenance Steering Committee continues to establish nuclear safety〉

We established the Managing Board for Innovation in the Nuclear Business, headed by the President, in light of a secondary system piping damage accident in August 2004 at the Mihama Nuclear Power Station Unit 3, which was operated by Kansai Electric Power. Since fiscal 2013, we have been continuing as the "Nuclear Safety Steering Committee(Note)" with the aim of achieving even higher nuclear safety.

In fiscal 2024, the Steering Committee shared internally the ongoing improvements to prevent past incidents from being forgotten and to promote reflection, reaffirming our commitment to continue providing high-quality products and services that earn the trust of our customers and local communities.

(Note) Renamed the Mitsubishi Nuclear Safety and Maintenance Steering Committee in fiscal 2020

〈Measures for enhancing domestic nuclear power plant safety〉

MHI set up an emergency task force immediately after the Great East Japan Earthquake, and in August 2011, the Advanced Station Safety Department (currently, the Advanced Plant Safety Department) was established. This department has deployed safety improvement measures including measures for specific severe accident management facilities at domestic pressurized water reactor (PWR) plants, based on the blackout that occurred at the Fukushima Daiichi Nuclear Power Plant.

Thanks in part to these efforts, PWR nuclear power plants that satisfy the new safety criteria enacted in July 2013 restarted operations in August 2015. Currently, 12 PWR plants have resumed operations and safety reviews are underway for subsequent plants in preparation for their restart. Leveraging the knowledge gained from these domestic PWR plants, MHI has also provided various support measures for Boiling Water Reactor (BWR) plants, achieving the first BWR plant restart in November 2024.

MHI continues to contribute to the safe and stable operation of nuclear power plants in order to meet power demand in Japan by taking advantage of its comprehensive technological capabilities as a PWR plant manufacturer.

■ Safe control of radiation

MHI Group properly stores and manages radioactive waste generated through research and development on nuclear power generation and production of nuclear fuel in accordance with applicable laws and regulations.

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■ **Logistics, Thermal & Drive Systems (Air Conditioners)**

〈With customer safety as a top priority, safety design, verification processes and product related risk management processes are incorporated in "control procedures for design work"〉

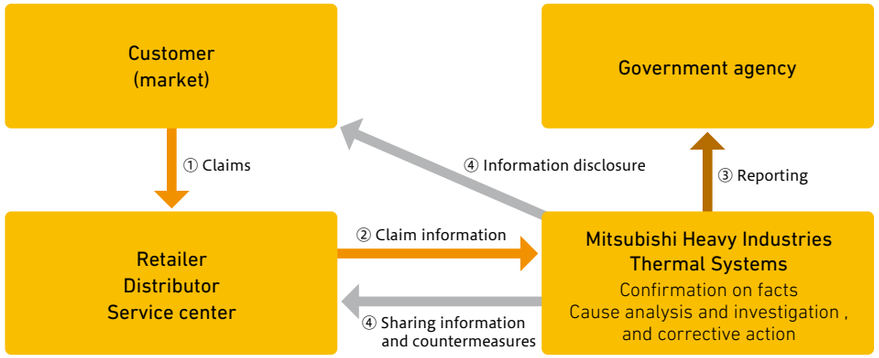
Mitsubishi Heavy Industries Thermal Systems, Ltd. acquired ISO 9001 certification in 1994 and established "control procedures for design work" for product design and development to ensure the safety of air-conditioners. These standards are based on quality policies that are derived from our quality management system. During product development, quality checksheets and other measures are used per these standards to fully verify safety throughout the life cycle of a product, from development to usage and disposal, in addition to checks against physical harm or financial damage caused by fire, explosions, and toxic substances.

Environmental-conscious product manufacturing: component-level safety management

In the unlikely event that a serious product-related accident does occur in the market, we will take immediate steps to ensure customer safety, promptly confirm facts, analyze the cause, conduct an investigation, implement corrective actions, report to the appropriate government agencies, and disclose this information to users and the market.

As an example, in January 2018 we requested that users of our air-conditioners who meet certain conditions submit them for free inspection and repair. We will take the lessons learned from this occurrence to foster a work climate throughout the Company, including businesses overseas, that places the prevention of reoccurrences of incidents and product safety as top priorities.

〈Process following a serious product-related accident〉



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■ Plants & Infrastructure Systems [Commercial Ships]

〈Enhancing QMS activities to prevent product accidents〉

Mitsubishi Shipbuilding Co., Ltd., which is involved in the commercial ships business & marine structures business, is engaged in the shipbuilding and engineering business for a wide range of ships and marine products in the Tokyo, Shimonoseki, and Nagasaki regions. Mitsubishi Shipbuilding Co., Ltd. strives to adopt the same quality indicators, non-conformity management systems, safety and quality education programs, and internal audits in all regions, and is working with each region to improve work processes and quality management framework to realize a more advanced QMS and cultivate an attitude focused on safety and quality. Mitsubishi Shipbuilding Co., Ltd works to deliver products and services that meet customers' expectations through ISO 9001 external audits for QMS activities.

■ GX Solution segment [Transportation Systems]

〈Ensuring the safety of transportation systems based on quality management systems〉

MHI is working on the development of various transportation systems with a high potential for use in public settings, such as the Automated People Mover (APM) for use in airports and other facilities in cities and Light Rail Vehicle. To ensure that such transportation systems function with a high degree of safety, MHI operates QMS based on ISO 9001 and our own quality policies in all processes from design, procurement, and manufacturing to installation, test operation, and maintenance. Every year, top managers review these activities, evaluate the effectiveness of the quality management system, and propose new actions for improvement. Mechanisms are also being developed to incorporate safety standards and customer requirements in various countries into the initial design stage of projects developed in and outside Japan.
In addition to these efforts, MHI utilize a system tool for sharing the lessons learned from past projects. Employees involved in past projects disclose and record their experiences and lessons learned so that current project members can acquire and share useful skills and knowledge, and find a stronger awareness of product safety.

■ Machinery Systems

〈Fostering cohesive QMS activities by unifying the audit process〉

Mitsubishi Heavy Industries Machinery Systems, Ltd. was established in October 2017 by restructuring and merging stable, profitable small and medium-sized businesses. As a pivotal player in the manufacturing and the engineering sectors, the company is deeply rooted in mechatronics technology and is dedicated to providing a broad spectrum of equipment and mechanical systems that underpin various aspects of daily life. Its operations are structured around three distinct divisions, allowing for flexible adaptation to the unique characteristics of different products. In the past, the company obtained ISO 9001 certification for individual products from separate certification bodies. However, in 2020, it unified the audit process across the entire company to foster a cohesive approach to Quality Management System (QMS) activities. This move towards centralized audits also served as a catalyst for dismantling barriers between business units and products, enabling a seamless integration of QMS activities that encompassed extensive information sharing and collaboration during internal audits. By harnessing a diverse array of technologies, experiences, and talents from various product segments, the company aspires to enhance customer satisfaction by delivering even more gratifying products and services while contributing to the sustainable development of society.

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■ Integrated Defense & Space Systems [Defense Products]

〈Contributing to the peace and safety of Japan through technology〉

MHI is dedicated to the core vision of supplying cutting-edge technology for national safety and security. As a leading supplier in the Japanese defense industry, MHI endeavors to maintain and strengthen defense production and technological bases. MHI develops and manufactures a vast array of defense equipment based on the requirements of the government of Japan, including fighter planes, helicopters, missiles, defense vessels, and tanks, and also provides operational support. The environment surrounding the defense of Japan has been changing dramatically over the last few years. In light of the current financial difficulty of Japan and the speed of technological progress, it is increasingly important to maintain and strengthen defense production and technological bases, in order to satisfy the requirements of the government.
MHI is focusing on the future security environment and is developing various technologies that meet the needs of the country. This includes research into stealth and weight-reduction technologies and avionics to be applied to F-X, and into technology related to high-water-speed at sea for amphibious vehicles. We are also working on dual-use businesses such as cybersecurity, drone application, and satellite data analysis that utilize advanced technologies developed on the foundation of experience in the defense business up to this point. We are also working on dual-use businesses such as cybersecurity, drone application, and satellite data analysis that utilize core technologies developed in the defense and space fields up to this point. Therefore, we believe defense technologies can also contribute to long-term technological advances in Japan and the defense sector is expected to develop as a national strategic industry.

■ Commercial Aviation Systems [Aircraft]

〈Raising awareness for aircraft safety through education and training, and promoting of QMS-related activities〉

In the aircraft manufacture business, based on the Aircraft Safety Policy, assurance of aircraft safety is our top priority. All employees engaged in aircraft manufacturing operation and management understand the gravity of aviation accidents. Accordingly, as part of our educational activities aimed at ensuring thorough awareness of aircraft safety, we are implementing various training programs for relevant employees, primarily in management positions. These include training where employees learn through educational tours of the Japan Airlines Safety Promotion Center and climbing the Osutaka Ridge to pay respects to those who died in the Japan Airlines Flight 123 crash in 1985; workshops that communicate the lessons learned from an emergency landing accident involving an MH2000 helicopter and an accident where a F-2 jet fighter crashed and burst into flames (instructions on new work procedures / application of independent verification programs) in 2000 and 2007 respectively; initiatives to prevent leftover foreign objects; and training where employees learn through active discussions with pilots. In addition, we are working to improve quality on an ongoing basis through QMS-related activities based on JIS Q 9100.

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Basic Approach Policy

The MHI Group is committed to achieving a sustainable, safe, secure, and comfortable society while creating customer value. We are seriously addressing societal issues such as climate change, global warming, the declining labor force, and increasing logistics volume. Although these problems are highly complex and not easily solved, we aim to implement innovations and solutions that society truly needs by combining our over 700 core technologies with cutting-edge technologies such as AI and quantum technology.

Promotion System System

■ Consolidation of Core Functions for Innovation

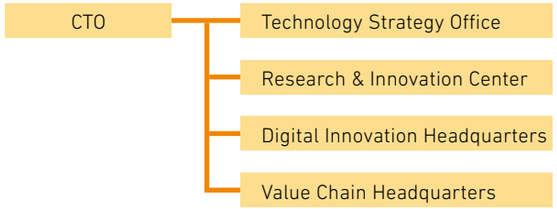
The Group has a Shared Technology Framework with employees possessing specialized skills, knowledge, and data in areas such as planning, marketing, industrial design, development, simulation, experimentation, digital technology, intellectual property, and supply chain management. This helps generate numerous innovations.

〈Organizational Foundation for Creating Innovation〉

While enhancing individual expertise through daily research and development, business operations, and internal and external training, we also expand the breadth of specialized fields and networks through departmental rotations and cross-departmental activities and collaborations. We have established bases in the United Kingdom, Singapore, the United States, and China, where we dispatch specialist engineers to secure leading global technologies, information, and human resources. We also conduct development and provide technological support that is closely aligned with market needs.

By anticipating market trends and intelligently connecting the Group's diverse technologies, knowledge, data, and personnel, we aim to create groundbreaking innovations that are difficult to achieve within a single technology domain and contribute significantly to societal progress through new value.

■ Shared Technology Framework



CTO: Chief Technology Officer

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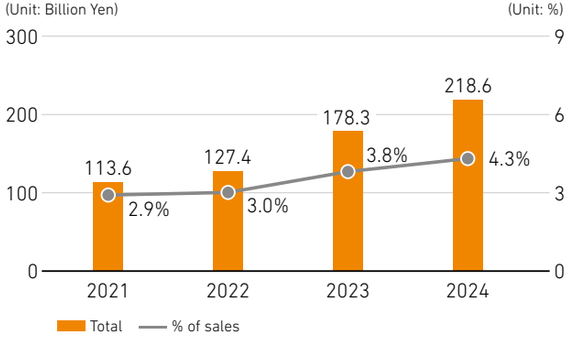
R&D Data Performance

Pick Up

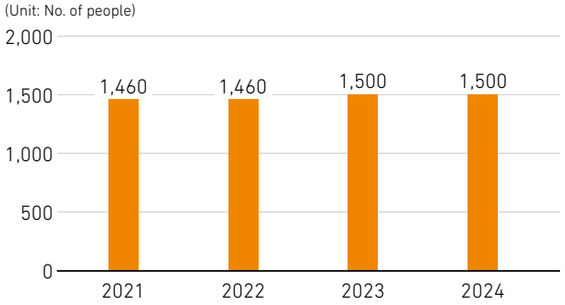
R&D expenditure	% of sales	Employees in R&D positions
2024 218.6 Billion Yen	2024 4.3%	2024 1,500

* Including costs for commissioned research and other related expenses.

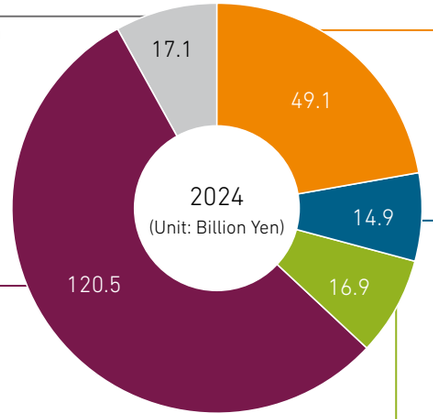
R&D expenditure



Employees in R&D positions



R&D expenditure by segment



Energy Systems
- Development of hydrogen gas turbines
- Development of next-generation hydrogen production technologies
- Development of advanced light water reactors, high temperature gas-cooled reactors, fast reactors, small light water reactors, and micro reactors, etc.

Plants & Infrastructure Systems
- Demonstration of products and technologies for establishing a CO_2 ecosystem
- Development of an automated merging assistance information system for autonomous driving
- Development of next-generation Stoker-type Waste Incinerator

Logistics, Thermal & Drive Systems
- Development and demonstration of hydrogen mixed-fuel/100% combustion engines
- Development and demonstration of large-capacity centrifugal chillers using low-environmental-impact refrigerants

Aircraft, Defense & Space
- Development of surveillance systems utilizing drones and AI technologies
- Development of cybersecurity technology
- Development of H3 rocket, etc.

Others, shared themes
- Advancement of AI-driven automatic combustion vibration control technology for gas turbines
- Development of utility systems as well as next-generation power supply and cooling technologies for data centers

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Intellectual Property Management Policy Initiatives

〈Intellectual Property Activity Policy〉

For a future with a planet where people around the world can live in peace of mind, MHI Group will continue to focus efforts on intellectual property (IP) activities linked to its business operations. Specifically, we anticipate medium- to long-term societal needs and focus our research and development efforts on addressing material issues such as providing energy solutions to enable a carbon neutral society and building a safe and secure community. The outcomes of this research and development are categorized into two types: those to be secured as industrial property rights, such as patents, and those to be kept confidential as know-how. Each is protected and utilized through the most appropriate means as IP.

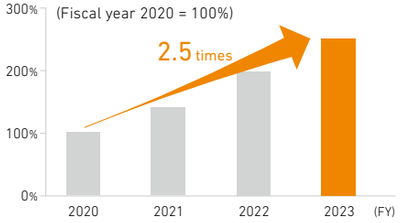
By continuously engaging in these activities, we promote the development of an IP portfolio and management that aligns with emerging societal trends.

〈Strengthening IP Investment Activities That Create Social Value〉

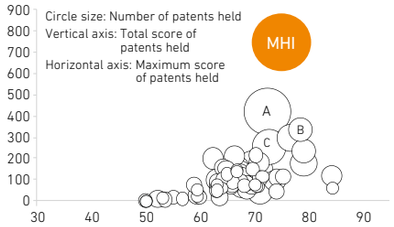
Currently, the Group is focusing on the energy transition sector to promote a decarbonized society. As a result, we have significantly expanded our portfolio of energy transition patents, increasing their number to approximately 2.5 times the level of fiscal 2020. Among these, in the field of CCS/CCUS*1 technologies, we are continuously applying for and securing numerous high-value patents that attract market attention. This approach enables us to build an IP portfolio that excels in both quality and quantity.

*1 Carbon dioxide Capture and Storage, and Carbon dioxide Capture, Utilization and Storage.

Change in Number of IPs for Energy Transition-Related Technologies Owned by MHI Group



Value Assessment of Domestic Patents for CCS/CCUS-Related Technologies by Company*2



*2 Evaluation based on patent scores calculated using the patent analysis tool Biz Cruncher by Patent Result Co., Ltd. The scores are determined by factors such as the breadth of the patent's claims and the number of citations by others. The circles are plotted according to the total score and maximum score of the patents held by each company, with their size reflecting the number of patents held.

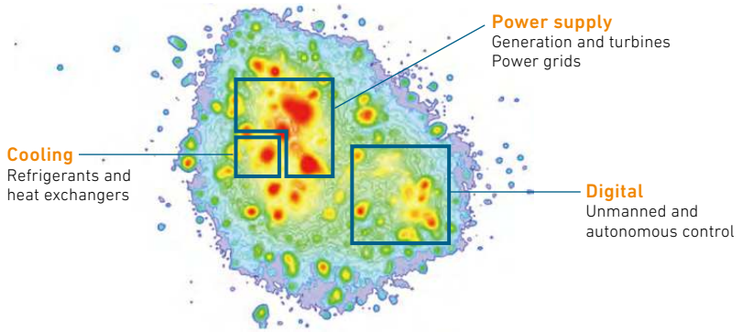
〈Toward a safe, secure, and comfortable society〉

MHI Group has a track record of contributing to social development since its founding, including building critical infrastructure and challenging unknown worlds such as space and the deep sea, as well as a wealth of knowledge. By integrating and applying these, we are promoting the construction of flexible, robust, and excellent labor savings systems.

One example is the provision of infrastructure solutions for data centers, whose importance has been increasing in recent years. With the proliferation of IoT devices and generative AI, the use of high-heat chips is increasing, resulting in higher power consumption for cooling systems. This has created a demand for innovative cooling performance and outstanding energy efficiency.

In the power supply and cooling fields that support stable data center operations, MHI Group has already established a substantial IP portfolio through many years of activities based on its extensive technological foundation. In addition, we are actively promoting IP development in the digital domain, particularly Operational Technology (OT), which includes unmanned and autonomous technologies, to enable more efficient operations. We will provide green and sustainable one-stop solutions by "intelligently connecting" the high infrastructure technology base we have cultivated thus far.

MHI Group's IP portfolio for data center-related technologies*3



*3 Using VALUENEX Radar by VALUENEX Japan Inc., all domestic IP held by MHI Group is visualized in an overview map. Similarity between patents is calculated based on technical terms described in patent publications, and patents with high similarity are mapped close to each other. Areas with a large number of patents are shown in warm colors, providing a visual representation that shows the breadth of data center-related technologies covered.

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Examples of Activities Initiatives

Efforts toward achieving MISSION NET ZERO

■ Development of low-environmental-impact centrifugal chillers

With applications in large-scale air-conditioning for high-rise buildings, factories, and commercial facilities in mind, we developed high-performance centrifugal chillers that use low-environmental-impact (low Global Warming Potential [GWP]) refrigerants with no ozone-depleting potential, aiming for both environmental performance and high efficiency.

By using low-GWP refrigerants, these chillers significantly reduce greenhouse gas risk in the event of a refrigerant leak. They also offer excellent energy efficiency and compactness, making them widely adopted in both industrial and commercial air-conditioning applications, and they hold the top domestic market share in Japan.

Effect: By optimizing compressors, heat exchangers, and equipment layout using MHI's latest analysis technologies, compression efficiency and heat exchange efficiency have been improved. This achieves up to a 12% increase in cooling capacity and significant energy savings. Furthermore, compared with conventional market models, the design is up to 60% more compact, balancing high performance with a smaller installation footprint.

Low-environmental-impact centrifugal chillers

Contribution to society: By using refrigerants with low GWP and significantly improving energy efficiency, these chillers not only help mitigate climate change but also reduce running costs and save space. Going forward, a larger-capacity lineup will be offered to meet the growing cooling demand in AI industries, data centers, and semiconductor sectors, while contributing to global decarbonization.

Efforts toward realizing a hydrogen-based society

■ Development of liquid hydrogen pumps

MHI developed a 90 MPa-class ultra-high-pressure liquid hydrogen pump for FCV hydrogen stations planned for construction both in Japan and overseas.

This pump can stably supply a high flow rate of 160 kg/h of liquid hydrogen and achieves zero release of boil-off gas (BOG) during operation.

In addition, since fiscal 2023, long-term durability testing has been conducted at FirstElement Fuel Inc.'s Livermore hydrogen production facility in the United States. By fiscal 2024, a cumulative operating time of 1,200 hours was achieved, verifying high reliability. Following trial operations, commercial operations began in fiscal 2025 at the Iwatani Cosmo Hydrogen Station Ariake Bus Depot.

Effect: By directly pressurizing liquid hydrogen, the pump achieves remarkable performance, offering three times the hydrogen supply capacity and approximately one-quarter the energy consumption compared with current hydrogen stations using compressor-based systems. This enables faster refueling of greater amounts of hydrogen into fuel cell vehicles compared with conventional 40 MPa pumps (based on MHI's past performance).

Hydrogen supply facilities at Ariake Bus Depot

Contribution to society: Leveraging the liquid hydrogen pump as a key technology and utilizing our expertise in plant design, we optimize the entire hydrogen station. This aims to reduce both the OPEX (Operating Expense) and CAPEX (Capital Expenditure) of hydrogen stations, contributing to the realization of a hydrogen-based society.

Efforts toward building a resource-circulating society

■ Development of the high-efficiency biomass recovery and recycling system AdBio®

To contribute to the creation of a resource-circulating society, we developed the high-efficiency biomass recovery and recycling system AdBio®, which facilitates the easy separation and recovery of biomass such as unsorted food waste, agricultural residues, and paper that previously had to be incinerated due to sorting difficulties and enables highly efficient recycling into valuable resources.

Effect: The introduction of this technology enables (i) highly efficient recovery of biomass resources and (ii) enhanced degradability through thermal treatment. When applied to municipal waste containing plastics, metals, and other materials, combining AdBio® with wet methane fermentation is expected to increase the yield of usable biogas by 1.2–1.3 times compared with conventional crushing and sorting followed by dry methane fermentation.

AdBio® reactor

Contribution to society: This technology contributes to the construction of a sustainable circular agricultural production system by generating green energy from unused biomass, such as non-edible parts of plants (stems and leaves), and by effectively utilizing the recovered heat, green CO_2, and compost, thereby reducing environmental impact.

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Customer Relationship Management

Basic Approach Policy

One statement of Our Principles is: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." Therefore, the company's top priority is to always place itself in the customer's shoes and meet their expectations by providing products and services with high added value. Through these activities, MHI will continuously work to provide products and services that satisfy customers. We are actively carrying out advertising and promotional campaigns based on our business plans to reach stakeholders around the world. In conducting these activities, we ensure the accuracy of the information we provide to our customers, and we diligently adhere to the relevant regulations and industry standards.

Management System System

Since customer characteristics and business practices are quite different in each of our businesses, each business unit utilizes their own optimized measurement method for Customer Relationship Management.

■ Business-to-business divisions

Business-to-business divisions conduct Voice of Customer research to collect customer feedback.

Division	Method	Concrete activities
Energy [Thermal power generation systems]	• Face-to-face • Online • Online survey	MHI collects Voice of Customer (VOC) information through daily face-to-face and online communication. In particular, for our core product, gas turbines, we hold user meetings for each model and region around the world, providing opportunities to directly confirm customer questions and requests regarding our products and technologies. VOC information is classified into seven categories—Maintainability and Operability, Consideration, Necessary Ability, Price, Response Speed, Market Information, and Others—to identify strengths and weaknesses. Based on this, we work on areas such as technology development and Kaizen, carrying out improvement activities daily. In addition, for overseas customers with limited opportunities for face-toface communication, MHI conducts online questionnaires on an annual or biannual basis. These surveys collect and analyze customer feedback on quality, price, and responsiveness of MHI contacts. The results are then used to further improve product quality and customer service.
Plants & Infrastructure [Commercial Ships]	• Face-to-face • Online • E-newsletter	In Mitsubishi Shipbuilding Co., Ltd.'s new shipbuilding business, we have established a system of maintaining close communication with shipowner's site supervisors stationed at the shipyard. This ensures that we can promptly respond to our customers' requests and make our own proposals. In our engineering business, which includes the sale of LNG fuel gas supply systems, we register customer requests in a CRM tool hosted in the cloud. We use this system for internal collaboration among team members and leverage it for future product development and identifying customer needs. We also send an email newsletter to our customers almost monthly, introducing them to our business activities, and to build and maintain relationships.

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Customer Relationship Management

Division	Method	Concrete activities
Nuclear Energy	• Face-to-face	We assign technical service managers to customers with pressurized water reactor (PWR) power plants in Japan so we can establish dedicated technical contacts tailored to our customers' locations, which serves to build strong relationships. We also have on-site managers who engage in face-to-face interactions. They actively listen to the daily feedback and concerns of our customers and provide feedback to our team. This allows us to swiftly address issues, provide maintenance proposals aligned with our customers' needs, and enhance safety, stability, and plant operational efficiency. The industry has recognized and valued the trust and track record we have built through these efforts over many years, and now, we receive numerous requests from new customers with boiling water reactor (BWR) plants.
Machinery Systems	• Face-to-face • Online	Mitsubishi Heavy Industries Machinery Systems, Ltd. conducts activities to gather customer feedback through surveys and interviews, and then leverages this feedback to enhance its products and services. As an example, for customers in the printing & packaging machine industry, the company has developed a customer portal to facilitate communication and is operating it as the fourth customer touchpoint alongside traditional in-person, phone, and email interactions. The company is gradually launching services to support customers in collecting technical information, making various inquiries, purchasing spare parts, and providing maintenance support systems for the stable operation and upkeep of their machines. Going forward, we will expand these initiatives to other businesses to meet a wide range of customer needs.
Integrated Defense & Space Systems	• Face-to-face	In the Integrated Defense & Space Systems segment, we conduct customer satisfaction surveys for certain business products with the aim of improving customer satisfaction. We visit the Japan Self-Defense Forces, our customer, to receive evaluations regarding the quality of the products delivered and the support provided. We listen to their opinions and requests for appropriate support and improvements aimed at facilitating unit activities. Continuing these efforts strengthens communication with our customers, allowing us to respond promptly to inquiries and other needs, thus enhancing trust.

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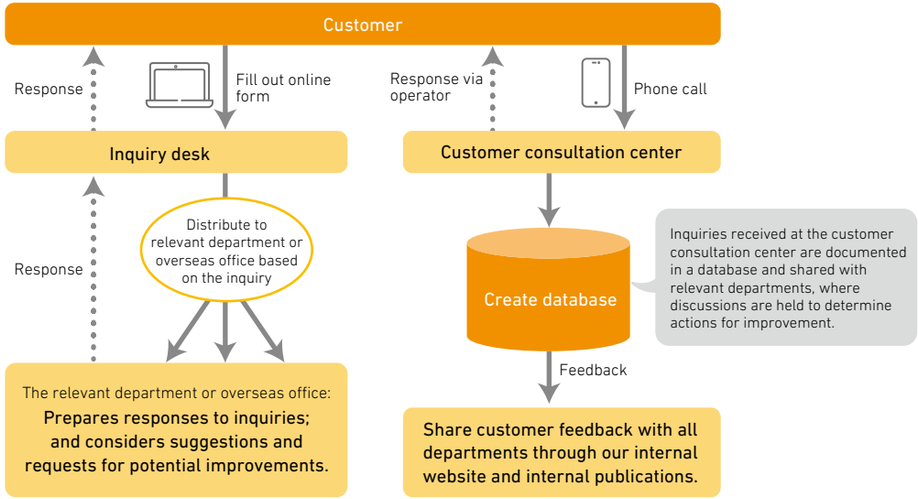
Customer Relationship Management

■ **Areas in which general consumers are customers (air-conditioners, etc.)**

Businesses whose customers are general consumers create contact points with customers by establishing contact points via the Internet and telephone. In addition to commercial air-conditioners, Mitsubishi Heavy Industries Thermal Systems, Ltd. which offers residential air-conditioners for general consumers, has set up an inquiry desk on its website and a customer consultation center by telephone (for Japan only) to constantly collect customer feedback. Moreover, the company conducts in-depth analysis of the VOC (Voice of customer) collected from distributors and contractors during daily sales and service operations, twice a year. The information is fed back to relevant departments, which aids in making improvements to products, sales, and services.

〈Customer support process〉



Responsible Advertising Activities System Initiatives

MHI Group engages in advertising and promotional activities for stakeholders worldwide. In pursuing these activities, we ensure that we provide accurate information to our stakeholders and adhere to relevant laws and industry regulations. After running advertisements, we obtain measurements of their effectiveness, assessing their impact on increasing brand recognition and permeating our corporate image.

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Example of Initiatives Initiatives

■ **Business-to-business divisions**

〈Launched new customer portal for printing and packaging systems〉

We have developed and launched a new communication tool, a customer portal for printing and packaging systems made by Mitsubishi Heavy Industries Machinery Systems, Ltd. This portal serves as the fourth customer touchpoint, supplementing the traditional in-person, phone, and email interactions. Customers can access a wide range of information, including troubleshooting and technical manuals, in a timely manner on the dedicated webpage of this portal. It also allows for two-way communication with us for various inquiries. Moreover, we have gradually started operating services such as an e-commerce website for purchasing spare parts and a maintenance support system for tracking and managing maintenance progress. These services are aimed at supporting the stable operation and maintenance of our customers' machines. We will continue to work towards providing higher-quality services going forward.

[Customer portal functions (as of August 2024)]

1. FAQ that summarize responses to common inquiries from customers
2. Order history for reviewing past orders
3. E-commerce site for ordering spare parts
4. Digital guides as instruction manuals
5. Remote monitoring system for checking the operating status of machines
6. Maintenance support system for tracking maintenance progress and implementation
7. e-learning content e-training for learning about machinery online anytime
8. Inquiry management function enabling inquiries online

etc.

Top page of "customer portal for printing and packaging systems"

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Customer Relationship Management

■ Business-to-business divisions

〈Implementing technical support as an aspect of preventative maintenance〉

MHI Group provides 365-day real-time monitoring and support services for a wide range of energy systems, including gas power systems, steam power systems, renewable energy power systems, distributed power generation, and energy storage facilities, from four locations in Takasago and Nagasaki, Japan; the United States; and the Philippines.

By combining the MHI Group's abilities in a diverse range of solutions, we will provide support that will help increase the value of facilities and achieve a decarbonized society. As of April 2025, the system was connected to 291 units in real time, contributing to our customers' stable power generation operations.

Takasago TOMONI HUB in Japan

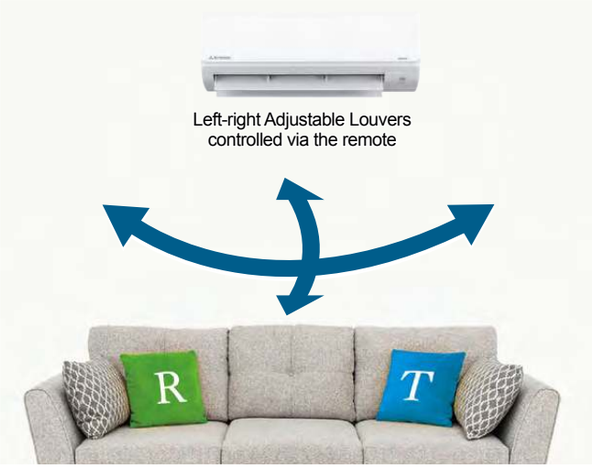
Orlando TOMONI HUB in the United States

■ Areas in which general consumers are customers

〈Development of air-conditioners reflecting customer feedback〉

Mitsubishi Heavy Industries Thermal Systems, Ltd. has developed a compact air-conditioner with an indoor unit height of 250mm for the Japanese market as part of efforts to utilize customer suggestions and requests received through contact points for product and service improvement. This development allows installation in Japanese homes with limited space above windows, where conventional air-conditioners could not be installed, offering a more comfortable living environment.

In addition, responding to customers' requests for remote control adjustments of the airflow direction of air-conditioners installed in high places, Mitsubishi Heavy Industries Thermal Systems, Ltd. has equipped all models, including the standard model, with left-right adjustable louvers that can be controlled via remote. This feature has received high praise from customers over the years.



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Supply Chain Management

Basic Approach Policy

MHI Group procures a variety of materials and services both domestically and globally, including steel and other raw materials, machinery, equipment, and components. We are open to all motivated and competitive suppliers, who are fairly and impartially evaluated and selected in accordance with related laws, regulations, and social norms. We then work to build mutually beneficial relationships of trust with suppliers as business partners. In December 2018, MHI Group revised its Group Supply Chain CSR Promotion Guidelines, established in June 2010, to include more specific details on consideration of human rights, occupational safety, and consideration of the environment. Furthermore, in March 2025, we revised the guidelines again in light of social trends concerning sustainability and changed the name to the MHI Group Supply Chain Sustainability Promotion Guidelines. Through these guidelines, we share MHI Group's approach to sustainability- and CSR-oriented procurement not only with our direct suppliers but also with the wider supply chain, thereby promoting sustainability and CSR initiatives across the entire supply chain.

MHI website: MHI Group Supply Chain Sustainability Promotion Guidelines https://www.mhi.com/company/procurement/csr

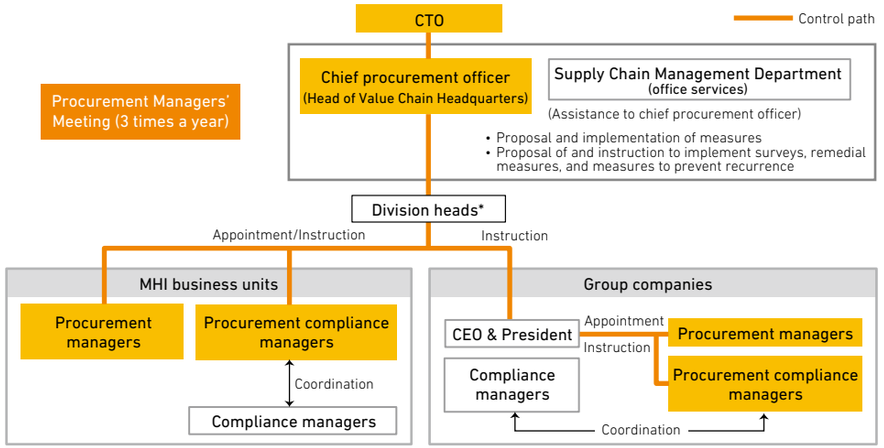
Promotion System System Initiatives

In house system

Based on our Procurement Global Policy & Procedures*, we ensure thorough compliance in procurement operations with the aim of establishing and maintaining a procurement system trusted by the public and our stakeholders. Under the overall control of the chief procurement officer, we appoint procurement managers and procurement compliance managers to each MHI business unit and Group company to manage and control operations within the Group.

With office services provided by the Supply Chain Management Department, a Procurement Managers' Meeting made up of the heads of procurement from each MHI business unit and major Group companies convenes to discuss procurement-related measures and promote a range of activities through Group-wide coordination.

Procurement management system



* Division heads: The heads of domains, segments, business divisions and corporate departments, etc.

* Policy and procedural document setting out Group-wide procurement process rules based on the MHI Group Principles and Code of Conduct.

Suppliers as business partners

The MHI Group Supply Chain Sustainability Promotion Guidelines set out our basic supply chain policy, which is aimed at realizing a sustainable society, and requests the understanding and cooperation of suppliers in its implementation. In addition to ensuring product safety, quality, fair pricing, and timely delivery, the guidelines advocate enhanced technological development capabilities, due attention to compliance, corporate ethics, human rights, occupational safety, and the environment, and contributions to local communities and society.

Moreover, at platforms such as "business partner meetings" and "business policy briefings," we explain the Group's Supply Chain Sustainability Promotion Guidelines and offer educative information on the conduct expected of suppliers by introducing cases of ESG risks in the supply chain.

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■ Critical suppliers

By business unit, MHI designates critical suppliers based on factors such as the size of orders, the importance of the parts or equipment, the lack of alternative suppliers, and the level of geopolitical risk.

	FY2024
Tier 1 suppliers	24,021 companies
Primary Tier 1 suppliers	1,776 companies

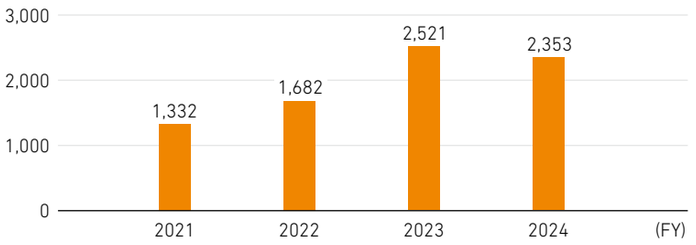
Data about the Supply Chain Performance

Pick Up

Number of business partners provided with sustainability and CSR education

2024
Total number of participants **2,353** companies

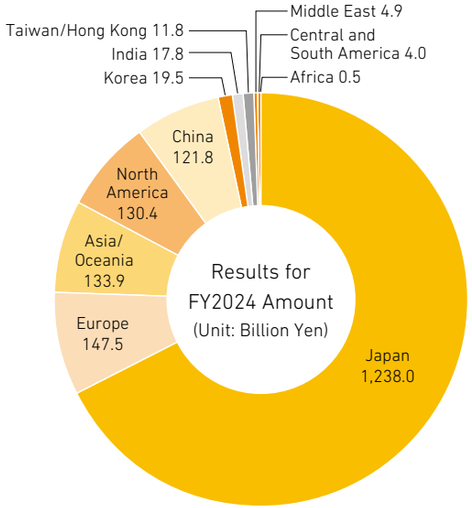
Number of participating suppliers



■ Spending analysis (analysis of procurement history)

We conduct a spending analysis of the MHI Group's total expenditure on orders and analyze procurement and related expenditure by region.

Region	Results for FY2024 Amount (Unit: Billion Yen)
Japan	1,238.0
Europe	147.5
Asia/Oceania	133.9
North America	130.4
China	121.8
Korea	19.5
India	17.8
Taiwan/Hong Kong	11.8
Middle East	4.9
Central and South America	4.0
Africa	0.5



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Initiatives on Sustainability and CSR Procurement Initiatives Policy

To enhance the sustainability of the MHI Group's supply chain, we conduct a Sustainability and CSR questionnaire survey which enables suppliers to self-assess their CSR/ESG efforts and share/confirm results with us. Based on the results, we then carry out an on-site survey, including human rights due diligence, to observe actual conditions, and later conduct a follow-up survey to check on improvement measures.

This initiative, implemented continuously on a one-year cycle, represents a concrete step toward the designated goal of further promoting responsible (CSR) procurement in the global supply chain as part of efforts to enhance corporate governance, which is one of MHI Group's Material issues.

MHI website Promoting Sustainability and CSR procurement
https://www.mhi.com/company/procurement/csr

Material issues: Enhance corporate governance
Goal: Further promote CSR procurement in the global supply chain

- Based on the scale and continuity of the business relationship, we designate critical Tier 1 suppliers within our global supply chain for completion of a Sustainability and CSR questionnaire survey. We are continuously expanding our activities to include suppliers both in Japan and overseas.

Sustainability and CSR questionnaire survey
Supplier self-evaluation of CSR/ESG initiatives

- In the Sustainability and CSR questionnaire survey, we use the Self-Assessment Questionnaire (SAQ) of the Global Compact Network Japan (GCNJ), the Japanese arm of the United Nations Global Compact.

On-site survey
Review of related initiatives and collaboration in corrective measures for suppliers with low self-evaluation in the Sustainability and CSR questionnaire survey

- Together with the Sustainability and CSR questionnaire survey, we confirm suppliers' agreement with our CSR procurement activity and provide them with educational materials on CSR procurement as measures to raise their awareness.

Follow-up survey
Continuous monitoring of suppliers after on-site survey

〈Sustainability and CSR questionnaire survey items〉

Environment
Chemical substance management, management and reduction of effluent, sludge, and other waste matter, effective use of resources, reduction of greenhouse gas emissions, etc.

Social
Respect for human rights and prohibition of discrimination, respect for local communities, prohibition of discrimination in employment, equal opportunities for employees, prohibition of inhumane treatment, payment of appropriate wages, fair regulation of working hours, vacation, etc., prohibition of forced labor and child labor, etc.

Governance
Creation of systems for CSR promotion, internal control, business continuity, compliance, internal whistleblowing, information security, etc.

Other CSR items
Quality and safety, supply chain, harmonious coexistence with local communities.

Main questionnaire items	ESG category
I. CSR in corporate governance	G (Governance)
II. Human rights	S (Social)
III. Labor	S (Social)
IV. Environment	E (Environment)
V. Fair business practices	G (Governance)
VI. Quality and safety	—
VII. Information security	G (Governance)
VIII. Supply chain	—
IX. Harmonious coexistence with local communities	—

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Initiatives on Human Rights, Occupational Safety, and Procurement Initiatives Performance

■ Human rights due diligence

In fiscal 2022, we implemented a trial human rights questionnaire survey of 25 suppliers in Southeast Asia identified as having human rights risk of a comparatively high level within the MHI Group's business operations.

Of these, five suppliers with relatively low self-evaluation scores were selected for on-site survey, with interviews to check that there were no human rights risks requiring attention.

Since fiscal 2023, we have incorporated human rights due diligence into our existing sustainability and CSR procurement initiatives, expanded the scope of the initiatives, and started full-scale implementation.

In fiscal 2024, we visited 9 suppliers mainly in Asia that had low self-evaluation scores in the areas of human rights and labor in their CSR procurement, and confirmed that there were no human rights risks that required attention.

Human rights due diligence taskforce
FY2021: plan formulated
FY2022: trial completed

→ **Identification of trial targets**
Suppliers in the Southeast Asia region identified as having comparatively high human rights risk

→ **Human rights questionnaire survey**
Self-evaluation questionnaire survey on human rights initiatives implemented at 25 suppliers

→ **On-site human rights survey**
On-site survey with interview were implemented at a total of five suppliers with relatively low scores

Supply Chain Monitoring Initiatives Performance

■ Supply chain monitoring

MHI monitors and evaluates its critical Tier 1 suppliers' quality, cost, delivery, technical capability, and management (including ESG) based on each business unit. By doing so, it monitors the Group's supply chain with the goal of analyzing supply chain risks and identifying high risk suppliers.

In addition, we conduct Sustainability and CSR surveys in order to ascertain the status of CSR promotion initiatives by suppliers. Based on supply chain monitoring results, to mitigate risks to the MHI Group supply chain, we are conducting on-site surveys at supplier's site and perform assessments regarding suppliers' CSR/ESG activity including their knowledge about the relevant laws, their compliance structure, and activity status against high-risk suppliers from a CSR/ESG point of view. We also discuss improvement as necessary.

In fiscal 2024, we have confirmed that there will be no major negative impacts as a result of our on-site surveys.

Percentage of total spending on key Tier1 suppliers	61%
Number of suppliers surveyed by Sustainability and CSR questionnaire	Japanese and Overseas: 2,674 companies (FY2021, FY2023), 1,776 companies (FY2024)
Number of suppliers surveyed by ESG inspection	Onsite: 20 companies, Online: 28 companies (FY2024)

Conflict Minerals Policy Initiatives

Armed groups engaged in conflicts in the Democratic Republic of the Congo and neighboring countries have committed serious human rights abuses and acts of environmental destruction.

This issue has caught the world's attention. Some of the proceeds from the minerals produced in this region (tin, tantalum, tungsten, and gold, hereinafter "conflict minerals") are thought to be a source of funding for these armed groups. MHI Group has no intention of abetting human rights abuses or environmental destruction by procuring raw materials, parts or products which contain the conflict minerals.

A survey was conducted in fiscal 2024 targeting smelter and country of origin, which is the mineral procurement source for aircraft and automobile parts, and the results confirmed that 6,427 smelters out of 17,697 identified were certified under the conflict-free smelter program. We will continue to work with our customers, suppliers, industry groups and others in efforts to avoid benefiting the armed groups.

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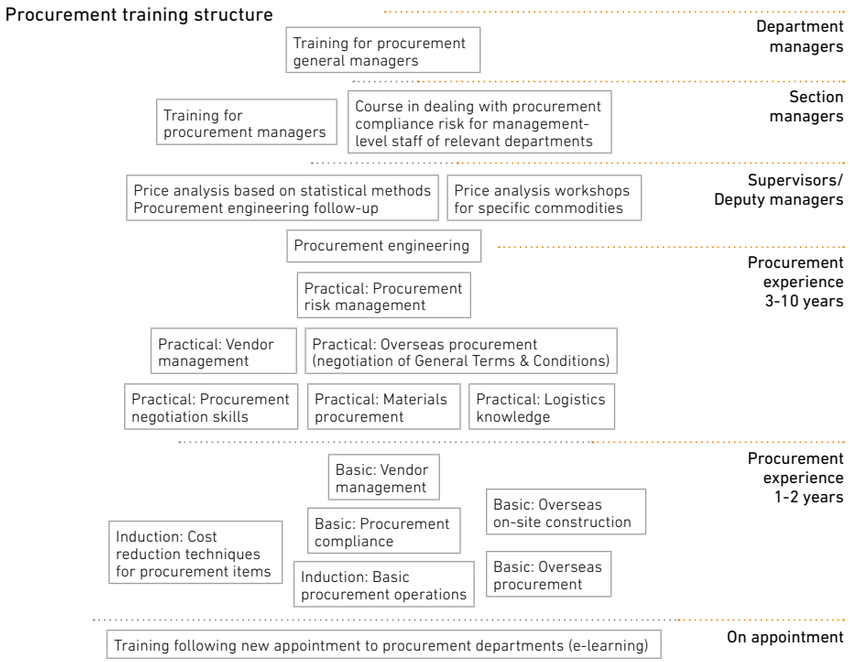
Our Improvements in the Supply Chain Initiatives Performance

■ Development of procurement human resources

The MHI Group's procurement departments offer training to improve the skills of human resources engaged in procurement, offering a range of different courses in procurement operations for different job positions.



In fiscal 2024, new employees and employees newly appointed to procurement departments were given induction training designed to equip them with basic knowledge of procurement operations including CSR procurement, with 39 participants from MHI Group. We also conducted a course in overseas procurement and one designed to improve procurement negotiation skills, which were attended by 27 and 28 employees, respectively.

■ Awareness raising on procurement compliance

To ensure the steady implementation of legally compliant procurement operations, we regularly conduct courses in procurement compliance, with particular focus on raising awareness of compliance with The Subcontract Act. Each year in November, which is designated a month for particular attention to ensuring appropriate business relations with subcontractors, we implement e-learning on The Subcontract Act for all MHI Group employees in Japan, with subsequent comprehension testing followed up with group lectures graded according to the results of the comprehension test. In addition, every month we publish a learning aid that summarizes points requiring special attention as a quick guide to The Subcontract Act.

Pick Up

Number of employees completing The Subcontract Act e-learning and comprehension test

2024 **63,103**

* Figure for all personnel engaged in MHI operations including temporary and contract workers, on-site subcontractors, etc.

Participating in Initiatives Initiatives Performance

■ Participating in Supply Chain-Related Initiatives

In order to advance MHI Group's CSR procurement initiatives, since fiscal 2019, we have taken part in the Supply Chain Working Group of the Global Compact Network Japan, the local network of the UN Global Compact in Japan. Through activities with other companies, including those from other industries, we are promoting discussions on issues that we face on a practical level and generating outputs (deliverables) aimed at contributing to the resolution of those issues.

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Social Contribution Activity

Basic Approach Policy

MHI Group contributes to resolving various social issues through its businesses and products. Social contribution activity is a means to address issues that cannot be resolved through business activity. In accordance with the CSR Action Guidelines, which set out the shared approach of MHI Group employees, we focus our concrete activities on three areas closely related to our business activities: environmental protection, local community contribution, and fostering the next generation.

Our environmental protection activities come under the heading of 'Care for the planet' and include contributions to mitigating climate change—increasingly important in the face of rapid global warming—and action to preserve biodiversity, designed to protect endangered species.

In our local community contribution, which we call 'Create a more harmonious society,' we recognize that promoting harmonious coexistence with the communities hosting the MHI Group's business bases and building strong relationships of trust is essential to our business continuity. We therefore engage in a variety of activities, adapted to the character and culture of the different regions, to contribute to the development and revitalization of local communities.

To foster the next generation, or 'Inspire the future' we offer a wide range of educational activities to children, including science lessons, whose basic aim is to pass on to youth Japanese manufacturing craft and science and technology skills.

Becoming involved in these various social contribution activities also promotes the development of our human resources and increases employee engagement. We believe that it will additionally contribute to addressing one of the five material issues identified in 2020: Promote diversity and improve employee engagement.

MHI Group's CSR Action Guidelines (adopted in July 2007)

MHI strives to move the world toward a more secure future.
Through our technology, our business practices, and our people, we:

Care for the planet

We are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth

Create a more harmonious society

We embrace integrity and proactive participation to solve societal challenges

Inspire the future

We cultivate global talent who share a vision and desire to move the world forward for generations to come

Focus areas for MHI Group social contribution activity

CSR Action Guidelines 〈Theme〉	Relationship with Group business
Care for the planet 〈Environmental protection〉	For MHI, which operates a global business including emerging and developing countries, conducting business activity in a way that shows consideration for the global environment is an important requirement for business continuity.
Create a more harmonious society 〈Local community contribution〉	For MHI, which operates worldwide, coexisting in harmony with the communities where its businesses are located and building strong relationships of trust is an important requirement for business continuity.
Inspire the future 〈Fostering the next generation〉	As science and technology are the source of MHI's growth, the declining interest in and understanding of science among children and their shift away from science subjects may act as a barrier to our securing and development of human resources in the future. Stimulating children's interest in science is therefore an important requirement for business continuity.

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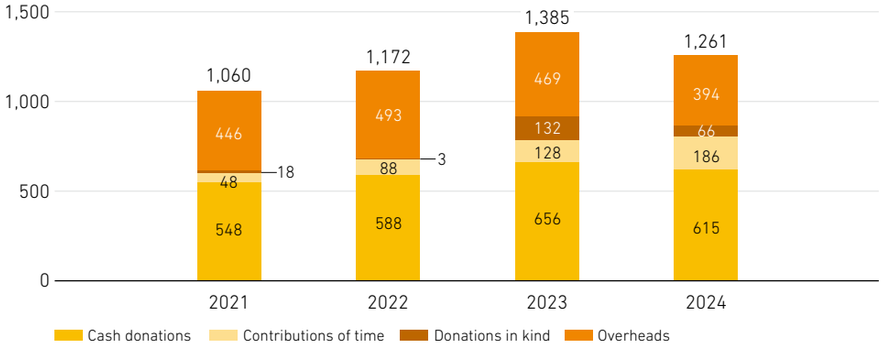
Type of contribution

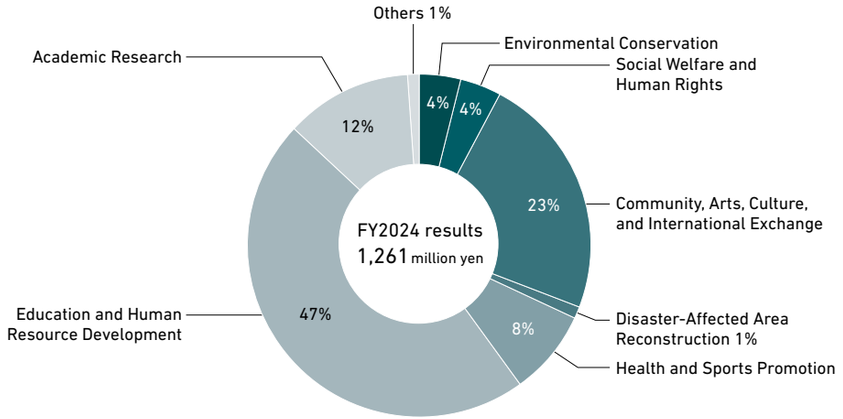
(Unit: Millions of yen)



Data coverage: Group-wide

Expenditures on social contribution activities

(Unit: %)



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MHI Group Initiatives Initiatives

Environmental protection: Care for the planet

Cooperation in forest conservation activities

To help address the various challenges faced by forests around the world and contribute to the creation of forests rich in biodiversity, MHI Group employees and their families participate in a variety of forest conservation activities, such as tree planting and undergrowth clearing.

Employees and their families volunteered in forest maintenance activities on Mt. Noro in Kure City, held as part of the Hiroshima Mountain Day Prefectural Gathering

Support for "corporate forests"

Since 2009, Mitsubishi Heavy Industries Thermal Systems, Ltd. has supported "corporate forests," a collaborative initiative between companies and local governments. As part of this initiative, a section of forest in Mie Prefecture was named "Beaver's Forest Kihoku," where employees and their families participate in tree planting, undergrowth cutting, and trail maintenance.

Applying preservative coating to benches installed along walking trails

Cleanup activities in regions

Group employees carry out local cleanup activities. These ongoing initiatives are focused mainly on the immediate vicinity of our business bases and are intended to raise awareness of environmental protection and local community contribution among all participants and to build relationships of trust with local residents.

Employees of Mitsubishi Heavy Industries Asia Pacific Pte. Ltd. and Mitsubishi Power Asia Pacific Pte. Ltd., clean up beaches in Singapore

Local community contribution: Create a more harmonious society

Donation of forklifts to a food bank

Mitsubishi Logisnext Americas Inc. in the United States donated two forklifts to the Houston Food Bank, one of the largest food banks in the country, and employees also volunteered to help sort food at the warehouse.

Donation event at the Houston Food Bank warehouse

Supporting the success of persons with disabilities

Mitsubishi Heavy Industries (China) Co., Ltd. launched its disability inclusion initiative for local group companies in China starting in 2023, contributing to the creation of a society where people with and without disabilities can integrate. As part of this initiative, when our group exhibited at the China International Import Expo held in Shanghai, China, we used hand-knitted flowers made by individuals with disabilities instead of fresh flowers to decorate the exhibition hall. The vibrant colors were well-received by visitors.

During the exposition, creators interacted with visitors

Community support activities—"Impact Day"

Mitsubishi Power Americas, Inc. organized community support activities near its U.S. offices in collaboration with international NGOs. As many as 250 employees participated in activities such as building homes and playhouses for children and supporting food banks.

Many employees demonstrated teamwork while engaging a variety of support activities

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Social Contribution Activity

Fostering the next generation: Inspire the future

Science classes

MHI conducts science classes, mainly at elementary and junior high schools located near its business facilities or at the Mitsubishi Minatomirai Industrial Museum, using MHI Group products and technologies as teaching materials. Through hands-on experience of craftwork and experiments, we teach the children the joy of making things.

Mitsubishi Shipbuilding Co., Ltd. conducts lessons on the theme of "ships" during comprehensive learning periods at an elementary school in Yokohama City, allowing students to experience buoyancy in a pool

Factory hands-on learning

We invite elementary and junior high school students to our factories to provide opportunities for site tours and hands-on experiences. At the Eba Plant, Hiroshima Machinery Works, we support nearby elementary schools' off-campus learning programs, "Town Exploration," by hosting tours of the aircraft factory, guiding students through the production site, and answering their various questions.

Students eagerly asked employees questions after touring the aircraft manufacturing site

Career education

MHI Group employees cooperate as lecturers in career education activities. These programs involve educational visits to workplaces for first-hand experience of working life and are seen by schools as a promising way for business to help equip pupils for working life by linking their learning in school with wider society.

We conducted lectures for students on the mechanisms and characteristics of nuclear power generation, as well as our nuclear technologies and works

Hosting scholarship students

MHI welcomes Vietnamese students as scholarship recipients, reflecting our strong connections with Vietnam in our business operations. We support their education and living experiences at Japanese universities, enabling them to broaden their career opportunities. Many of these students pursue further studies in Japanese graduate schools or enter various professions that leverage the knowledge they gained while studying in Japan.

Scholarship students visited MHI's Sagamihara Machinery Works

Learning support

Since 2012, Mitsubishi Heavy Industries Air-conditioners (Shanghai) Co., Ltd. has continued the "Seed Project" in Anhui, Yunnan, and Qinghai provinces in China, providing elementary school students with special professional lessons, donations of school supplies, and opportunities to reflect on their future dreams.

Elementary school students receiving painting instruction from a professional artist

Sports coaching

We provide coaching sessions to elementary and junior high school pupils in football, rugby, baseball, track and field events, and other sports. This program uses sport as a means to foster emotional wellbeing and physical health in the rising generation and helps to widen their experience of sport.

The Urawa Reds Heartful Club promotes grassroots international exchange, teaching children in Asian countries the joy of soccer and the importance of values such as kindness and respect

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Remuneration of Directors

Duties of the Audit and Supervisory Committee/
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Effectiveness of the Audit and Supervisory Committee Members

Activities of Committees

Risk Management Business Risk Management

Basic Approach, Policy

Business Risk Management Structure

Risk Management Business Continuity Management

Basic Policy on Business Continuity/
Preparations for Business Continuity (domestic example)

Risk Management Cybersecurity

Efforts toward Cybersecurity

Compliance

Basic Approach/Promotion System

Compliance

Compliance Anti-corruption

Anti-corruption Policy/System for Preventing Corruption/
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Employee Training

Compliance Anti-trust

Anti-trust Policy/Employee Training

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Corporate Governance

Basic Approach to Corporate Governance Policy

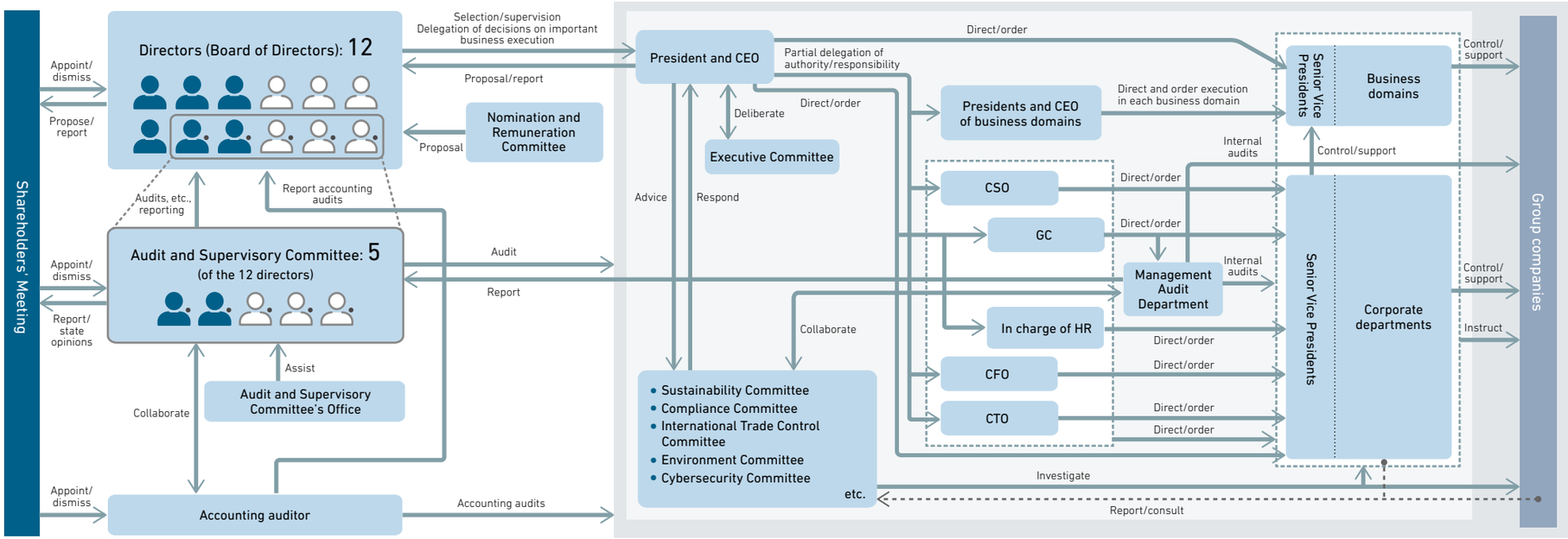
As a company responsible for developing infrastructure that forms the foundation of society, it shall be MHI's basic policy to manage the company in consideration of all stakeholders and to make efforts to enhance corporate governance on an ongoing basis in pursuit of sustained growth of MHI Group and improvement of its corporate value in the medium and long term. In accordance with such basic policy, by, among other ways, working to enhance its management oversight function through separating management oversight and execution, and inviting outside directors onto the Board, MHI shall endeavor to improve its management system and works on to develop a "Japanese-style global management" focusing on the improvement of the soundness and transparency of its management as well as on diversity and harmony.

Corporate Governance System System

MHI transitioned to a company with an Audit and Supervisory Committee in 2015, and established the Nomination and Remuneration Advisory Council in 2016. Since 2020, MHI's Board of Directors has consisted of 12 directors, and six directors are independent outside directors. In September 2024, the Nomination and Remuneration Advisory Council was renamed and reorganized as the Nomination and Remuneration Committee. Through these corporate governance reforms, we aim to accelerate decision-making and strengthen the oversight function.

See MHI Report P.49-P.54 https://www.mhi.com/finance/library/annual/pdf/report_2025.pdf

Corporate Governance Structure (as of June 27, 2025)



(Reference) MHI Website Corporate Governance Guidelines https://www.mhi.com/finance/management/governance/

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■ Composition of the Board of Directors

When selecting directors who are not Audit and Supervisory Committee members, it is MHI's policy to appoint those who are active in the core of MHI's management, have extensive experience in executing MHI's business and have senior management perspective, and to invite more than one outside director whose role is to perform oversight from an objective standpoint, while giving consideration to external stakeholders. Moreover, the Board of Directors strives to ensure both diversity and appropriate size including the aspects of gender, internationality, and career history while maintaining a good overall balance in terms of knowledge, experience, competence, and other qualities, after identifying the skills to be prepared in light of the management strategy.

Number of directors (breakdown) (As of June 27, 2025)

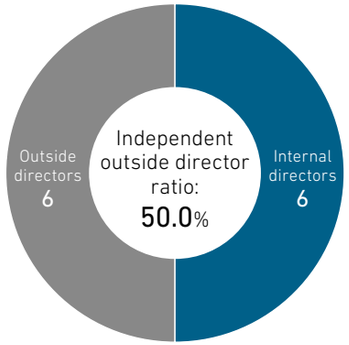
Total Directors	12
Executive directors	3
Non-executive directors	9
Independent directors	6
Female directors	2
Non-Japanese directors	0

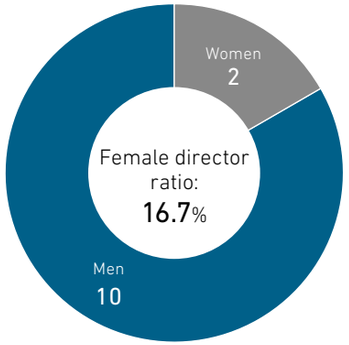
Board meeting attendance*

Average	100% (FY2024)
Minimum attendance	100% (FY2024)

* Excluding directors who retired during fiscal 2024

Composition of the Board of Directors (As of June 27, 2025)





KPI for female director ratio:
Ratio of female officers to total officers of at least 30% by 2030

Limits on director's terms of office and concurrently serving

Term of office	One year (two years for directors who are Audit and Supervisory Committee members)
Average tenure	Four years (as of June 27, 2025)
Criteria related to limitiation on concurrent servings	Internal directors are limited to around three companies

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■ List of Directors and Director Skills Matrix

	Gender	Inside/ outside	Position and Responsibility in MHI (As of June 27, 2025)	Number of years in office (as of the conclusion of the General Meeting of Shareholders on June 27, 2025)	Board Meeting Attendance Ratio (FY2025)	Number of shares owned (Unit:hundred) (As of May 31, 2025)	Skills Matrix: Knowledge, experience and expertise(Note 2)						
							Socio-Economic Issues	Risk Management/ Compliance	Global Enterprise Management	Technology/ Digitalization	Marketing	Finance/ Accounting	Human Resource Development
Seiji Izumisawa	Male	Inside	Chairman of the Board(Note 1)	8	100%	3,158	●	●	●	●	●		
Eisaku Ito	Male	Inside	President and CEO (Member of the Board)	New	—	1,481	●	●		●	●		●
Masayuki Suematsu	Male	Inside	Director (Member of the Board), Executive Vice President, CSO	New	—	653	●	●	●		●		
Hiroshi Nishio	Male	Inside	Director (Member of the Board), Senior Vice President, CFO	New	—	46	●	●			●	●	
Ken Kobayashi	Male	Outside	Director (Member of the Board)	9	100%	240	●	●	●		●		
Nobuyuki Hirano	Male	Outside	Director (Member of the Board)	6	100%	372	●	●	●			●	
Mitsuhiro Furusawa	Male	Outside	Director (Member of the Board)	2	100%	55	●	●				●	
Masayuki Fujisawa	Male	Inside	Director (Member of the Board), Full-time Audit and Supervisory Committee Member	1	100%	684	●	●			●	●	
Hisato Kozawa	Male	Inside	Director (Member of the Board), Full-time Audit and Supervisory Committee Member	5	100%	975	●	●	●			●	
Hiroo Unoura	Male	Outside	Director (Member of the Board), Audit and Supervisory Committee Member	6	100%	439	●	●	●		●		●
Noriko Morikawa	Female	Outside	Director (Member of the Board), Audit and Supervisory Committee Member	5	100%	61	●	●	●			●	●
Masako Ii	Female	Outside	Director (Member of the Board), Audit and Supervisory Committee Member	4	100%	78	●	●					●

(Note 1) Chairman of the Board of Directors (the chairman of the board and CEO do not serve concurrently.)
(Note 2) The skills matrix does not indicate the entire range of knowledge, experience and expertise that a given director possesses.

For the analysis and evaluation of the effectiveness of Board of Directors and future initiatives, please refer to MHI Report P.52. https://www.mhi.com/finance/library/annual/pdf/report_2025.pdf

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Corporate Governance

Remuneration of Directors Policy System Actual

■ Structure of Executive Remuneration

〈Remuneration of Directors (Excluding Audit and Supervisory Committee Members and Outside Directors)〉

- The remuneration of directors (excluding Audit and Supervisory Committee Members and outside directors) consists of base remuneration, performance-linked remuneration (variable remuneration: short-term incentive), and stock-based remuneration (variable remuneration: long-term incentive) from the viewpoint of reflecting business performance and sharing value with shareholders.
- Performance-linked remuneration is determined based on consolidated earnings while also taking into account the roles of each director and the business performance and accomplishments of the business of which he or she is in charge, etc.
- For stock remuneration, the Board Incentive Plan Trust structure is used. MHI shares are issued, and remuneration is paid based on stock award points that are granted in accordance with the individual role of each director and the Company's business performance, etc.
- The standard for the remuneration of the Company's president was set at roughly 30% base remuneration, 40% performance-linked remuneration, and 30% stock-based remuneration (in the event that consolidated profit from business activities reached ¥200 billion; calculated based on the fair value of stock award points granted during fiscal 2018), making for a remuneration structure in which the higher a director's position is, the greater his or her performance-linked remuneration will be.
- The benchmark used to calculate performance-linked remuneration is consolidated profit from business activities. Consolidated profit from business activities was chosen so that the results of business operations are reflected in performance-linked stock remuneration.
- The benchmark used to calculate stock-based remuneration is consolidated profit from business activities. Consolidated profit from business activities was chosen to incorporate the results of business operations in stock-based remuneration.
- In fiscal 2024, the profit from business activities used in the calculation of performance-based remuneration for fiscal 2024 was ¥383.1 billion, compared to the target (initial forecast) of profit of ¥350 billion. The profit from business activities for fiscal 2023 targeted for use (initial forecast) in the calculation of stock-based remuneration for fiscal 2024 was ¥300 billion and the actual amount was ¥282.5 billion.

Methods for Determining Each Type of Remuneration
(Remuneration of directors who are not Audit and Supervisory Committee members [excluding outside directors])

Base remuneration: Standard amount based on position + Additional amount based on performance

- The standard amount based on position is determined in accordance with a director's position and the details of his or her duties, etc.
- The additional amount based on performance is determined within a range that shall not exceed ¥500,000 a month.

Performance-linked remuneration: Position-based payment coefficient x Profit from business activities for the given fiscal year ÷ 10,000 x Coefficient of business results

- Performance-linked remuneration is paid when the Company records a profit from business activities (or after adjustment in the event that partial adjustments are made) and carries out dividend payments.
- The position-based payment coefficient is determined in accordance with a director's position and the details of his or her duties, etc.
- The coefficient of business results evaluates the performance and results of a business of which a director is in charge. It is determined within a range from 1.3 to 0.7.

Stock-based remuneration: Position-based standard points x Coefficient of business results

- As a general rule, directors receive MHI shares and cash in an amount equivalent to MHI shares' liquidation value three years after being granted stock award points.
- Position-based standard points are determined in accordance with a director's position and the details of his or her duties, etc.
- The performance coefficient is based on profit from business activities in the previous fiscal year, and determined after reflecting external evaluations by major ESG evaluation organizations.
- In the event that a director engages in improper conduct, the Company suspends the granting of stock award points and the issuance of shares to said director. The Company asks the director to submit a payment equivalent to the number of shares issued to him or her, so-called "clawback".

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■ Incorporating an ESG perspective into stock-based renumeration calculations

In stock-based remuneration, a system has been introduced where stock award points are determined based on the progress of ESG initiatives. This system incorporates the results of external evaluations by major ESG rating organizations into the stock remuneration calculation formula (performance coefficient), thereby objectively reflecting the Company's comprehensive ESG efforts in its stock-based remuneration.

■ Measurement metrics for variable remuneration

Internal Financial Success Metrics: The remuneration is determined based on the business performance of which he/she is in charge. External Financial Success Metrics: The remuneration is determined based on the consolidated earnings of the Company.

■ Variable remuneration linked to long-term performance

Ratio: 67.6% / Type: Stock remuneration

■ Remuneration (Note)

	Number		Unit	Total	Base remuneration	Performance-linked remuneration	Stock remuneration
Directors who are not serving as Audit and Supervisory Committee members (excluding outside directors)	4	Male	Millions of yen	2,006	231	574	1,200
	0	Female	Millions of yen	—	—	—	—
Directors who are serving as Audit and Supervisory Committee members (excluding outside directors)	3	Male	Millions of yen	103	103	—	—
	0	Female	Millions of yen	—	—	—	—
Outside directors	4	Male	Millions of yen	63	63	—	—
	2	Female	Millions of yen	37	37	—	—

(Note) The table above includes one director who was an Audit and Supervisory Committee member and who retired during the fiscal year under review.
(Note) Actual remuneration levels are based on position and does not differ between male and female directors.
(Note) The total stock-based remuneration in the table represents the expense recognized in fiscal 2024 for stock award points granted under the Board Incentive Plan (BIP) Trust.

〈Remuneration of outside directors〉

The Company expects that the outside directors offer their objective opinions and guidance, primarily on their vision for the Company over the medium to long term, from an independent standpoint. Accordingly, the outside directors are only paid a base remuneration, which is set at an appropriate amount.

〈Remuneration of directors who serve as Audit and Supervisory Committee Members〉

Directors who serve as Audit and Supervisory Committee members are only paid a base remuneration. The amount for this base remuneration is determined in consideration of each member's roles and responsibilities and based on whether he or she is a full-time or part-time member. However, the base remuneration for full-time Audit and Supervisory Committee members can be reduced in consideration of the status of the Company's management and other factors.

■ Average salary of all employees and CEO remuneration

	Unit	Stock remuneration
CEO remuneration	Millions of yen	272*
Mean employee salary	Millions of yen	10.75
Median employee salary	Millions of yen	9.44
Ratio	time	25.3 (pairwise average), 28.8 (pairwise medians)

■ Individual remuneration (Note)

Name	Position	Base remuneration (Millions of yen)	Performance-linked remuneration (Millions of yen)	Total (Millions of yen)	Stock remuneration (Ten thousand points)
Shunichi Miyanaga	Director	68	178	246	24.4
Seiji Izumisawa	Director	74	197	272	24.4
Hitoshi Kaguchi	Director	49	118	168	13.8
Hisato Kozawa	Director	39	79	118	9.3

(Reference) Securities Report (FY2024), P.70
https://www.mhi.com/jp/finance/library/financial/pdf/2024/2024_04_all.pdf
(Note) Officers receiving more than 100 million yen in total sum

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Duties of the Audit and Supervisory Committee Policy

The Audit and Supervisory Committee monitors and verifies various aspects of the Company's operations, including the execution of duties of directors, the appropriateness of business report, etc., adequacy of audits by the accounting auditor, and the effectiveness of internal control systems. The results of this monitoring and verification are provided to the Company's shareholders via audit reports. In addition, the Audit and Supervisory Committee decides on opinions pertaining to the election of and remuneration for directors who are not Audit and Supervisory Committee members. The committee is also responsible for determining the details of agenda items related to the appointment of accounting auditors, among other duties. Moreover, distinct from directors who are not Audit and Supervisory Committee members, directors who are Audit and Supervisory Committee members are appointed at the General Meeting of Shareholders. Each director has a duty of due care, based on their contract of service with the Company.

Structure of the Audit and Supervisory Committee System

The Audit and Supervisory Committee comprises five directors, the majority of whom (three) are outside directors. To ensure the effectiveness of the Audit and Supervisory Committee's activities, two full-time members of the Audit and Supervisory Committee are mutually selected by the committee's members. Additionally, the Audit and Supervisory Committee includes members who have a considerable amount of insight on financial and accounting affairs.

To support auditing activities, the Audit and Supervisory Committee's Office has been set up with its own dedicated staff of seven to facilitate the work carried out by the Audit and Supervisory Committee.

■ Auditing activities

During fiscal 2024, the Audit and Supervisory Committee prioritized such key points as progress toward achievement of the 2024 Medium-Term Business Plan goals, sustainability initiatives, and risk management.

Directors who are Audit and Supervisory Committee members attend the Board Meetings as directors. Full-time Audit and Supervisory Committee members participate in important meetings such as those of the Executive Committee, business planning meetings, and the Compliance Committee. They also engage in discussions with representative directors and other executives, conduct hearings with business and corporate departments, and perform on-site audits at domestic and overseas business locations. This approach aims to understand and monitor management execution accurately and in a timely manner. The audits ensure that the Directors' duties are being performed in compliance with laws, regulations, and the Articles of Incorporation, and that corporate operations are conducted properly. The audits involve inspecting and confirming compliance status and monitoring and verifying the establishment and operation of internal control systems, including those related to financial reporting.

Through the monitoring and verification of the directors' execution of duties throughout the fiscal year, the Audit and Supervisory Committee forms its audit opinion on the appropriateness of the Accounting Auditor's auditing methods and results pertaining to whether or not the financial statements in a given fiscal year present fairly the financial position and results of the Company.

The Audit and Supervisory Committee fully utilizes the results of comprehensive and regular audits implemented by the Management Audit Department. Full-time Audit and Supervisory Committee members regularly (generally once a month) hold information exchange meetings with the Management Audit Department. These meetings allow them to confirm the formulation and progress of audit plans by the Management Audit Department in a timely manner and to receive reports of audit results. They also attend audits by the Management Audit Department, as required. In addition, full-time Audit and Supervisory Committee members receive reports from the Management Audit Department at each stage on the occurrence of, response to, and countermeasures against misconduct, and confirm that the appropriate response is being provided.

Moreover, Audit and Supervisory Committee and the accounting auditor regularly exchange opinions on audit plans and results by the accounting auditor while full-time Audit and Supervisory Committee members and the accounting auditor hold meetings to exchange information on a monthly basis. In these and other ways, the Audit and Supervisory Committee are facilitating close communication with the accounting auditor.

Furthermore, full-time Audit and Supervisory Committee members regularly hold meetings to exchange information that are attended by the full-time statutory auditors of Group companies, at which the full-time Audit and Supervisory Committee members confirm the status of the establishment and operation of the internal controls of major subsidiaries.

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Effectiveness of the Audit and Supervisory Committee Members Actual

■ Audit and Supervisory Committee Meetings

Number of meetings	16
Average duration	100 minutes
Resolved and reported items	Total 49

■ Audit and Supervisory Committee attendance

Average	100% (FY2024)
The minimum attendance	100% (FY2024)

■ Rate of attendance at Audit and Supervisory Committee by Audit and Supervisory Committee members

Name	Inside/Outside	Position (as of March 31, 2025)	Audit and Supervisory Committee Attendance (FY 2025)
Setsuo Tokunaga	Inside	Director, Full-time Audit and Supervisory Committee Member	100%
Ryutaro Takayanagi	Inside	Director, Full-time Audit and Supervisory Committee Member	100%
Masayuki Fujisawa	Inside	Director, Full-time Audit and Supervisory Committee Member	100%
Hiroo Unoura	Outside	Outside Director, Audit and Supervisory Committee Member	100%
Noriko Morikawa	Outside	Outside Director, Audit and Supervisory Committee Member	100%
Masako Ii	Outside	Outside Director, Audit and Supervisory Committee Member	100%

(Note) Since Ryutaro Takayanagi, retired at the conclusion of the 99th Annual General Meeting of Shareholders held on June 27, 2024, and Masayuki Fujisawa, Director and Full-time Audit and Supervisory Committee Member assumed office on the day of the 99th Annual General Meeting of Shareholders (June 27, 2024), the Audit and Supervisory Committee members as of March 31, 2025 were Setsuo Tokunaga, Masayuki Fujisawa, Hiroo Unoura, Noriko Morikawa, and Masako Ii.

■ Results of Initiatives Implemented in fiscal 2024

As a result of its various activities, the Audit and Supervisory Committee submitted an audit report to the Annual General Meeting of Shareholders held on June 27, 2025, stating the following:

(1) The Business Report and the related supplementary schedules fairly represent the conditions of the Company in accordance with applicable laws and ordinances and the Company's Articles of Incorporation.

(2) With respect to the Directors' execution of their duties, there are no material facts of violation of applicable laws and ordinances or the Company's Articles of Incorporation.

(3) The contents of the resolutions of the Board of Directors regarding the internal control systems are appropriate, and there are no matters that should be pointed out regarding Directors' execution of their duties related to internal control systems.

(4) The methods and results of the audit conducted by the accounting auditor regarding the non-consolidated and consolidated financial statements are appropriate.

In addition, at the same shareholders' meeting, the Committee expressed the opinion that there were no special matters or opinions that need to be stated with regard to the election, etc. and remuneration, etc. of Directors who are not serving as Audit and Supervisory Committee Members.

Furthermore, the Audit and Supervisory Committee assessed the Accounting Auditor on ensuring a system for the proper execution of duties (matters specified in the items under Article 131 of the Company Accounting Ordinance), independence, appropriateness of audits, auditing ability and expertise for responding to the diversity and internationality of operations, and appropriateness of remuneration, and as a result, the Committee resolved to reappoint KPMG AZUSA LLC as the Accounting Auditor for fiscal 2025.

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Activities of Committees System Implementation

Committee name	Chair	Members	Purpose of establishment	Number of meetings in FY2024	Main agenda items in FY2024
Nomination and Remuneration Committee	Independent outside directors	Chairman of the Board, President, Outside Directors (6)	To ensure transparency and soundness of procedures, proposals to the Board of Directors are formulated and submitted on matters relating to the nomination of candidates for directors, the dismissal of directors, the appointment and dismissal of the CEO and other management executives, and the determination of remuneration for directors (excluding those serving as Audit and Supervisory Committee members) and other senior management executives.	10 * Includes the number of meetings of the Nomination and Remuneration Advisory Council.	Nomination of director candidates, dismissal of directors, and other matters related to appointment and dismissal of executive management, matters related to determining remuneration of directors who are not Audit and Supervisory committee members
Outside Directors' Meetings	—	Six outside directors and representatives from the company (as necessary)	Independent outside directors strengthen oversight of business execution divisions and exchange opinions with the divisions on a wide range of matters not limited to the agenda items of the Board of Directors.	2	Exchange of opinions related to Board of Director effectiveness evaluations, etc.
Compliance Committee	GC	General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of 28 people	Promote compliance at MHI Group.	2	Annual action plan for compliance measures
Environment Committee	CTO	General Managers of Corporate Departments, and General Managers of Business Domains and Segments; a total of 15 people	Clarify the Company's stance on the environment internally and externally and promote environmental activities.	3	Confirmation of the Establishment of the Sixth Environmental Targets, Progress, and Initiatives for Next Fiscal Year
International Trade Control Committee	GC	General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of 21 people	Promote compliance with international trade control regulations at MHI Group.	2	Deliberation and approval of important policies, initiatives, and action plan related to export management
Business Risk Management Committee	CSO	CFO, GC, CTO, officer in charge of HR, General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of around 20 people	Deliberate on policy and share information related to business risk management.	4	Policies and measures for business risk
Cybersecurity Committee	CTO	CSO, GC, officer in charge of HR, Domain CEO and Segment Head, Digital Innovation Officer (head of the Digital Innovation Headquarters); a total of 15 people	We will secure business continuity and maintain the efficiency of production activities against cybersecurity threats while achieving advanced cybersecurity governance at the global level.	1	Drafted plan to reinforce cybersecurity based on changes in the environment and risks surrounding the Group

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Risk Management Business Risk Management

Basic Approach, Policy Policy

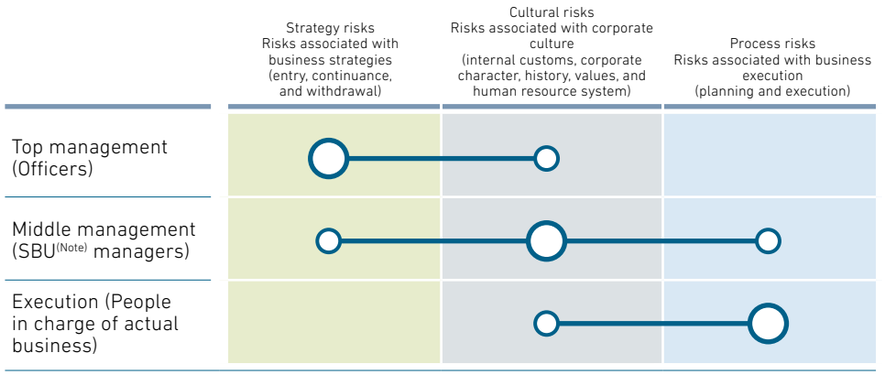
Throughout its history, MHI Group has achieved sustained growth by taking up diverse new challenges and initiatives in numerous business areas. At the same time, on occasion we have experienced losses on a large scale.

In order for MHI Group to mark sustained growth amid an ever-changing business environment, it is necessary to continue to take up challenges in new fields, new technologies, new regions, and new customers as well as to improve and strengthen operations in its existing business markets. Such challenges will entail business risks, and a company's ability to curb risks wields significant influence on its business results and growth potentials.

To link challenges of this kind to the next leap into the future, MHI Group, applying its past experience and lessons learned, has established the "Business Risk Management Charter" and will promote the creation of mechanisms that will ensure the effective execution of business risk management, and cultivation of a culture of responding to risks. MHI Group will also reinforce advanced, intelligent systems and process monitoring, both of which support top management's strategy decisions. Through these approaches, we will pursue "controlled risk-taking" that will enable us to carry out carefully planned challenges toward expanding our business.

When it comes to business risk management, the focus often tends to be on risks related to cost and commercial conditions within business processes. However, based on lessons learned from past loss incidents, MHI Group believes that risks stemming from business strategies and corporate culture, which are managed at the executive level, should also be addressed.

We believe that risk management is a part of governance and functions only when the elements of systems and processes, corporate culture, and human resources are in place. For our Group to succeed in the global market, we need to take bold and daring risks, but we also need to manage those risks. That is the perfect combination for continually increasing our corporate value. In this sense, it is very important that all business participants, from people engaged in the actual business to management, comprehend and control risks in business, from processes to strategies. For details, please see the chart below (Matrix of Business Risk Management).



(Note) SBU: Strategic Business Unit (business unit in the strategic business assessment system)

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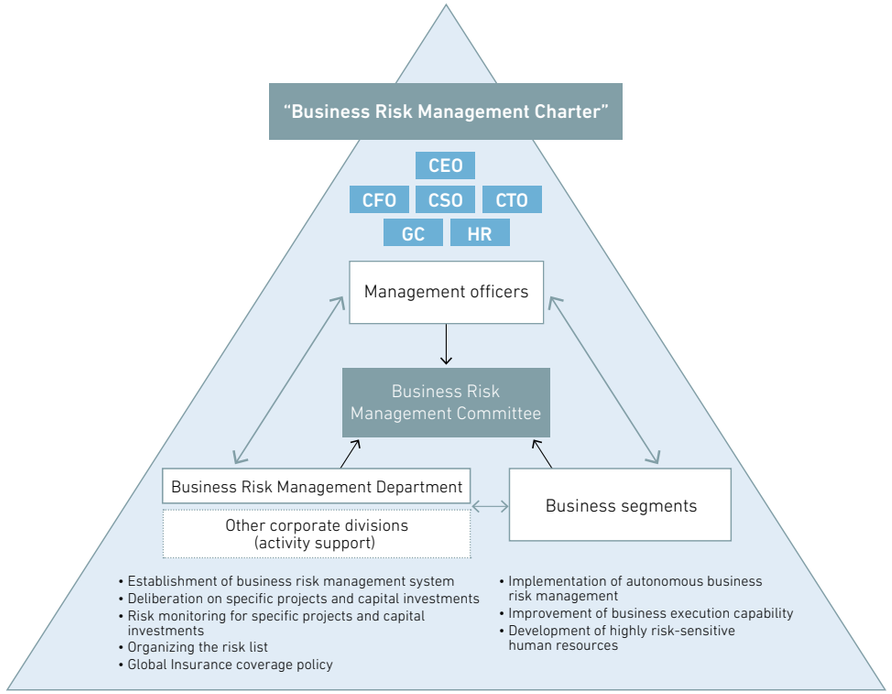
Business Risk Management Structure System

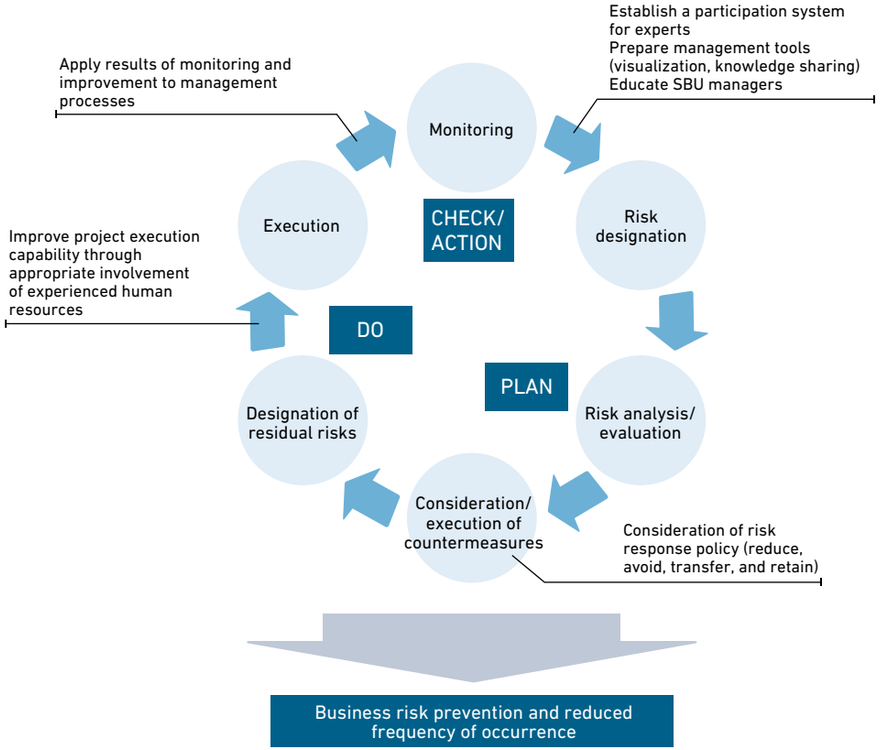
MHI Group is pursuing more organized business risk management and clarifying the roles of management, business segments, and corporate departments. In addition, with the Business Risk Management Division as the responsible department, we engage in business risk management activities bringing together management, business segments, and corporate departments.

Business Risk Management Structure



〈Business Risk Management Process〉

The chart below (Business Risk Management Process) outlines specific business risk management activities. In addition to improving systems and processes to prevent business risks, reduce the frequency with which such risks manifest themselves, and consider and implement measures, we also develop human resources in charge of business risk management and cultivate a culture of responding to risks through such efforts as providing training for SBU manager candidates.



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Risk Management Business Continuity Management

Basic Policy on Business Continuity Policy

As a company responsible for establishing and maintaining the foundations and essential functions of society, the MHI Group implements business continuity initiatives in accordance with the following Basic Policy on Business Continuity Management (BCM).

Basic Policy on Business Continuity Management (BCM)

1. Highest priority on ensuring people's safety
We will put highest priority on ensuring the lives and safety of customers, employees (and their families), and business partners, etc.

2. Ensuring the safety of local communities
We will work to prevent secondary disasters such as the outflow of pollutants, abide by rules for minimizing the impact on industry and society, and exist in harmony with local communities.

3. Quick restoration of business
We will quickly launch businesses contributing to restore social infrastructure and to maintain defense functions in order to work to minimize the negative business impact from services shutting down and reputational risk.

In April 2025, the Group established the BCM Global Policy & Procedures* to implement BCM as an internal control system of the Group to prevent business interruption or recover as quickly as possible in the face of a large-scale natural or man-made disaster.

* A policy and procedural manual that sets out common BCM rules based on Our Principles and Code of Conduct.

Regarding pandemics of new influenza strains and new infectious diseases, the Group seeks to respond quickly and appropriately in accordance with the Basic Policy on Business Continuity Management by focusing on the following three initiatives.

1. **We put highest priority on maintaining and securing the lives and safety of employees and their families.**
2. **We work to prevent the spread of infections when infected by new flu strains, etc.**
3. **We continue to carry out business activities to the extent possible.**

Preparations for Business Continuity (domestic example) Initiatives

■ Initiative for large-scale natural disasters

For large-scale natural disasters such as earthquakes and wind and flood damage, incident management plans (IMPs) and business continuity plans (BCPs) are formulated for each business site based on the above basic policies. These plans are regularly reviewed and improved.

In particular, in the IMP for Tokyo inland earthquake, we have established a back-up disaster response headquarters in the Kansai region to ensure that head office functions can be maintained and business can continue in the event of an earthquake of seismic intensity 6 or higher.

In fiscal 2024, the Group reviewed and improved its disaster response handbook and incident management plan (IMP) to ensure rapid initial response in the event of a major earthquake directly beneath the Tokyo metropolitan area, other large-scale earthquakes, or major wind and water disasters in Japan. In preparation for emergencies, the Group also conducted evacuation drills and drills for the establishment of a disaster response headquarters.

Furthermore, across the entire MHI Group, including overseas operations, the Group established the BCM Global Policy & Procedures and its accompanying formulation guidelines to ensure effective BCM during normal operations, thereby enabling business continuity even in the event of contingencies. These guidelines provide domestic and international Group companies with the foundational knowledge required for BCM implementation, along with the basic concepts and methods required to develop IMPs and BCPs, allowing them to prepare in advance for initial response and subsequent business recovery if business continuity is threatened.

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Results of drills simulating an earthquake immediately under Tokyo

Fiscal 2024

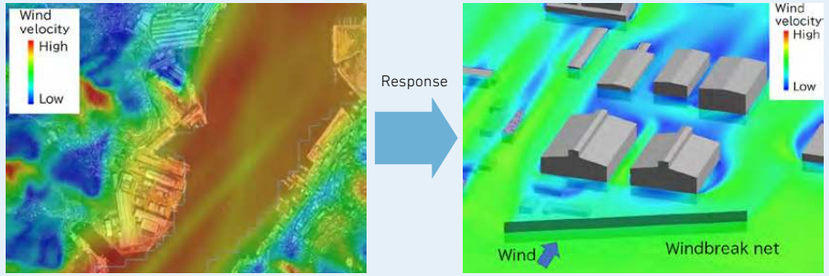
- Safety confirmation drills using a safety confirmation system, as well as drills involving communication equipment in which an earthquake occurs on the weekend or at night, and a disaster response headquarters is set up remotely
- Drills to set up a disaster response headquarters in the event of an earthquake occurring during the day, as well as to establish a backup disaster response headquarters in the Kansai region while simulating the suspension of head office functions

Pick Up Use of disaster prevention simulation technology to factory BCP

In addition to climate-related natural disasters being exacerbated by climate change caused by global warming in recent years, social infrastructure built during Japan's period of high economic growth is continuing to age, so it is important to analyze infrastructure disaster risks and to make plans for repairs and replacements. MHI Group has proprietary disaster simulation technology for various disasters, ranging from flooding, tsunami, earthquakes, typhoons, fires and leakage explosions. By conducting disaster simulations that consider the impacts of climate change, we aim to analyze risk and improve resilience, including recovery capabilities, for factory and infrastructure facilities, thereby aiding in the development of effective disaster countermeasures.

In fiscal 2022 and 2023, this disaster simulation technology was applied to six domestic factories. The assessment results about which area and what potential impacts on factory from large-scale typhoons, torrential rains, or tsunamis were used to discuss and refine the BCP for each factory. In fiscal 2023, disaster-prevention simulations assuming localized torrential rainfall were conducted at six domestic factories, and in fiscal 2024, a tsunami simulation assuming an event such as a Nankai Trough earthquake was carried out at one domestic plant, as part of efforts to enhance the resilience of domestic facilities.

Disaster simulation example: Typhoon



Wind velocity map
(Strong impact in bay-shaped areas and valleys)

Response examples
(Building wind pressure reduced by 30% using windscreens)

■ Pandemic

In preparation for potential future pandemics, we have compiled our measures taken during the COVID-19 into a lessons-learned document and checklists so as possible to ensure rapid and effective initial responses.

■ Fiscal 2025 Initiatives

Since fiscal 2023, the Group has been working to enhance its resilience to contingencies that could disrupt business operations, including large-scale natural disasters, pandemics, and cyberattacks. In fiscal 2025, we will continue to further advance these BCM initiatives. Overseas as well, we will strive to ensure the effective implementation of BCM by promoting the adoption of the BCM Global Policy & Procedures and its accompanying formulation guidelines, taking into account local circumstances and risks.

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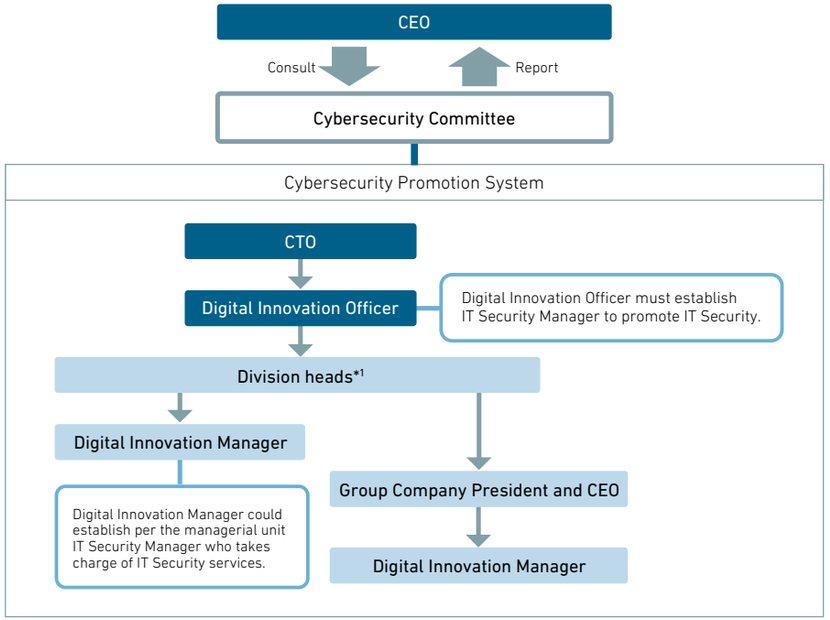
Efforts toward Cybersecurity Policy Initiatives

Providing a large number of critical infrastructures to society, MHI Group has established a cybersecurity basic policy and strategy to protect business information (including intellectual property, technical information, sales information, personal information, etc.) and maintain secure operation. Recognizing cybersecurity as a critical risk, MHI Group regularly monitors it as part of materiality initiatives. Our President and CEO supervises the cybersecurity strategy, and our CTO reports the results of discussion in the Cybersecurity Committee at least once a year to the Executive Committee and Board of Directors.

IT Security Management System



*1 Division heads: The heads of domains and segments, The Head of Digital Innovation HQ for the corporate division.

Corporate Governance ▶ Activities of Committees P.111

Based on the policy and strategy, a cybersecurity program has been implemented under the control of the CTO to minimize the risks of cyber incidents. Cybersecurity governance, incident response, and education and training are maintained and performed under this program. At the same time, MHI Group is contributing to establish a global cybersecurity framework.

〈Cybersecurity Governance〉

MHI Group has defined its internal cybersecurity standard according to the NIST CSF 2.0*2 providing a defense-in-depth mechanism as well as threat detection and prevention by tracking and remedying cybersecurity risks utilizing multiple external intelligence services and other resources. Emergency responses are taken promptly without hesitation when signs of a security risk are found.

To maintain and enhance our cybersecurity, MHI stays abreast of the latest developments by conducting vulnerability testing and collecting and analyzing threat information. We also work to raise employees' security awareness through education and training, and conduct periodic self-assessments and internal audits. Furthermore, we are revising our standards based on the MHI Group's compliance framework and identified issues, with reference to the formulation and revision of guidelines by governments and organizations in Japan and overseas, such as the Cybersecurity Management Guidelines issued by the Ministry of Economy, Trade and Industry.

For the industrial control system of our products and services, MHI Group has built a framework that controls cybersecurity risk and will work with business partners to upgrade the cybersecurity capabilities and capacity of our products and services on a regular basis. By driving development of next-generation cybersecurity solutions, MHI will help to build a safe, secure society.

*2 NIST CSF 2.0: National Institute of Standards and Technology Cyber Security Framework 2.0

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〈Response to Cybersecurity-Related Incidents〉

In the event of a cybersecurity incident, a SIRT (Security Incident Response Team) immediately reacts to the incidents, handles analysis and examination of the incidents, recovers systems, and carries out further preventive measures. The incidents are reported to the authorities and stakeholders as needed, including concerned government agencies. Serious incidents are internally reported to directors, and measures are taken in accordance with our crisis management system to swiftly recover according to business continuity planning. Due to the increased frequency of ransomware attacks requiring swifter management decisions and communication, we confirm and revise the response capabilities and issues of organizations in an emergency through incident response drills that include management.

〈Cybersecurity Education〉

MHI Group regularly provides cybersecurity education and training to all employees as warranted by their respective roles with the aim of maintaining and improving their cybersecurity literacy.

MHI aims to also cultivate engineers capable of both safety- and security-minded product and service development.

〈Contributing to the Establishment of a Global Cybersecurity Framework〉

Through participation in the Study Group for Industrial Cybersecurity*1, the Charter of Trust*2, promotion of the Declaration of Cyber Security Management 2.0, and other cybersecurity initiatives, MHI Group is contributing to the establishment of a global cybersecurity framework.

*1 An initiative by the Ministry of Economy, Trade and Industry to examine industrial cybersecurity measures.
*2 An initiative by private corporations to build trust in cybersecurity.

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Basic Approach Policy

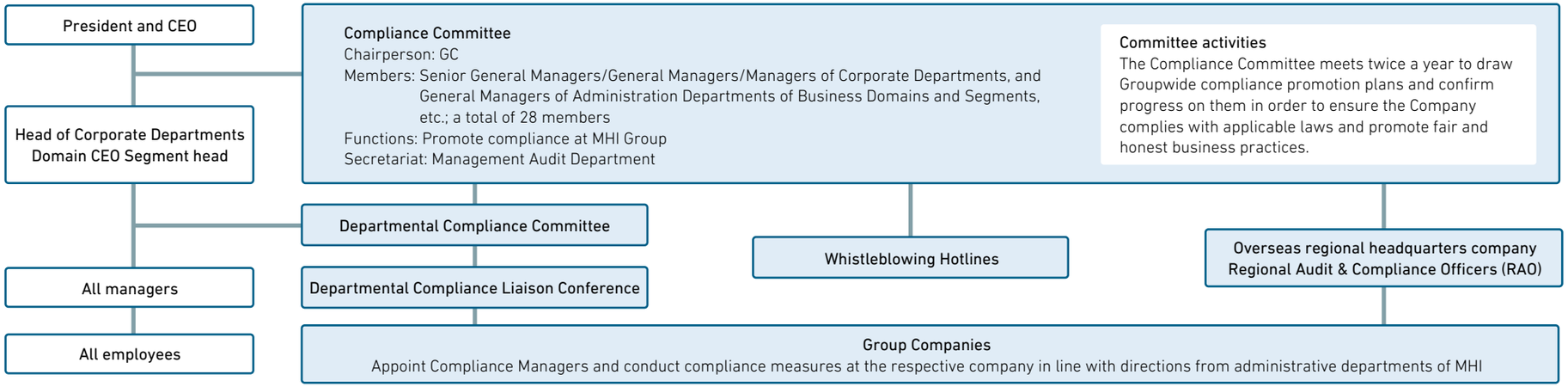
As a global company, MHI Group employs tens of thousands of individuals from different backgrounds, nationalities, and cultures. This diversity of talent and perspectives is one of our greatest assets. With recognizing the diverse backgrounds of our employees, it is important to work together and to promote our business under a common corporate culture. To this end, we expanded the MHI Compliance Guidelines established in 2001 to formulate the MHI Group Global Code of Conduct in May 2015. This code prescribes Groupwide norms for MHI Group employees to help them determine which action to take.

Moreover, in September 2017, we formulated our Compliance Promotion Global Policy, clarifying basic matters and rules related to compliance promotion, such as the organizational framework, roles, and administration standards that each Group company should follow. Along with the MHI Group Global Code of Conduct, by clarifying our common code of conduct and basic rules that must be complied with throughout the Group, we are working to strengthen internal controls and enhance the level of compliance throughout the entire Group.

MHI Group Global Code Conduct
https://www.mhi.com/company/aboutmhi/policy/conduct.html

Promotion System System

■ **Compliance Promotion System** (as of April 1, 2025)



■ **Role of the Board of Directors**

The MHI Board of Directors oversees important compliance-related cases of the Group, including status of compliance with the MHI Group Global Code of Conduct, by confirming the status on compliance promotion, compliance risks management, and the occurrence of compliance-related incidents by being reported of the operation on internal control systems as well as the execution of roles and duties of the General Counsel.

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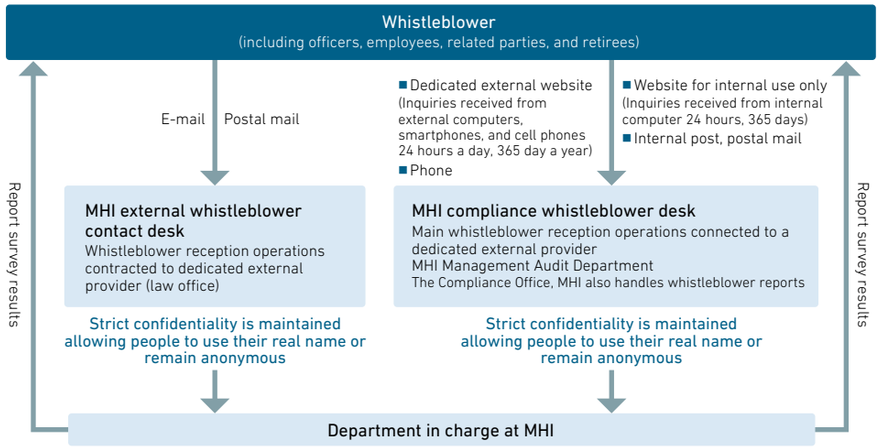
■ Whistle-blowing system

We have a whistleblowing hotline, which is available to all employees, including those of Group companies, and whistleblowing hotline, which is overseen by external lawyers. In addition to Group employees, any related external parties, including business partners, can utilize these hotlines to report concerns on compliance-related issues, including corruption, (such as bribery) and harassment. Information on how to report can be found on the MHI Group Portal and other sources. We also have systems which accept reports in the languages spoken at our major business locations, including English, Chinese, and Thai. The Compliance Committee Secretariat promptly investigates and responds appropriately to all reports made to these hotlines. Information on how to report is contained in the MHI Group Portal accessible by all employees and in bulletins published in-house. With the operation of the hotlines, protection of the rights afforded to informants, including confidentiality, were set out in the 2007 Company regulations entitled Compliance Promotion Regulations. These regulations state that the whistleblower's name will not be released without his/her consent, and that the whistleblower will not be placed at any disadvantage because of the information he/she has reported. In conjunction with making employees aware of the existence of the hotline, we have established regulations for the protection of whistleblowers, including their anonymity. We also make employees aware of these regulations and thoroughly enforce them.

Whistleblowing system mechanism



■ Employee awareness-raising system

MHI Group has established a system to raise compliance awareness in each and every employee and carries out various initiatives to this end.

• Compliance training
Since fiscal 2003 we have held discussion-based training every year at the workplace level, themed on compliance cases that could arise on-site. In addition, and in order to keep raising awareness of compliance, we are conducting e-learning and training programs for MHI and Group employees in Japan and overseas on anti-trust laws, anti-bribery, and export-related laws and regulations. Furthermore, we have created a compliance guidebook for employees engaging in technical and skilled jobs at MHI and Group companies in Japan, and we are promoting face-to-face training at each worksite.

• Compliance awareness survey
Since fiscal 2004, MHI has been conducting a yearly compliance awareness survey. Since fiscal 2013, MHI had expanded this survey to all employees of the Group, in combination with its e-learning compliance training. In fiscal 2015, we checked the degree of recognition and awareness of the MHI Group Global Code of Conduct, formulated that year, which has led to greater awareness of compliance among employees and consideration of measures to ensure thorough compliance promotion. Through these surveys, we are able to check the efficacy of existing measures, such as the MHI Group Global Code of Conduct, while keeping our compliance efforts consistent and thorough. Compliance ▶ P.120

■ Basic views on measures for eliminating anti-social forces and status of development

MHI Group, in its Global Code of Conduct, clearly states that it will respond resolutely to anti-social forces (organized crime groups, mafia organizations, terrorists, drug syndicates and other organizations, groups or individuals engaged in unlawful activities or who cause damage to the corporate image of the Group) and that it will not respond to unjust demands made by them. It is our basic policy to cut off all relationships with anti-social forces. Our head office has a management office that deals with anti-social forces, and through coordination with related departments, the police, lawyers and other external specialized organizations, the Company addresses incidents involving anti-social forces at the organizational level.

In addition, regarding information related to anti-social forces, MHI obtains relevant information from the police and auxiliary organizations to prepare for unexpected situations, and coordinates with outside specialists, including the police and lawyers, in order to cut off relations with anti-social forces.

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Compliance Results

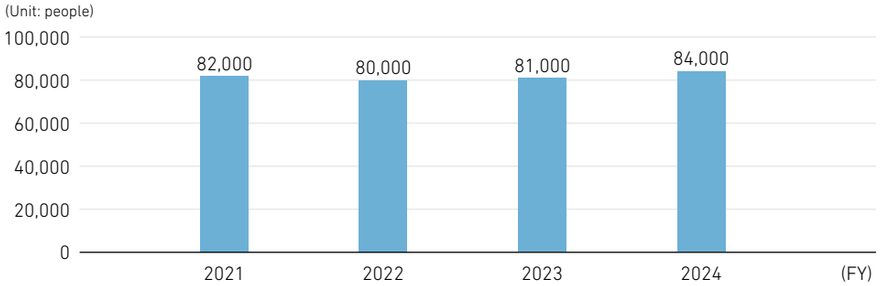
■ Compliance training

E-learning training is held every year on the MHI Group Global Code of Conduct, a set of norms shared throughout MHI Group, to work to raise awareness of the code in each Group employee throughout the world.

■ Reporting on breaches

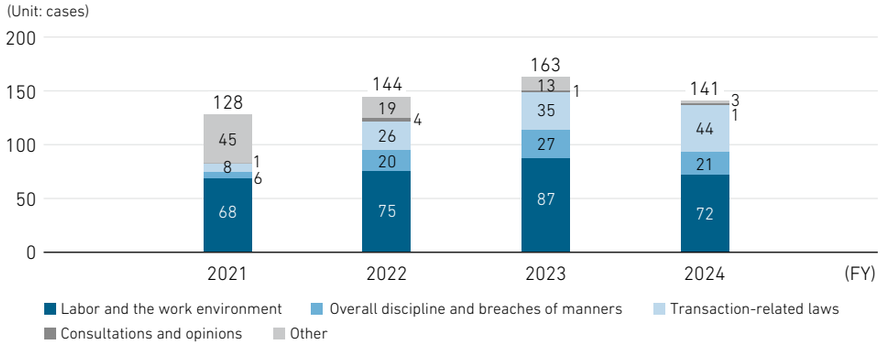
There were 37 compliance violations among the compliance whistleblowing reports, including on corruption (such as bribery), in fiscal 2024. We also took corrective action on 63 cases. There was no significant breach last year, with no related fines or penalties as a result.

Number of people taking compliance training



Coverage: All employees of MHI and Group companies (including directors, re-hired employees, and part-time, contract, and temporary workers)

Number of whistle-blowing reports



Coverage: MHI Group

Pick Up

Number of people taking e-learning on compliance promotion

FY2024 Approx. 84,000

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Compliance Anti-corruption

Anti-corruption Policy Policy

MHI maintains a policy prohibiting conduct that leads to any form of corruption, and as a signatory company of the UN Global Compact since 2004, we have worked to disseminate and practice the ten principles contained within the four domains of the Compact, including anti-corruption. MHI strives for fairness in its global commercial transactions by strictly complying with the anti-bribery laws of all countries, including Japan's Unfair Competition Prevention Act which prohibits the giving of illicit benefits to foreign public officials.

Scope of policy application	MHI Group (Reference) MHI Group Global Code of Conduct https://www.mhi.com/company/aboutmhi/policy/conduct.html
Relationship with politics	In the MHI Group Global Code of Conduct we prohibit employees from providing or offering company money or other resources for political activities without prior approval from the Legal Department. In addition, the advance approval of the Legal Department is required when engaging in activities that could be recognized as lobbying activities.

System for Preventing Corruption System

In 2005, MHI established the Guidelines for the Prevention of Bribery Involving Foreign Civil Servants to define rules of conduct based on the Unfair Competition Prevention Act. In addition, we issued the Anti-Bribery Rules and Anti-Bribery Procedural Guidelines based on these guidelines in February 2012 in order to respond to the enactment of the British Bribery Act 2010 of July 2011 and strengthened regulations in various countries. MHI also set forth screening procedures for engaging with trading companies and distributors.

Furthermore, through the MHI Group Global Code of Conduct, established in May 2015, we are thoroughly engaged in preventing bribery toward all Group directors and employees. In September 2016, we also issued the Guidance for the Prevention of Bribery of Foreign Public Officials, an interpretation of related legislation and internal rules, and we strive to comply with the rules and the Global Code of Conduct. A global policy, formulated in September 2017, stipulates MHI Group companies to monitor whether measures to prevent bribery are being appropriately managed and dealt with if needed. Moreover, to evaluate and improve the MHI Group's system for preventing bribery, we appointed an external expert and carried out a bribery risk-assessment in 2017. Based on that assessment, we revised our rules on preventing bribery in 2018. Since then, we have extracted a region where the bribery risk is high and regularly performed a bribery risk-assessment with the support of external experts. In Southeast Asia, where corruption risk is particularly high, we created an anti-corruption e-learning program in 2019 to educate local employees. Moreover, we conducted audits in Asia and other regions to ascertain the status of fraud risk management at high-risk project sites. Furthermore, we annually provide various anti-corruption training in person and online. We have established an effective system and made it a rule to report major compliance violations, like corruption, and status on such violations and preventive measures to the Board of Directors.

Total Donations and Contributions Results

Total Donations and Contributions	Amount Recipient
Political contributions: ¥33 million	Donate to: The People's Political Association

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Compliance Anti-corruption

Employee Training Initiatives

Since fiscal 2014, we have promoted anti-bribery education across MHI and Group companies in Japan and overseas. Since fiscal 2015, we have conducted training to make every employee in MHI Group worldwide aware of the MHI Group Global Code of Conduct, which includes prohibition of bribery.

Since fiscal 2014, MHI and its Group companies worldwide have steadily conducted e-learning education to prevent bribery, mainly for manager-level employees. Approximately 6,300 employees took the course in 2024 for a cumulative total of around 36,900 participants. In fiscal 2024, we conducted an e-learning course on preventing bribery for all employees capable of accessing the Company's e-learning courses, and a total of around 25,700 employees took the course.

In addition, in 2024, group training on bribery prevention was held at three sites in Japan with around 260 employees attending. Thus far, approximately 2,400 employees in total have taken this training.

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Compliance Anti-trust

Anti-trust Policy Policy

MHI has worked to prevent the violation of anti-trust laws through messages from top management and through the use of rules and manuals such as the Code of Conduct Pertaining to Communication/Contact with Competitors. In May 2015, we published the MHI Group Global Code of Conduct and thoroughly ensured that all executive officers and employees throughout MHI Group are aware that anti-competitive conduct is strictly forbidden.

Coverage	MHI Group (Reference) MHI Group Global Code of Conduct https://www.mhi.com/company/aboutmhi/policy/conduct.html

Employee Training Initiatives

MHI entered into a plea agreement with the U.S. Department of Justice concerning the U.S. anti-trust laws in 2013, in connection with the sales of compressors and condensers for automotive air-conditioning systems. In response to this, we have continued every effort to raise compliance awareness and to prevent its recurrence. Specifically, in order to ensure thorough compliance throughout the whole MHI Group, we have reinforced compliance training by various means including educational videos, lectures by lawyers, and e-learning programs.

In addition, since fiscal 2015 we have conducted training to make every employee in the MHI Group worldwide aware of the MHI Group Global Code of Conduct, which includes compliance with competition laws. Since fiscal 2014, MHI and its Group companies worldwide have steadily conducted e-learning education to comply with anti-trust laws, mainly for manager-level employees. Approximately 6,100 employees took these e-learning courses in fiscal 2024, and approximately 35,200 employees in total have taken these courses so far. In 2024, group training on compliance with anti-trust laws was held at three sites in Japan, approximately 270 employees took this training, and approximately 2,400 employees in total have taken this training so far. We also provide group training on bidding on government projects for the employees of divisions and Group companies working on public procurements.

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Compliance Security Export Control

Export Control Policy Policy

From the perspective of maintaining international peace and safety, the export and transfer of products, services, technologies or information that could be used in the development or manufacture of weapons of mass destruction or conventional weapons are managed under an international security trade control framework.

MHI Group also strives to conduct thorough monitoring by performing assessments and transaction screenings, including confirmation of the country or region of destination, use, and customer when exporting commodities or providing technologies overseas and acquiring the necessary export licenses and permissions prior to export. Through the MHI Group Global Code of Conduct, established in May 2015, we have conducted awareness training of export control to all MHI Group executives and employees. Furthermore, through the Global Policy on Export-Related Laws and Regulations Compliance, released in October 2017, we have set fundamental standards and rules in connection with the proper implementation of Export Controls that each Group company is expected to follow.

Coverage	MHI Group (Reference) MHI Group Global Code of Conduct https://www.mhi.com/company/aboutmhi/policy/conduct.html

Employee Training Initiatives

We are making steady progress in providing education, including face-to-face education and e-learning, focused on export controls throughout the whole MHI Group. We have conducted e-learning on export control for MHI and Group companies in Japan since fiscal 2007 with approximately 1,600 people taking these courses in fiscal 2024, and a total of approximately 59,700 people taking them on cumulative basis. We have also introduced e-learning focused on classifications checks since fiscal 2017, approximately 900 people took this course in fiscal 2024, and a total of approximately 11,300 people have taken the course so far. Since fiscal 2019, we have conducted e-learning training on the export control of technology at MHI and Group companies in Japan, in which approximately 26,000 employees participated in fiscal 2024, and approximately 134,000 employees in total have participated so far. Since fiscal 2016, we have been conducting e-learning on export control for people at overseas Group companies at the management level, approximately 6,100 people took these classes in fiscal 2024, and approximately 24,200 people have completed these classes so far.

Furthermore, since fiscal 2015 we have made steady progress in providing education for all employees of MHI and its Group companies in Japan and overseas to further familiarize themselves with the MHI Group Global Code of Conduct, including export control.

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Compliance Tax Transparency

Tax-law Compliance Policy Policy

MHI Group complies with the tax laws and related regulations of the countries where we operate, respecting the spirit of law of each country, and strictly observes international taxation rules, such as tax treaties, the OECD Transfer Pricing Guidelines, and the BEPS Action Plan in international transactions. As a multinational business group, we are committed to appropriate tax reporting and payment in accordance with these standards.

In order to conduct tax operations in a fair, impartial and highly transparent manner, MHI Group strives to raise awareness of tax compliance within the Group and to build sound relationships with tax authorities in each jurisdiction by ensuring appropriate information disclosure and communication so that tax authorities would be able to have an accurate understanding of our business activities.

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- Water Management
- Waste/Pollution

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- Talent Attraction and Retention
- Human Rights
- Diversity, Equity, and Inclusion
- Occupational Safety and Health
- Product Safety/Innovation
- Supply Chain Management/ Social Contribution Activity

Governance

- Compliance

Third-party Assurance

* To heighten the reliability of data, we have received assurance from an independent third party. The data most recently assured is noted with a ✓.

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Environmental Management

■ Environmental Targets

〈Progress on Environmental Targets*1〉

	2021		2022		2023		2024	
	Result	Vs. FY2014	Result	Vs. FY2014	Result	Vs. FY2014	Result	Vs. FY2014
KPI (1) Reduction in CO_2 emissions/Amount of sales	12.3	37.8% Reduction	12.3	48.9% Reduction	11.4	52.4% Reduction	10.3*3	57.1% Reduction
KPI (2) Reduction in water usage*2/Amount of sales	0.16	22.8% Reduction	0.165	34.5% Reduction	0.142	43.6% Reduction	0.086*4	62.2% Reduction
KPI (3) Reduction in waste generation/Amount of sales	1.71	21.1% Reduction	1.68	36.0% Reduction	1.50	42.8% Reduction	1.30*5	50.4% Reduction

*1 Figures for consolidated net sales have been used for "amount of sales" since fiscal 2022.
*2 From FY2024, the volume of wastewater that is treated in-house and returned to rivers and lakes is excluded from water usage.
*3 MHI and 170 domestic and overseas Group companies
*4 MHI and 150 domestic and overseas Group companies
*5 MHI and 118 domestic and overseas Group companies

Climate Change

■ GHG Emissions

〈Direct GHG emissions (Scope 1)〉

	Unit	2021	2022	2023	2024
CO_2 emissions (energy-related)*1	kt-CO_2	171	137	129	134
(Third-party Assurance)*2		118	82	75	76 ✓
Other indirect GHG emissions*3	kt-CO_{2e}				
CO_2 emissions (non-energy-related)		0.016	0.030	0.095	0.202
CH_4		0.073	0.180	0.165	0.277
N_2O		0.261	0.086	0.072	0.113
HFCs		0.219	0.621	0.194	0.547
PFCs		—	—	—	—
SF_6		0.574	0.403	0.401	0.082
NF_3		—	—	—	—

*1 Coverage: MHI and domestic and overseas Group companies (158 companies in FY2021, 163 companies in FY2022, 156 companies in FY2023, and 170 companies in FY2024 [accounting for 98% of net sales])
*2 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, 10 companies in FY2023, and 10 companies in FY2024)
*3 Coverage: MHI

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〈Indirect GHG emissions (Scope 2)〉

	Unit	2021	2022	2023	2024
Location-based*1, 3	kt-CO_2	423	434	438	426
(Third-party Assurance)*2, 3		—	247	269	275 ✓
Market-based*1, 4	kt-CO_2	382	377	402	384
(Third-party Assurance)*2, 4		225	224	277	272 ✓

*1 Coverage: MHI and domestic and overseas Group companies (158 companies in FY2021, 163 companies in FY2022, 156 companies in FY2023, and 170 companies in FY2024 [accounting for 98% of net sales])
*2 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, 10 companies in FY2023, and 10 companies in FY2024)
*3 For Japan, the national average of emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) is applied. For others, International Energy Agency (IEA) IEA Emission Factors average coefficients by country are applied.
*4 For Japan, emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) are applied. For others, IEA Emission Factors of the International Energy Agency (IEA) are applied when it is difficult to obtain emission factors provided by electricity suppliers.

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〈Other indirect GHG emissions (Scope 3)*〉

Category	Unit	2021	2022	2023	2024
1. Purchased goods and services*1	kt-CO_2	4,819	4,907	7,371	6,883
2. Capital goods*2		385	477	650	615
3. Fuel- and energy-related activities (not included in Scopes 1 or 2)*2		68	70	71	70
4. Upstream transportation and distribution*1		13	17	14	12
5. Waste generated in operations*5		17	14	18	15 ✓
6. Business travel*2		10	10	10	10
7. Employee commuting*2		36	35	36	36
8. Upstream leased assets 〈Included in Scopes 1 and 2〉	—	—	—	—	—
9. Downstream transportation and distribution*3	—	N/A	N/A	N/A	N/A
10. Processing of sold products*3	—	N/A	N/A	N/A	N/A
11. Use of sold products*6	kt-CO_2	1,573,000	1,231,000	842,000	877,000
12. End-of-life treatment of sold products*3	—	N/A	N/A	N/A	N/A
13. Downstream leased assets*4	—	N/A	N/A	N/A	N/A
14. Franchises*4	—	N/A	N/A	N/A	N/A
15. Investments*3	—	N/A	N/A	N/A	N/A
Totals in the aggregate scope	kt-CO_2	1,578,348	1,236,530	850,170	884,641

* Figures may fluctuate due to revision of the scope and method of calculation
*1 Coverage: MHI and certain domestic Group companies
*2 Coverage: MHI and domestic and overseas Group companies
*3 Excluded from calculation due to lack of reference data
*4 Excluded from calculation due to being outside company business
*5 Coverage: MHI and domestic Group companies (9 companies in FY2021, 8 companies in FY2022, 7 companies in FY2023, and 7 companies in FY2024)
*6 Coverage: MHI and domestic and overseas Group companies. Emissions throughout the life cycle

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Energy Consumption

〈Energy consumption〉

	Unit	2021	2022	2023	2024
Total energy consumption	GWh	1,869	1,722	1,714	1,719
Renewable energy consumption	GWh	113	109	133	142
Proportion of renewable energy consumption to total energy consumption	%	6.0	6.4	7.8	8.3

Coverage: MHI and domestic and overseas Group companies (158 companies in FY2021, 163 companies in FY2022, 156 companies in FY2023, and 170 companies in FY2024 [accounting for 98% of net sales])

〈Electricity purchased〉

	Unit	2021	2022	2023	2024
Electricity purchased	GWh	954	976	997	986

Coverage: MHI and domestic and overseas Group companies (158 companies in FY2021, 163 companies in FY2022, 156 companies in FY2023, and 170 companies in FY2024 [accounting for 98% of net sales])

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Energy Use

〈Energy use results〉

	Unit	2021	2022	2023	2024
Purchased electricity*1	GWh	539	568	615	651 ✓
Heavy fuel oil A	ML	4	3	2	2 ✓
Heavy fuel oil B/C	kL	0	0	0	0 ✓
Gasoline	ML	0.3	0.2	0.2	0.2 ✓
Gas oil/Diesel oil	ML	2	2	1.7	2.5 ✓
Kerosene	ML	2	0.5	0.4	0.8 ✓
Jet fuel	ML	0.8	1	0.8	1.1 ✓
Steam coal	kt	0	0.002	0	0.03 ✓
City gas	M(m^3)*2	38	24	24	24 ✓
LPG	kt	3	2	2	2 ✓
LNG	kt	1	1	1.5	1.2 ✓
Natural gas (excluding LNG)	k(m^3)	0.9	0.7	0.6	0.8 ✓
Petroleum hydrocarbon gas	k(m^3)	1.5	3.3	0.6	1.0 ✓
Hot water	GJ	21	21	15	48 ✓
Cold water	TJ	12	12	9	10 ✓
Steam	TJ	7	6	5	6 ✓

Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, 10 companies in FY2023, and 10 companies in FY2024)
*1 Including renewable energy. In FY2021-FY2022, purchased energy.
*2 Unit: MNm^3 for FY2021-FY2022

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Water Management

Water Usage

〈Water resource input〉

	Unit	2021	2022	2023	2024
Water intake*1	ten thousand m³	684	677	650	623
(Third-party Assurance)*2		506	476	492	446 ✓
Breakdown of water intake	ten thousand m³				
Tap water		274	276	268	264
(Third-party Assurance)*2		146	139	180	143 ✓
Industrial water		233	231	224	217
(Third-party Assurance)*2		215	193	180	181 ✓
Groundwater		175	169	157	141
(Third-party Assurance)*2		145	144	133	122 ✓
Rivers, lakes, etc.		2	1	1	1
Reused water usage*3	ten thousand m³	16	18	14	17
Ratio of reused water usage*3	%	2.4	4	3.5	4.5

〈Water Discharge〉

	Unit	2021	2022	2023	2024
Water Discharge*4	ten thousand m³	477	356	358	352
Breakdown of water discharge	ten thousand m³				
Sewerage, etc.		313	191	192	160
Public waters (rivers, lakes)*5		164	165	166	193

〈Water Usage〉

	Unit	2021	2022	2023	2024
Water Usage*1, 6	ten thousand m³	521	512	484	430

*1 Coverage: MHI and domestic and overseas Group companies (144 companies in FY2021, 143 companies in FY2022, 141 companies in FY2023, and 150 companies in FY2024 [accounting for 95% of net sales])
*2 Coverage: MHI and domestic Group companies (11 companies in FY2021, 10 companies in FY2022, 9 companies in FY2023, and 9 companies in FY2024)
*3 Coverage: MHI
*4 Coverage: MHI and domestic and overseas Group companies (79 companies in FY2021, 83 companies in FY2022, 70 companies in FY2023, and 70 companies in FY2024)
*5 Amount of wastewater purified in-house and returned to rivers, lakes, etc.
*6 Water usage = Water intake (tap water + industrial water + groundwater + rivers, lakes, etc.) - Wastewater purified in-house and returned to rivers, lakes and marshes

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Waste/Pollution

■ Waste Generation

〈Waste generation*1〉

	Unit	2021	2022	2023	2024
Waste Generation*2	thousand t	144	133	128	124
(Third-party Assurance)*3		30	26	28	26 ✓
Recycling amount*2		112	101	100	99
Total disposal amount*2, 4		32	32	28	26
Landfill waste disposal amount*2		9	10	9	9

〈Hazardous waste generation〉

	Unit	2021	2022	2023	2024
Waste Generation*2	thousand t	11	11	10	11
(Third-party Assurance)*5		6	7	7	7 ✓
Recycling amount*2		4	5	5	5
Total disposal amount*2, 4		7	6	5	6

*1 Including valuables
*2 Coverage: MHI and domestic and overseas Group companies (119 companies in FY2021, 116 companies in FY2022, 116 companies in FY2023, and 118 companies in FY2024 [accounting for 90% of net sales])
*3 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, 10 companies in FY2023, and 10 companies in FY2024). Excluding valuables and hazardous waste
*4 Total disposal amount = waste generation (total) minus recycling amount
*5 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, 10 companies in FY2023, and 10 companies in FY2024). Hazardous waste as defined by Japanese law related to waste

■ Volatile Organic Compound (VOC) Emissions

〈Volatile organic compound (VOC) emissions〉

	Unit	2021	2022	2023	2024
Emissions (total)	t	558	585	597	540
Toluene		237	227	242	206
Xylene		217	229	237	197
Ethylbenzene		104	129	118	137

Coverage: MHI and domestic Group companies (27 companies in FY2021, 25 companies in FY2022, 24 companies in FY2023, and 24 companies in FY2024 [accounting for 89% of net sales])

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Human Resources Development

Chief Engineer and Master Technician

		2021	2022	2023	2024
Number of newly certified Chief Engineers and Master Technicians	Chief Engineers	4	6	1	5
	Master Technicians	3	4	3	2

Coverage: MHI

Training Hours and Training Costs

		Unit	2021	2022	2023	2024
Training hours	Total training hours	Hours	703,521	766,933	972,284	932,549
	Training hours per employee	Hours/ Employee	13.6	16.0	20.6	19.8
Training costs	Total costs	Thousands of yen	1,326,638	1,881,621	1,778,634	1,924,085
	Training costs per employee	Yen/ Employee	25,708	39,228	37,681	40,922
Scope of calculation (MHI and domestic Group companies)	Number of eligible employees		51,605	47,966	47,203	47,018
	Employee coverage ratio	%	66.2	62.4	60.8	60.8

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Talent Attraction and Retention

		Unit	2021	2022	2023	2024
Employee performance appraisal*1	Management by objectives	%	62.9	62.9	62.7	62.5
	Multidimensional performance appraisal		37.1	37.1	37.3	37.5
New hired*1	Total		361	478	737	1,467
	Male		316	437	641	1,296
	Percentage of males	%	87.5	91.4	87.0	88.3
	Female		45	41	96	171
	Percentage of females	%	12.5	8.6	13.0	11.7
Number of mid-career hires*1	All employees		54	123	196	572
	Male		42	112	168	506
	Percentage of males	%	77.8	91.1	85.7	88.5
	Female		12	11	28	66
	Percentage of females	%	22.2	8.9	14.3	11.5
Percentage of open positions filled through internal recruitment*1	Total	%	98.8	97.8	98.0	95.5
	Male		—	98.6	98.0	95.5
	Female		—	97.7	98.0	95.5
Total turnover rate*2	Total	%	4.1	5.6	4.6	3.8
	Male		3.8	5.5	4.6	3.8
	Female		7	6.1	4.9	3.8
Voluntary turnover rate*2	Total	%	1.8	1.6	1.4	1.2
	Male		1.5	1.5	1.3	1.2
	Female		4.4	2.9	2.5	1.7

*1 Coverage: MHI
*2 Coverage: MHI for FY2021, MHI and domestic Group companies for FY2022-FY2024 (6 companies in FY2022; 14 companies in FY2023, and 27 companies in FY2024 (accounting for 52.0% of consolidated employees))

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Employee Engagement

		Unit	2021	2022*1	2023	2024*2	Goal
Awareness survey	Percentage of highly engaged employees	%	—	57	—	63	Higher than world average by 2030*3
	(valid response rate)		—	75	—	79	

*1 Coverage: MHI and 170 domestic and overseas Group companies (accounting for 88% of consolidated employees)
*2 Coverage: MHI and 192 domestic and overseas Group companies (accounting for 92% of consolidated employees)
*3 World average: 72% (as of FY2024 survey)

Data on Workstyles and Support for Work-life Balance

			Unit	2021	2022	2023	2024
Use of work-life balance support system	Number of employees taking Childcare leave*1	Male		245	268	261	340
		Female		92	94	70	69
	Percentage of employees taking Childcare leave	Male*2	%	24.2	69.0	85.8	90.2
		Female*3		98.9	96.9	94.5	98.6
	Number of employees using Short-time work for Childcare	Male		348	417	604	682
		Female		559	531	538	530
	Number of employees using Child-planning (infertility treatment) leave			2	5	3	10
	Number of employees using Family care leave			11	9	19	11
	Number of employees using Short-time work for family care			30	38	58	66
	Rate of return to work after Childcare leave		%	98.9	99.6	100	99.2
	Rate of retention after Childcare leave			96.9	96.0	98.7	96.0
Achievements regarding workstyles	Annual leave uptake rate		%	73.7	77.0	81.5	77.7
	Number of employees working from home			12,186	12,655	11,723	10,852

Coverage: MHI
*1 Number of employees on childcare leave
*2 Number of employees who started childcare leave or took spouse's childbirth / number of employees who had childbirth(before FY2021, number of employees who started childcare leave/number of employees who hadchildbirth)
*3 Number of employees whostartedchildcare leave / number of employees who have finishedmaternity leave and are now eligible for childcare leave

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Human Rights

Freedom of Association and Job Security

		Unit	2021	2022	2023	2024
Employees covered by collective bargaining agreements	Employee ratio	%	92.6*1	93.3*2	90.1*3	83.2*4
Number of labor union-management consultations*5		Times	47	24	28	20

Coverage:*1 MHI and seven major domestic Group companies (accounting for 43.3%of all consolidated employees)
*2 MHI and 15 domestic Group companies (accounting for 46.0% of all consolidated employees)
*3 MHI and 22 domestic Group companies (accounting for 48.5% of all consolidated employees)
*4 MHI and 37 domestic Group companies (accounting for 55.2% of all consolidated employees)
*5 MHI

		Unit	2021	2022	2023	2024
Layoffs	Number of employees laid off		0	0	0	0
	Number of labor union-management consultations	Times	0	0	0	0

Coverage: MHI

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Diversity, Equity, and Inclusion

Data Related to Diversity and Equal Opportunities

			Unit	2021	2022	2023	2024
Number of employees	Consolidated total			77,991	76,859	77,697	77,274
	Non-consolidated total			22,755	21,634	22,538	22,347
	Number of males			20,571	19,637	20,461	20,256
	Percentage of males		%	90.4	90.8	90.8	90.6
	Number of females			2,184	1,997	2,077	2,091
	Percentage of females		%	9.6	9.2	9.2	9.4
Average length of service and age of employees	Average length of service		year	18.5	18.8	19.0	18.9
	Average age		age	41.6	42.1	42.4	42.5
	Average length of service for men		year	18.6	19.0	19.1	19.0
	Average length of service for women		year	17.8	17.8	17.9	17.5
Executive*1	Total			51	51	48	48
	Number of males			49	49	45	44
	Percentage of males		%	96.1	96.1	93.7	91.7
	Number of females			2	2	3	4
	Percentage of females		%	3.9	3.9	6.3	8.3
Manager*2	Total			5,498	5,455	5,766	5,695
	Number of males			5,336	5,298	5,608	5,536
	Percentage of males		%	97.1	97.1	97.3	97.2
	Number of females			162	157	158	159
	Percentage of females		%	2.9	2.9	2.7	2.8
Differently abled people employment rate	Hiring rate		%	2.34	2.45	2.55	2.69
Number of employees rehired over retirement age (60 years)	Total			695	682	875	920
Percentage of contract or temporary employees	Ratio		%	8.3	8.9	9.3	10.1
Wage equality*2, 3	Managers (base salary only)	Male	—	1.05	1.05	1.06	1.05
		Female		1	1	1	1
	Managers (base salary + bonuses and other incentives)	Male	—	1.03	1.03	1.03	1.06
		Female		1	1	1	1
	Non-managers	Male	—	1.05	1.05	1.04	1.04
		Female		1	1	1	1

Coverage: MHI
*1 Including executive officers
*2 Managers are defined as section managers and above
*3 The lowest of the average wages for men and women in each tier is 1.00, and the difference is displayed as an index

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Data Related to Diversity and Equal Opportunities

		Unit	2021	2022	2023	2024
Ratio of Females in Each Position	All employees	%	13.4	13.8	13.5	13.8
	Non-managers		15.3	16.1	15.9	16.2
	Managers*1		4.7(4.5)	4.6(4.5)	4.5(4.4)	5.3(5.0)
	General managers*1		3.4(3.7)	3.4(3.6)	3.3(3.5)	2.6(3.5)
	Executives*2		4.5	4.2	4.3	6.3
	Profit center managers*1,3		4.4(4.1)	4.2(4.0)	3.9(3.7)	4.3(4.1)

Coverage: MHI Group (accounting for 89.8% of consolidated employees in FY2021, 91.3% in FY2022, 90.0% in FY2023, and 92.2% in FY2024)
*1 Aggregate figures including higher positions in parentheses
*2 Including executive officers
*3 Profit center is defined as a non-corporate organization

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Occupational Safety and Health

■ Data on Occupational Safety and Health

			Unit	2021*1	2022*2	2023*3	2024*4
Goals for reducing industrial accidents	Working hours (employees + contractors)	Total working hours	Hours	194,327,660	175,730,576	168,934,525	163,079,963 ✓
	Number of fatal accidents/ serious accidents	Goal	Number of cases	0	0	0	0
		Result		0	1	0	3
	Number of work-related fatalities	Employees		0	0	0	0 ✓
		Contractors		0	1	0	3 ✓
	Number of industrial accidents	Employees	Number of cases	32	28	33	33 ✓
		Contractors		34	25	23	31 ✓
	Lost-time industrial accidents frequency rate*5 (employees + contractors)	Goal	—	0.26	0.33	0.35	0.32
		Result	—	0.34	0.30	0.33	0.39 ✓
		Manufacturing industry average	—	1.31	1.25	1.29	1.24
		Employees	—	0.26	0.23	0.28	0.28 ✓
		Contractors	—	0.47	0.48	0.46	0.69 ✓

*1 Coverage: MHI and 56 Group companies (accounting for 77.4% of consolidated employees)
*2 Coverage: MHI and 56 Group companies (accounting for 77.5% of consolidated employees)
*3 Coverage: MHI and 51 Group companies (accounting for 71.1% of consolidated employees)
*4 Coverage: MHI and 49 Group companies (accounting for 72.4% of consolidated employees)
*5 Lost-time industrial accidents frequency rate is the number of casualties due to occupational accidents per 1 million cumulative actual working hours, and represents the frequency of accidents. Number of casualties due to work-related accidents resulting in absence of one day or more ÷ total number of actual working hours x 1,000,000

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Indicators and Results for Health Management Promotion

		Goal	Unit	2021	2022	2023	2024
Thorough Implementation of Post-Health Checkup Measures	Regular medical examination rate*1	100%	%	99.2	99.5	99.4	98.9
	Rate of Hypertension Treatment*1	For three consecutive years, exceeding the previous year's results		86.4	85.2	87.1	85.7
	Rate of Diabetes Treatment*1	For three consecutive years, exceeding the previous year's results		77.7	79.3	80.0	81.0
	Participation Rate in Diabetes Complication Prevention Program*2	Over 10%		10.0	6.9	7.8	5.0
	Rate of Patients Not Receiving Treatment for Blood Pressure, Blood Sugar, or Lipids*2	Less than FY2023		10.2	8.8	4.5	4.3
Workplace Environment Improvements Based on Stress Checks (SC) and Other Assessments	Rate of High-Stress Workplaces by Department/ Group Hierarchy*3	Less than FY2023	%	3.2	4.9	5.5	3.0
	Percentage of High-Stress Individuals*3	Less than FY2023		9.0	9.5	10.4	10.1
Tiered Mental Health Education	Survey Results: Satisfaction*1	Over 80%	%	—	—	79.8	95.5
	Survey Results: Understanding*1	Over 80%		—	99.8	99.4	99.7
	Survey Results: Utilization*1	Over 80%		—	98.4	99.3	99.5
Execution of Workplace Revitalization Initiatives	Rate of Appropriate Exercise Habits*1	Over 35%	%	28.3	26.6	30.8	37.8
	Rate of Appropriate Dietary Habits*1	Over 75%		70.9	70.8	68.8	63.9
	Rate of Adequate Rest Through Sleep*1	Over 75%		70.5	70.4	67.3	62.0
Measures Against Excessive Workloads	Interview Guidance Implementation Rate	100%	%	98.1	99.8	99.7	98.8
MHI Group Smoke-Free Project	Online Smoking Cessation Program: Success Rate*2	Over 65%	%	40.0	69.4	65.0	74.0
	Smoking rate*1	Less than 20%		22.6	22.0	21.6	21.0
MHI Group Well-being Strategy Map: Final Target Indicators for Health-Related Goals	Presenteeism: Rate of employees requiring health support*1		%	—	—	3.4	3.4
	Absenteeism: Rate of sick leave cases*3			4.61	8.57	3.67	3.76
	Absenteeism: Rate of sick leave days*3			0.82	0.91	0.73	0.81
	Health literacy (low Health Practice Index group)*1			—	—	30.2	41.3

*1 MHI and Group company employees whose health is managed by MHI Health Management Department
*2 Employees insured by the MHI health-insurance union
*3 Coverage: MHI

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Product Safety

Safety Control of Radiation

			Unit	2021	2022	2023	2024
MHI Nuclear Development Corporation	Radioactive waste (solid waste)	Storage capacity	200L drum	3,293	3,293	3,293	3,293
		Volume of radioactive waste stored		2,610	2,689	2,723	2,793
		Volume of radioactive waste generation		55	79	34	70
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.07	0.04	0.06	0.07
Mitsubishi Nuclear Fuel Co., Ltd.	Radioactive waste (solid waste)	Storage capacity	200L drum	17,053	17,053	17,053	17,050
		Volume of radioactive waste stored		16,108	16,102	15,915	15,718
		Volume of radioactive waste generation		1,361	−6*2	−187*2	−197*2
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.01	0.02	0.08*3	0.07*3

*1 ICRP Recommendations 2017 and related Japanese laws stipulate the dose limit for occupational exposure is 100 mSv per 5 years and 50 mSv per year in effective dose.
*2 Result when the volume of radioactive waste reduced exceeds the volume generated
*3 Primarily due to increased production volume.

Innovation

	Unit	2021	2022	2023	2024
R&D expenditure	Billion Yen	113.6	127.4	178.3	218.6
	% of sales	2.9	3.0	3.8	4.3
Employees in R&D positions (round numbers)		1,460	1,460	1,500	1,500

Coverage: MHI Group

		Unit	2021	2022	2023	2024
Number of patents held		Number of cases	25,654	25,771	26,158	25,649
(by region)	Japan		14,368	14,432	14,917	14,790
	United States		4,658	4,829	4,838	4,722
	Europe		3,259	3,189	3,095	2,888
	China		3,369	3,321	3,308	3,249

Coverage: MHI Group

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Supply Chain Management

	Unit	2021	2022	2023	2024
Number of business partners provided with sustainability and CSR education (total number of participants)	Companies	1,332	1,682	2,521	2,353

Social Contribution Activity

		Unit	2021	2022	2023	2024
Type of contribution		Millions of yen	1,060	1,172	1,385	1,261
(by type)	Cash donations		548	588	656	615
	Contributions of time		48	88	128	186
	Donations in kind		18	3	132	66
	Overheads		446	493	469	394

Coverage: MHI Group

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Compliance

Compliance

	Unit	2021	2022	2023	2024
Number of people taking compliance training (Approx.)	People	82,000	80,000	81,000	84,000

Coverage: All employees of MHI and Group companies (including directors, re-hired employees, and part-time, contract, and temporary workers)

		Unit	2021	2022	2023	2024
Number of whistle-blowing reports		Cases	128	144	163	141
(by type)	Labor and the work environment		68	75	87	72
	Overall discipline and breaches of manners		6	20	27	21
	Transaction-related laws		8	26	35	44
	Consultations and opinions		1	4	1	1
	Other		45	19	13	3

Coverage: MHI Group

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Assurance on Materiality Disclosures

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LR Independent Assurance Statement

Relating to Mitsubishi Heavy Industries, Ltd.'s Materiality disclosure

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract but is intended for the readers of this report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Mitsubishi Heavy Industries, Ltd. (MHI) to provide independent assurance on its materiality disclosure identified in 2020 (Released in 14 October 2020, hereafter ("the report"), against the assurance criteria below to a moderate assurance and at the materiality of the professional judgement of the verifier using AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES.

Our assurance engagement covered the operations and activities of MHI and its consolidated subsidiaries in Japan and overseas and specifically the following requirement:

- Verifying conformance with AA1000 ACCOUNTABILITY PRINCIPLES 2018

Our assurance engagement excluded the data and information of MHI's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to MHI. LR disclaims any liability or responsibility to others as explained in the end footnote. MHI's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of MHI.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that MHI has not conformed with AA1000 ACCOUNTABILITY PRINCIPLES 2018 in all material aspects. The opinion expressed is formed on the basis of a moderate assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated information rather than physically checking source information at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing MHI's process for identifying and determining stakeholders to confirm that all the related stakeholders are captured.
- Assessing MHI's process for identifying and determining material issues to confirm that the right issues were included in their Report.
- Reviewing MHI's approach to stakeholder engagement process to confirm that engagement related to issues raised by stakeholders is implemented.
- Verifying MHI's KPI determination process and information disclosure methodologies to confirm that sustainability performances to impact on environment and social are monitored and disclosed.
- LR did these through interviews with the key people in charge of sustainability and reviewing documents and associated records. By implementing MHI's "No Visitor" policy due to the global infection spread of COVID-19, the interview was executed remotely via Microsoft Teams.

Observations

Further observations and findings, made during the assurance engagement, are:

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- Inclusivity:
  We are not aware of any key stakeholder groups that have been excluded from MHI's stakeholder engagement process. MHI identifies multi stakeholders comprehensively and the top management expresses commitment for the stakeholders. We believe that future reports should explain further stakeholder identification process.
- Materiality:
  We are not aware of any material issues concerning MHI's sustainability performance that have been excluded from the report. It should be noted that MHI reviewed and determined the materiality in 2020 to address social issues related to sustainability. In this process, MHI identified the material issues in reference to key sustainability initiatives and determined the materiality from the both aspects from MHI and the stakeholders.
- Responsiveness:
  MHI has process to capture issues raised by stakeholders and to respond them. MHI has dialogues with intellectuals and various stakeholders frequently. Materiality has been determined through the review of the feedback from stakeholders in the materiality revision process in 2020. We believe that future reports should explain further engagement process with multi stakeholders.
- Impact:
  MHI establishes the system to account and disclose information related to sustainability performance. MHI discloses the information via integrated reports and ESG data books and has third-party assurance to the indicators interested by stakeholders. MHI proceeds to determine KPI for material indicators based on the materiality reviewed in 2020.

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LR is the MHI's certification body for ISO 9001, ISO 14001, ISO 45001. The verification and certification assessments are the only work undertaken by LR for MHI and as such does not compromise our independence or impartiality.

Dated: 2 March 2021

Signed

AA1000
Licensed Report
000-11 / V3-14C5A

Takashi Odamura
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1, Minatomirai, Nishi-ku, Yokohama, Japan
LR reference: YKA4005601

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Assurance on Environmental Data

LRQA

LRQA Independent Assurance Statement

Relating to Mitsubishi Heavy Industries, Ltd.'s Environmental Data for the fiscal year 2024

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Mitsubishi Heavy Industries, Ltd. ("the Company") to provide independent assurance on its environmental data ("the report") for the fiscal year 2024, that is, from 1 April 2024 to 31 March 2025, against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISO 14064 - Part 3 and GX League third party verification guideline for greenhouse gas data and ISAE 3000 (Revised) for other environmental data.

Our assurance engagement covered the operations and activities of the Company and its subsidiaries in Japan and specifically the following requirements:

Verifying conformance with the Company's reporting methodologies and GX League Calculation, Monitoring and Reporting Guidelines for the selected datasets:

Evaluating the accuracy and reliability of data for only the selected indicators listed below:

Environmental [1]

- Scope 1 GHG emissions (tonnes CO_2 and kilo-tonnes CO_2) [2] [3]
- Scope 2 GHG emissions [Market-based and Location-based] (tonnes CO_2 and kilo-tonnes CO_2) [3]
- Scope 3 GHG emissions (Category 5) (kilo-tonnes CO_2) [4]
- Energy use (Units are based on energy type) [3]
- Water intake (includes breakdown) (ten thousand m^3) [5]
- Waste generation (thousand tonnes) [3]
- Hazardous waste generation (thousand tonnes) [3]

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. the Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

Met the requirements of the criteria listed above

Disclosed accurate and reliable environmental data as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance[6] and at the materiality of the professional judgement of the verifier.

[1] *GHG quantification is subject to inherent uncertainty.*
[2] *Only energy-derived CO_2 is covered.*
[3] *Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (11 companies in total).*
[4] *Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (8 companies in total).*
[5] *Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (10 companies in total).*
[6] The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised), ISO 14064-3:2019 and GX League third party verification guideline. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records for the fiscal year 2024; and
- Visiting HQ Marunouchi, Nagoya Aerospace Systems Works Oye Plant and Nagoya Aerospace Systems Works Tobishima Plant to confirm the data collection processes, record management practices, and to physically check emission sources.

Observations

Further observations and findings, made during the assurance engagement, are:

- We look forward to your continued high-levels data aggregation and calculation.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Company's certification body for ISO 9001, ISO 14001 and ISO 45001. We also provide the Company with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed Dated: 3 October 2025

Kazuyori Yukinaka
LRQA Lead Verifier
On behalf of LRQA Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LRQA reference: YKA4005601

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Table 1. Summary of Mitsubishi Heavy Industries Group's Environmental Data for FY2024:

スコープ			
Scope 1 GHG emissions		76,226	tCO_2
		76	$ktCO_2$
Scope 2 GHG emissions (Location-based)		274,993	tCO_2
		275	$ktCO_2$
Scope 2 GHG emissions (Market-based)		271,856	tCO_2
		272	$ktCO_2$
Scope 3 GHG emissions			
	Category 5	15	$ktCO_2$
Energy use			
	Heavy fuel oil A	2	ML
	Heavy fuel oil B/C	0	KL
	Gasoline	0.2	ML
	Gas oil / Diesel oil	2.5	ML
	Kerosene	0.8	ML
	Jet fuel	1.1	ML
	Steam coal	0.03	kt
	City gas	24	$M(m^3)$
	LPG	2	kt
	LNG	1.2	kt
	Natural gas (excluding LNG)	0.8	$k(m^3)$
	Petroleum hydrocarbon gas	1.0	$k(m^3)$
	Hot water	48	GJ
	Cold water	10	TJ
	Steam	6	TJ
	Industrial steam	0	GJ
	Electricity	651	GWh
Water intake		446	ten thousand m^3
	Tap water	143	ten thousand m^3
	Industrial water	181	ten thousand m^3
	Ground water	122	ten thousand m^3
Waste generation (excluding hazardous waste)		26	kt
Hazardous waste generation		7	kt

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Assurance on Social Data

LRQA Independent Assurance Statement

Relating to Mitsubishi Heavy Industries, Ltd.'s Social data within its SUSTAINABILITY DATABOOK 2025 for the fiscal year 2024

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Mitsubishi Heavy Industries, Ltd. (hereby "the Company") to provide independent assurance on its social data within its SUSTAINABILITY DATABOOK 2025 ("the report") for the fiscal year 2024, that is 2024/04/01 - 2025/03/31, against the assurance criteria below to a limited level of assurance and professional judgement of the verifier using "ISAE3000(Revised)".

Our assurance engagement covered Mitsubishi Heavy Industries, Ltd.'s and its consolidated subsidiaries' operations and activities in Japan[1] and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected datasets:
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:
  - Occupational fatalities of employees
  - Occupational fatalities of contractors
  - Lost-worktime injuries frequency rate of employees
  - Lost-worktime injuries frequency rate of contractors
  - Number of lost-worktime injuries of employees
  - Number of lost-worktime injuries of contractors
  - Total working hours of employees and contractors

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable social data and information

The opinion expressed is formed on the basis of a limited level of assurance[2] and at the materiality of the professional judgement of the verifier.

[1] The boundary consists of 49 consolidated subsidiaries in Japan and the Company.

[2] The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE3000(revised). The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with those key people responsible for compiling the data and drafting the report;
- Sampling datasets and traced activity data back to aggregated levels; and
- Verifying the historical data and records for the fiscal year 2024.

Observations

Further observation made during the assurance engagement, is:
The company is expected to continuously enhance its data management framework, maintaining and steadily improving the accuracy and comprehensiveness of its data.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed Dated: 27, September 2025

Shotaro Kawabata

Shotaro Kawabata
LRQA Lead Verifier
On behalf of LRQA Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LRQA reference: YKA4005601

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Mitsubishi Heavy Industries, Ltd.

Address all inquiries about this report to:
Sustainability Relations Department
Marunouchi-Nijubashi Bldg., 2-3 Marunouchi 3-chome, Chiyoda-ku, Tokyo, 100-8332, Japan

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